The Role of Tourism in Economic Development.
(Dissertation)
Name
Institution
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1.0 INTRODUCTION

CHAPTER 1

1.1 Introduction

The aim of this study is to investigate the role of tourism in the economic development of host destinations. Tourism is now more dynamic and growing than ever, with the development of new and upcoming trends which reflect the changes in tourist demand is taking centre stage (Bernstein, 2013). Globalisation has enabled tourism to reach great lengths with the United Nations World Tourism Organisation [UNWTO] (2018) reporting that international tourism arrivals grew by a huge 7% in 2017, equating to 1,322 million which was accelerated by Europe, Africa, Asia and the Pacific, Middle East and the Americas. A strong indication from these travel patterns also suggest that people have also been visiting developing nations which are more
apparent in Africa, Asia and the Middle East. This means that to an extent, tourists have a desire to want to explore other cultures and engage with people at these destinations. In order to investigate the aim, a qualitative approach will be taken to the study which will employ statistics gathered by the World Travel and Tourism Council [WTTC] (2018) as they are a well regarded agency in the industry.

1.2 Rationale

As portrayed by the WTTC (2018), tourism continued to have a strong consecutive year in 2017, as well as the rise in the generation of positive economic impacts for the world. A significant factor which can be derived from this is that tourism has a critical role to play in the development of economic benefits to host destinations (Banerjee, et al., 2018). Economic impacts of tourism are often directed towards developing countries as well, as many academics agree that these destinations are more likely to benefit from tourism (Chou, 2013). With international tourists increasing, it is only understandable that economic impacts from tourism are also growing as well. Therefore, it is significant to assess the extent of these benefits to host nations where tourism is present and to also identify how effective these economic impacts are. The role of tourism in economic development is also closely linked with sustainability, because in order to deliver these benefits, the destination needs to have effective tourism planning in place so that income distribution is fair for example, or that there is enough opportunity available for residents to work in the industry (Ladeiras, et al., 2010).

1.3 Gap in Literature

Literature often places more focus on the social and environmental impacts of tourism (King, 1993; Hillery, 2001; Gladstone, 2013). As a result, there are a limited number of case studies and articles available on the role of tourism in economic development in destinations. This may well be because social and environmental impacts are easier to measure, or simply because the effects of social and environmental impacts are more apparent than economic. Regardless of the reason, economic development is not a subject which is discussed frequently in tourism and tends to be more obvious in industries such as the financial sector, construction industry and so forth (Masoud & Hardaker, 2012). Therefore, in order to fully understand the kinds of impacts which
are developed economically in destinations, both positive and negative, it is important to address them. It is also important to understand the links between different economic impacts as well, which this study will look to do, as well as identifying how economic impacts maybe limited in developing nations. As examples, three developing destinations have been chosen based on the basis that there is a common perception that tourism benefits these countries more (Mathieson & Wall, 2006). The destinations which have been chosen are India, Kenya and Jamaica which are regarded to be developing destinations (UNWTO, 2018).

1.4 Significance of Study

This study looks to add to the existing literature of tourism impacts which has been a widely studied subject over the last two decades. As mentioned above, the significance of the study lies in the fact that there is a limited amount of information and literature on how tourism contributes to the economic development of a destination. This study will therefore aim to provide an insight into why economic development as a result of tourism matters in destinations, as well aiming to provide recommendations on how they can improve their current economic impact so that the benefits delivered to the host nation are greater. This may also prove to be useful for the countries mentioned in the study, as it will provide possible reasons as to why economic development from tourism is doing well and how they can progress further as a provider of tourism experiences.

1.5 Research Aim & Objectives

The aim of this study is To Investigate the Role of Tourism in Economic Development in Host Nations. In order to address this aim effectively, the following objectives have been composed to support the study. These are as follows:

- To identify ways tourism contributes to economic development.
- To evaluate the factors which can hinder economic development in tourist destinations.
- To assess the most successful methods of tourism in facilitating economic development.
- To provide recommendations on how to accelerate economic development in tourist destinations more effectively.
1.6 Overview of Chapters

This study consists of six chapters which aim to address the different aspects of the objectives outlined above in order to form a conclusion with recommendations which answers the research question. The study constitutes of the following chapters:

Chapter 1 – Introduction: this section provides an overall introduction to the study and tourism, with a brief overview of the rationale, gap in academic literature, the significance of the study and most importantly, the aim and objectives of the study.

Chapter 2 – Literature Review: this is one of the critical sections of the study providing an overview of different theoretical concepts and frameworks in relation to tourist motivations, typologies, and types of different positive and negative economic impacts as well as tourism planning.

Chapter 3 – Methodology: this section provides the overview of the qualitative approach taken to this study by covering the research philosophy and qualitative and quantitative methods which are common in research.

Chapter 4 – Results: this section introduces the figures collected by the WTTC on economic impacts and analyses them.

Chapter 5 – Discussion: this section provides an extension of the results chapter and discusses further in-depth what the results could possibly indicate against the literature from chapter 2.

Chapter 6 – Conclusion and Recommendations: this is the last section of the study which provides an overall conclusion on the role of tourism in economic development as well as a section suggesting recommendations for the industry to further improve and accelerate economic development in the destination which they operate.

2.0 LITERATURE REVIEW

CHAPTER 2
2.1 Introduction

This chapter introduces some of the core frameworks and concepts which set the foundation for this research study. It will focus on the types of different tourists and their motivations for wanting to travel. The identification of positive and negative economic impacts as a result of tourism will also be presented in order to demonstrate the benefits of tourism for economic generation and those which can potentially hinder its development in destinations. This will lastly be followed by the significance of tourism planning in destinations by suggesting practices and methods which can help facilitate economic development in a sustainable manner.

2.2 Tourist Categorisation

2.2.1 Cohen’s Typology

As outlined previously, categorising tourists into different segments can help to understand and identify certain behaviours, characteristics, the types of experiences which they are in search of, including their motivations to want to travel (Wickens, 2002). Tourist categorisation is also useful for a destination looking to attract a specific or certain type of tourist (Uriely, 2009). According to Scott, et al., (2009) establishing different types of tourists also helps with understanding what kinds of tourism experiences to provide. For example, those who participate in cultural tourism may conform to one or two of Cohen’s typology (1979). Like a lot of tourism today, it could either be conducted or planned by a travel agency or, tourists may book and plan their itinerary themselves based on their personal preference (Holden & Fennell, 2013).

Therefore, cultural tourism which is facilitated by a tour guide for instance, may involve a number of tourists coming together with a strict itinerary in terms of a meeting point, transportation to the location and so forth (Dale, 2007; Mowforth & Munt, 2008). These tourists may conform to that of an Individual Mass Tourist however, a similar experience will differ for explorers or drifters because they are unlikely to follow or plan in advance like other tourists, as they prefer more spontaneous and authentic experiences which may not always be provided by tour guides (Novelli, 2005).

2.2.2 Plog’s Typology
Similarly, other authors have also contributed to the field of tourist categorisation and its importance in the tourism industry with socio-psychological factors being central to creating a certain image of a tourist. Plog (1974) also introduced a model as demonstrated in figure 1, illustrating three types of tourists which he classifies as Allocentrics (or wanderers); Psychocentric (repeat tourists) and Midcentric (a combination). Similarities of Allocentric tourists and Cohen’s explorers and drifters can be determined based on the notion that this particular type of tourist is regarded as self-confident and adventurous (Smith, 1990). These types of tourists are more likely to deviate away from a structured itinerary and make their own arrangements. Psychocentric most often reflects those tourists who like familiarity and safety and therefore more likely to go back to destinations which they have travelled to before (Woodside & Martin, 2008). Midcentric tourists are considered to go back and forth between the two types identified by Plog who enjoy both forms of tourism. On the other hand, tourist typologies such as these have been criticised for not being able to predict where tourists are likely to visit and that these typologies cannot equate for characteristics of all types of tourists (Litvin, 2006). However, these still provide a strong indication on where the tourist is likely to visit.

Figure 1: Plog’s Typology


2.3 Tourist Motivation

2.3.1 Push and Pull Factors
Tourist motivation is considered a critical factor in determining what category tourist’s fall under (Yoo, et al., 2018). Crompton (1979) contributed to travel motivation by highlighting two factors which he believed motivated people to travel in the form of push and pull factors. The push and pull factors in tourism have become hugely popular, allowing for the understanding of how and why people feel the need to travel (Michael, et al., 2017). Push factors are usually based on one’s own personal motives for wanting to travel which pushes them to seek out experiences that look to alleviate the daily pressures of everyday life (Crompton, 1979). For example, this may include the feeling of needing to escape from the routine and pressures of work and therefore people seek emotional relief in the form of a holiday (Pesonen, et al., 2011). On the other hand, pull factors would constitute of things which are more visible and further encouraged through mediums such as marketing. This may include images of the holiday destination, availability of discounts and offers, attractiveness of the activities and facilities which the destination has to offer such as water parks and more (Prayag & Ryan, 2011). Therefore, pull factors are less dependent or determined by an individual’s feelings and emotions and more focussed on affordability.

2.3.2 Maslow’s Hierarchy

Maslow (1943) introduced a hierarchy of needs as seen in figure 2 which consists of five stages. These five stages represent the different criteria or ‘needs’ which have to be met in order for an individual to move up to the next stage and satisfy their desire. The bottom stage of physiological is the most critical stage which involves the basic human needs being met first. Once this need is met which is necessary for survival, the individual will find themselves trying to climb up the pyramid in order to satisfy their other needs (Huang & Hsu, 2009). This has an important role in tourism as it can help determine the factors which tourists consider during their decision-making process of wanting to go on a vacation (Kurtzman & Zauhar, 2005). However, it is argued that this model does not take into consideration cultural and intellectual needs of a society (Jerome, 2013). It is further criticised on the basis that the needs in the pyramid cannot equate for every individual’s needs and the notion that it is based on Western ideology, especially because the USA is seen as an individualistic society where Maslow initially originated from (Koltko-Rivera, 2006).

Figure 2: Maslow’s Hierarchy of Needs
2.4 Economic Impacts

2.4.1 Positive Impacts

2.4.2 Gross Domestic Product (GDP) and Employment

The WTTC (2018) reported that in 2017, the total global economic impact was 10.4%. Employment and exports are considered as two of main factors that contribute to an economy’s GDP (Kovac & Kovac, 2013). The WTTC (2018) goes on to indicate that the total contribution of employment to global GDP was 9.9% which is an increase from last year. This form of growth is further reflected in a study conducted by Dayananda & Leelavathi (2015) who demonstrates the economic impact of travel and tourism in India. They found that tourism considerably contributes to the growth of GDP in India and this has become an industry which the country has become reliant on, also being considered as a medium to tackle other issues such as poverty alleviation in the country (Sloan, et al., 2015). However, it has been argued that tourism provides employment on a seasonal basis (Karamustafa & Ulama, 2010). This is because tourism varies and peaks at different times throughout the year for example, if a tourist wishes to go on a ski trip, they may go on holiday during the autumn or winter season as they can expect snow (Steiger, 2011). Similarly, if a tourist in search of a traditional sand, sun and sea holiday
they may well visit in the summer, even more so if they have children as they can plan this around school holidays (Jacobsen, et al., 2015). In addition, tourism is often neglected as a major export industry which was made even more profound when the Icelandic volcanic eruption occurred in 2010 which saw the temporary closure and challenges faced by the world’s transportation system (BBC, 2010).

2.4.3 Disposable Income and the Multiplier Effect

In respect of the above section, the other economic development in the form of tourism is seen in the generation of disposable income, as there becomes a higher level of spending power amongst the population as a result of employment (World Economic Forum, 2017). However, employment generation is often recognised as being critical to developing countries where it looks to make more of a profound impact (Zahonogo, 2016). It is agreed that employment increases the amount of disposable income which an individual has and leads them to spend more within their economy, encouraging and increasing the multiplier effect (Damania, 2004). For example, in tourism, the multiplier effect may be applicable to a new hotel venture or business. Once the hotel establishment is set up, they will require workers who will create direct employment and in turn increase the amount of people contributing to a higher level of tax within the country (Raina & Agarwal, 2004). This is then used towards improving the infrastructure and appeal of the city which makes it a more attractive place for tourism and opportunities for other businesses to also establish themselves there (Soteriades, 2012).

2.5 Negative Impacts

2.5.1 Leakage

Consequently, there also some negative impacts which are associated with economic development in tourist destinations. Leakage has been identified as one which is challenging in the sense that it cannot always be avoided in tourism (Anderson, 2013). Leakage may occur through several methods such as the sourcing of goods and services outside the country in the form of exports, infrastructure to build tourist facilities as countries are not always equipped to do this, the set up of foreign businesses and foreign workers who essentially work in the destination temporarily and take their earnings back with them when they leave (Rylance &
Spenceley, 2017). A study by Chirenje, et al., (2013) in the Nyanga District of Zimbabwe discovered that the average spending of each tourist was $187 dollars, which locals only received $24 dollars of equating to 12.83% with 87.17% going to service providers that are not owned by local providers. However, although locals were limited in terms of how much money they made, the amount of money leaving the country was low. Therefore, leakage can be an issue for workers in addition to the economy.

2.5.2 Multinational Corporations (MNC’s)

On the other hand, there are instances where money is leaked via multinational or foreign corporations. This also has a close link with the multiplier effect because as mentioned, some destinations aim to attract foreign direct investment on the basis that it will increase the appeal of their country (Kotler, et al., 1993). However, in doing so, the risks presented with this can be a restricted amount of economic development for the people of the destination as sometimes these corporations also source out foreign workers as well (Sheng & Tsui, 2010). Therefore, trying to retain the money which is gained as a result of tourists using facilities and services provided MNC’s can be challenging. Other impacts are also caused in the form of displacement which requires locals having to relocate due to such ventures and establishments being carried out in their areas (Cooper, 2008).

2.5.3 Low Pay

Most often, tourism is presented as an economic development strategy for growth however; some also argue that tourism generates employment which consists of low pay, long working hours and temporary positions (Zainal, et al., 2012). A study by Lacher & Oh (2012) of three coastal regions found that the income distribution of employment from tourism was mainly given to those with a lower income; however also found that the annual income for half the jobs in Charleston and Myrtle Beach provided workers in tourism with less $20,000 dollars. They concluded to state that tourism provided more people with low wages in comparison to other sectors in the region. This could indicate that although tourism does provide employment, possible reasons as to why there is an increase in employment as presented by WTTC (2018) may be as a result of providing low wages which gives them the advantage to hire more people.
2.6 Tourism Planning

2.6.1 Triple Bottom Line (TBL)

The Triple Bottom Line (TBL) is a concept initially introduced by Elkington (1998) as seen in figure 3. The TBL is regarded as one of the tools which can be used in tourism planning in order to be more sustainable in tourist destinations (Wise, 2016). Often referred to as the 3P’s, it takes a holistic approach to improving tourism strategies as a way to be sustainable economically, socially and environmentally. This can be useful for the study of economic development in tourism as the level of economic development can also dictate social and environmental growth (Stoddard, et al., 2012).

Figure 3: Triple Bottom Line (TBL)

Source: Ng, et al., (2017, p.12)

2.6.2 Destination Management Organisations (DMO’s)

Destination Management Organisations (DMO’s) have also been identified as another useful tool in contributing to enhancing economic development, amongst other benefits. According to the United Nations World Tourism Organisation [UNWTO] (2016, n.p) a DMO can be defined as an entity which has a key role in “initiating, coordinating and managing certain activities such as
implementation of tourism policies, strategic planning, product development, promotion and marketing convention bureau activities”. DMO’s can be seen in the form of national tourist boards such as Visit Britain and more local ones such as Visit Wiltshire (Visit Wiltshire, 2018; Elbe, et al., 2008). They have the task of ensuring that they are facilitating economic development to their areas through practices such as marketing for instance which draws tourists to the region (Muller & Berger, 2012).

2.6.3 Sustainable Tourism (or linkages)

Sustainability is a common factor between the TBL and DMO’s as both look to enhance and increase the benefits for local destinations. In light of these practices, including corporate social responsibility (CSR) which was initially introduced for businesses to improve and take accountability for the impacts which their organisations would generate, sustainable tourism has also become a similar phenomenon which enables a tourist to make a positive impact to the destinations they are visiting (Coles, 2013). The Brundtland Report (1987) helped activate and bring attention to sustainability which also encouraged governments to include it as a part of their agendas. According to Pearce (1991) sustainable economic development can be classified into the following which consists of payments, regional and national development, diversification of the economy, income, economy and the growth in employment.

2.7 Conclusion

This chapter has provided an overview of the literature, concepts and theoretical frameworks surrounding the typology of tourists, tourist motivation and the economic impacts from tourist activity. It is evident that in order for tourists to travel, they must have some form of motivation in the form of a push or pull factor. This then dictates the level of economic impacts which they generate in host nations which can either be positive or negative as outlined in the chapter. It is also mentioned that the tourist is not always at fault and that tourism enterprises that set up foreign establishments also have a part to play in reducing economic benefits to destinations. Tourism planning was highlighted as an important practice to mitigate such impacts in order to find a positive way forward. The next section will discuss the research methods associated with this study.
3.0 METHODOLOGY

CHAPTER 3

3.1 Introduction

This chapter will outline the methodological approach which will be taken to this study that will assist in answering the aim and objectives. The best approach which has been determined for this study is qualitative, as the information which is required to address the aim can be accessed using online articles and information from reliable agencies such as the WTTC (2018). With the WTTC being the most reliable source of information which publishes its findings online of economic impacts across the world, it provides an opportunity to study these statistics against the concepts and frameworks outlined in the literature review, also providing the advantage of studying a range of countries which it collects economic data on as well.

3.2 Research Philosophy

There are two types of significant philosophies which are commonly referred to in research methods; this is the positivist’s perspective and the interpretivist’s perspective (Belk, 2006). Positivists argue that certain phenomena can only be studied from an objective place through observations which are free from one’s own personal views and connections (McNabb, 2010). Usually this involves the researcher having to disconnect from their own beliefs so they do not impact the validity of their study (Howell, 2013). They also favour methods that gauge facts such as the implementation of questionnaires, surveys and interviews in order to address the aim (Saunders, et al., 2009). Therefore, the limitation of using one’s own views to interpret the study also leads it to conform to that of the deductive approach in research, utilising this method only when a hypothesis is being tested or explored (O’Reilly, 2009).

On the other hand, interpretivists believe the opposite and strongly posit that phenomena can only be studied through interpretations and intervening with reality (Leitch, et al., 2010). They argue that this approach is the most suitable based on the notion that, especially in the study of human beings and animals, they cannot be treated like objects as they encompass feelings which can be detrimental to addressing and finding deep rooted answers to the aim of the study (Simon,
On this basis, this study will take on the interpretivists view as it will require the engagement of tourist’s motivation and tourism organisations in order to fully address the aim of ‘The Role of Tourism in Economic Development’. Therefore, it will also involve having to interpret resident perspectives on tourism in their destinations for example and whether they are benefitting from economic development in their area.

3.3 Quantitative vs. Qualitative Methods

Although the approach to this study is qualitative, it is also useful to consider both types of approaches in order to make comparisons between the two (Saunders, et al., 2009). In terms of qualitative methods, it uses less of a numerical approach and more of a text-based approach (Kuckartz, 2014). This is because a text or written based approach allows for the elaboration and detail behind certain phenomena to come to surface which quantitative may not always be able to provide due to its strict factual based methods (Thomas, 2003). Further to this, using qualitative methods in the form of employing data from the WTTC makes it easier in terms accessing the information, as well being able to compare the data against the concepts and frameworks outlined in the literature review (Saunders, et al., 2009). This can provide an indication of things such as whether a particular theory is out of date or needs adjusting to meet current tourist and destination demands and so forth. Qualitative methods are also useful for those researchers who wish to take on a mixed method approach as it can allow them to ask additional questions on top of a strict format such as a questionnaire or interview in order to understand participant’s perspectives better (Thomas, 2003). Figure 4 demonstrates an overview of the five different methodological approaches which can be employed for qualitative research. From this, it can be understood that this particular study takes on a combination of a phenomenological and case study approach.

Figure 4: Qualitative Research Methods

<table>
<thead>
<tr>
<th>Research Method</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnography</td>
<td>This approach requires the researcher to immerse themselves into the environment that they are studying. This is so that the researcher can get a deeper insight into participant’s motivations and intentions behind doing something (Goulding, 2005).</td>
</tr>
</tbody>
</table>
This is a common approach in qualitative research which involves the researcher describing a phenomenon (Byrne, 2006).

**Narrative**

This approach involves the build up of a cohesive story which is created as a result of interviewing a number of people where their course of events makes up the final narrative (Pepper & Wildy, 2009).

**Case Study**

Case study approaches are also deemed as a common method in qualitative research. This involves the focus of the research on a specific event, phenomenon, and entity and so on (Feagin, et al., 1991).

The grounded theory was presented by Glaser & Strauss (1999) involving the construction of theory through data collection. The emergence of theory is then built by identifying similar and common patterns and themes in the data.

The quantitative approach is more numerical based and focussed on metrics (Saunders, et al., 2009). As a result, the data gathered from methods such as questionnaires can be coded and converted into graphics that are easy to understand for the reader (Burns & Burns, 2008). This is an advantage which is limited with qualitative data as it involves more written data and information which can sometimes become challenging to present (Johnson & Onwuegbuzie, 2004). Apart from this, quantitative data is also known to be less time consuming and more valid as it can take a huge sample of a population into consideration when making its conclusions (Osborne, 2008). Furthermore, quantitative based studies are also easier to replicate, an advantage which qualitative studies do not always have due to the complexities in trying to retrace/recover the original authors articles.

### 3.4 Conclusion

This chapter has outlined the two common philosophies which are employed in research methods in form of the positivists and interpretivists views. It was identified that this study conforms to that of the interpretivists view as this is critical in answering the aim of this research because with a certain level of interpretation, an effective understanding of the dissertation cannot be derived. Quantitative and qualitative approaches were discussed in order to reflect the strengths and weaknesses of both approaches. Qualitative continues to be the most dominant theme in this chapter as this is the approach which is being employed for this study. Without this approach, it
would be challenging to interpret possible tourist motivations for example and how this contributes to the economic development of destinations. The next section will present the results by the WTTC (2018) and provide a brief discussion by analysing them.

4.0 RESULTS

CHAPTER 4

4.1 Introduction

This section will present the statistics of the economic impacts compiled by the WTTC. The WTTC is a trusted and highly regarded agency which has the role of investigating the impacts that tourism has economically on a number of countries worldwide. The WTTC produce these statistics on an annual basis and therefore the latest figures from the year 2017 will be demonstrated here. Furthermore, it is also significant to study the economic impacts of developing countries as literature often refers to the role of tourism benefitting these countries the most due to having higher poverty levels, low employment and a limited amount of investment in their destinations (Opperman, 1993). The countries taken into consideration will be India, Kenya and Jamaica. For the purposes of this study, the total contribution of travel and tourism’s economic impact will be taken into consideration only to get a full representation.

4.2 Global Economic Impact to GDP

Figure 5 demonstrates that the total contribution to the world economy from travel and tourism to GDP in 2017 was 10.4% (WTTC, 2018). This is expected to increase to 10.5% in 2018, suggesting that travel and tourism does provide an opportunity for economies to grow (Kovac & Kovac, 2013). From the figure, it can also be derived that the majority of the increase in GDP from travel and tourism stems from indirect activities created by the industry. This may include things such as the consumption of accommodation, food and drink, transportation and so on. Therefore, this suggests that travel motives are also significant as there would be limited opportunities for other businesses supporting the tourism industry to contribute to the increasing levels of GDP which initially originate from tourists desires to want to travel in the first place (Michael, et al., 2017).
4.2.1 Global Economic Impact to Employment

Figure 6 demonstrates that in 2017, travel and tourism contributed to a total of 9.9% of global employment levels, suggesting the importance of this industry for global employment (WTTC, 2018). It also indicates that direct employment into the travel and tourism industry is steady and consistent, remaining more or less at similar levels for the predicted growth in 2018 by 3.8%. However, it does suggest that there is more opportunity for growth in employment coming from the generation of indirect jobs that are created as a result of tourism. There seems to be a considerable estimated increase of indirect jobs in 2028, which looks to grow at a much faster rate than those in direct employment. This could possibly lead to the assumption that there will be the establishment of more tourism enterprises such as accommodation providers which will rely on other service providers such as food suppliers to cater for their visitors (Raina & Agarwal, 2004).

Figure 6: World Total Contribution to Employment
4.2.3 Foreign and Domestic Spending

Figure 7 demonstrates the amount of spend generated from travel and tourism in 2018. The figure illustrates that 27.3% of spend came from foreign tourists and 72.7% from domestic tourism (WTTC, 2018). What can be understood from the vast difference in visitor spend is that domestic tourists considerably spend more on travel in their destinations in comparison to foreign tourists. Foreign tourists are often viewed with the perspective of bringing new money into the economy and helping destinations grow. However, these figures could suggest that although tourism has the ability to generate spend, this is mainly from their own residents.

Figure 7: Travel and Tourism Foreign & Domestic Spending 2017

Source: WTTC (2018, p.4)
4.2.4 India’s Economic Impact to GDP

Having illustrated the world’s economic impact on GDP, employment and visitor spending, this section will look at India and its impact on GDP from travel and tourism. Figure 8 demonstrates that the total contribution of travel and tourism to India’s GDP in 2017 equated to 9.7% (WTTC, 2018). The figure also demonstrates that India is set to have a steady year in 2018 with a slight increase in their GDP from tourism. As highlighted in figure 5, the majority of the world’s economic impact from tourism was as a result of indirect jobs. This also correlates with India’s position regarding tourism, showcasing that the majority of their GDP growth was also accumulated from indirect activities. The figure also demonstrates that the induced impacts for India are limited, possibly suggesting that employee wages are low and therefore are spending less (Zainal, et al., 2012).

Figure 8: India’s Economic Impact to GDP from Travel & Tourism
4.2.5 Kenya’s Economic Impact from Employment

This part demonstrates another economic role which travel and tourism has in developing destinations in the form of employment. Figure 9 illustrates that travel and tourism’s contribution to Kenya’s employment in 2017 was 9.0% (WTTC, 2018). According to the WTTC, this is forecasted to rise by 3.1% in 2018, a slight increase from 2017, bringing Kenya’s total employment contribution to the economy from tourism to 12.1% (WTTC, 2018). However, when comparing this against India, which is also regarded as a developing country, the induced effects for Kenya seem to be higher. This could suggest that employment in tourism and possibly income distribution in Kenya is better and therefore employees are being able to re-invest back into their economy by consuming goods and services in their destination.

Figure 9: Kenya’s Economic Impact on Employment from Travel & Tourism
Source: WTTC Kenya (2018, p. 4)

4.2.6 Jamaica’s Economic Impact from Visitor Exports

This last part takes into consideration another role which travel and tourism plays in the form of visitor exports in Jamaica. Jamaica is considered as one of the slowest developing countries and therefore makes it significant to assess (World Economic Forum, 2017). According to figure 10, domestic visitor spending made up 21.9% of the total contribution from Jamaica’s visitor exports, with the majority coming from foreign tourist spending at 78.1% (WTTC, 2018). However, although foreign spending in Jamaica is quite high, figure 8 suggested otherwise for the world’s visitor exports which indicated that domestic spending outweighed international visitor spending. Therefore this suggests that for developing countries like Jamaica, travel and tourism is critical in bringing in new money from foreign tourists (Zahonogo, 2016). The figure could also suggest that domestic spending might be low in Jamaica due to unequal income distribution, a lack of employment amongst other factors such as a skills shortage.

Figure 10: Jamaica’s Economic Impact from Visitor Exports
Source: WTTC Jamaica (2018, p. 6)

4.2.7 Conclusion

This section has demonstrated the results of economic impacts derived from travel and tourism in 2017 by the WTTC. Overall, the world’s economic impact from tourism seems to be strong and is due to grow over the next 10 years. Domestic spending on a whole was considered the highest in terms of visitor exports suggesting that a majority of investment from travel and tourism is coming from residents in their own destinations. India was used as an example of a developing country to assess their contribution of tourism to GDP. It suggested that there was more profound effect on India’s GDP which came from indirect activities. Kenya was another developing country which presented their tourism contribution to employment. Employment suggested that again a high level of jobs in the tourism industry were generated indirectly which could include the employment of people in service sectors such as food. Jamaica was represented as one of the slowest growing developing countries, with their figures of tourism from visitor exports suggesting that foreign spending was particularly high in their destination and therefore is somewhat reliant on this industry for income generation. The next section will present a discussion of the results against the literature outlined in chapter 2.

5.0 DISCUSSION

CHAPTER 5
5.1 Introduction

This chapter will present a discussion of the results as outlined in chapter 4 against the application of the literature, frameworks and concepts in chapter 2. This is in order to get a better understanding of how the theory correlates with the findings from the WTTC and help develop a deeper analysis of the role of tourism in economic development. India, Kenya and Jamaica will also be discussed as they are all considered developing nations where tourism plays a critical part in their economies.

5.2 Global Economic Impact on GDP

Figure 5 had demonstrated that there was a positive growth in the world’s GDP as a result of travel and tourism’s contribution. The growth in GDP was identified as one of the positive impacts generated from tourism by (Kovac & Kovac, 2013). This could suggest that although tourism may not always be as profound for smaller destinations or developing economies, in terms of a global economic impact, travel and tourism does have a significant role. Due to the vast impact which it has, it can also be understood that travel and tourism is becoming more sustainable to an extent which is contributing to the positive impact of a growing GDP across the globe (Sloan, et al., 2015). It could further suggest that tourism and its enterprises are also on the rise, with predictions for 2028 indicating this and also the current increase in GDP and employment which is also affecting how much people are spending (Damania, 2004). Additionally, the rise in GDP also suggests that people’s motivations to want to travel are also on the increase and with reference to Maslow’s Hierarchy (1943) it can be assumed that a majority of tourists’ physiological needs have been met which results in them seeking to travel.

5.2.1 Global Economic Impact on Employment

Figure 6 then went onto present the global economic impact of tourism on employment. It demonstrated that travel and tourism has an important role in employment generation, especially indirect employment. This also has a close connection with the rise of GDP in an economy as the higher the employment, the more money which is being injected back into the economy as a result of more spending power (World Economic Forum, 2017). Employment is also closely linked with the multiplier effect whereby the amount of disposable income which one person has
leads them to spend more within their economy (Damania, 2004). In respect of this, it can be understood that for employment to rise and for people to have more disposable income, there is an increase in tourism establishments (Soteriades, 2012). It can be assumed therefore that on a global scale, this is occurring and that the multiplier effect is being encouraged as a result of the industry’s expansion.

5.2.3 Foreign and Domestic Visitor Exports

Figure 7 surprisingly demonstrated that the majority of spend from travel and tourism on a global basis was generated from domestic tourists at 72.7% (WTTC, 2018). Although international tourism is on the rise, it seems that domestic spending still outweighs that of foreign visitors. The possible explanations could be linked back to tourist categorisation as outlined by Cohen (1979) and Plog (1974). This is because the lack of spending from foreign tourists abroad might be able to be derived from what type of tourists they are. It could possibly constitute to the fact that a majority of these tourists are mass tourists and therefore conform to that Allocentrics as suggested by Plog. This is because these tourists are usually influenced by marketing tactics and cheaper holidays in the form of offers and discounts by travel agencies (Prayag & Ryan, 2011). On this basis, it can already be understood that these tourists are on a budget and therefore refrain from spending huge amounts when abroad as they also need to consider things like transportation costs. This can also hinder the economic development of destinations and marketing tactics advertising lower prices act as a pull factor, putting a destination at a disadvantage, with tourists reluctance to spend less when holiday further limiting destinations.

5.3.4 India’s Economic Impact on GDP

Figure 8 presented the economic impact of tourism on India’s GDP in an effort to showcase the role of economic development on developing host nations. The figure demonstrated that the total contribution to India’s economy was 9.7% (WTTC, 2018). This statistic also reflects the findings from Dayananda & Leelavathi’s (2015) study who stipulated that tourism contributes significantly to India’s economy and in this sense acts as a positive impact for the nation. The figure also suggests that indirect activities of tourism had a higher impact on the growth of GDP to the economy than direct impacts. This also correlated with figure 5, which depicted that the
world’s GDP from tourism was considerably higher from indirect activities as well. However, it is also important to touch on Maslow’s Hierarchy (1943) and stipulate that for developing countries like India where tackling poverty is challenging; a lot of people’s physiological needs may not be met in terms of their basic necessities. As a result, tourism becomes an outlet for residents to earn an income. It may also be important to note that a lot of people from neighbouring countries come to India seeking work (Parida, 2017). This also carries the risk of leakage, something which hinders the overall economic development of the nation and these workers are likely to take their earnings back with them, contributing a limited amount to the country’s taxes for instance (Rylance & Spenceley, 2017).

5.2.4 Kenya’s Economic Impact on Employment

Figure 9 aimed to demonstrate another economic role which tourism has in a host nation’s development in Kenya. Again, a particular theme which was derived from the results presented in chapter 4, which was that a majority of positive impacts were generated from indirect activities across all destinations. This was also case with Kenya’s employment, suggesting that tourism is a catalyst in creating jobs that are not directly related to the industry. One thing which was noted from Kenya’s employment statistics was that their induced effects were high. This demonstrated that there is development in the destination in terms of tourism investment in accommodation, entertainment and other services which the tourism industry relies on to provide a good experience for the visitor (Kotler, et al., 1993). However, although this appears to be a good sign, the risk which follows with induced effects is that the development which is occurring maybe limiting the economy on a whole as investments may come in the form of MNC’s (Cooper, 2008). Therefore, although the appeal of the country is improving through these investments, the majority of earnings which foreign businesses make are being returned back to them, limiting the percentage which reaches local workers (Sheng & Tsui, 2010). Consequently, a high level of employment does not necessarily reflect the notion that there is a fair income distribution as found by Chirenje, et al., (2015) in their study of Zimbabwe.

5.2.5 Jamaica’s Economic Impact on Visitor Exports
Figure 10 represented the visitor exports for Jamaica from travel and tourism. Unlike the world's economic impact for visitor exports which collectively showed that domestic spending was the highest, for Jamaica their foreign spending was more prominent. However, it also demonstrates that the destination might be reliant on this industry to a vast degree to maintain a stable economy (Dayananda & Leelavathi, 2015). Consequently, what this could possibly mean is that employment in other sectors of the destination is low, limiting economic development in other areas. On the other hand, it could also indicate that they have a strong DMO in place as they have the responsibility of organising and marketing the destination to deliver benefits for the economy which is reflected in the large levels of tourist spend (Muller & Berger, 2011). A high level of foreign spending also suggests that employment might also be quite high in order to meet visitor demand.

5.2.6 Conclusion

This chapter provided an extended discussion of the results as presented in chapter 4. Literature from chapter 2 was applied in this section to demonstrate how the findings correlate with theoretical frameworks and concepts regarding the role of tourism in economic development in host nations. A prominent pattern which was derived between the results in chapter 4 and in chapter 5 was that travel and tourism is more beneficial to destinations through indirect activity generation. India as a developing nation represented the importance of tourism to their GDP, but also reflected challenges with poverty and leakage which may occur as a result of foreign workers. Kenya went on to demonstrate that they had good levels of employment which were generated from tourism, mainly indirect. They’re induced effects were high which leads to the belief that there is investment by tourism enterprises in the destination. However, an issue which was identified with such development is that these maybe in the form of MNC’s, limiting the true extent of economic gain for residents and the economy. Lastly, Jamaica depicted that foreign visitor exports were particularly high for the destination. This indicated that there was a good DMO in place, as without proper marketing and organisation of activities they would not be able to attract foreign visitors and encourage spend. However, this also led to the possibility of Jamaica hiring a higher amount of people in tourism to meet this demand, suggesting that employment in other sectors is low.
6.0 Conclusion & Recommendations

CHAPTER 6

6.1 Conclusions

In conclusion, the study demonstrated the role of tourism in economic development in several ways. Positive impacts were identified in the form of GDP, employment, visitor exports, disposable income and development of tourism enterprises. When considering the global economic impact which travel and tourism had, the benefits and the potential of the industry to grow even further was apparent in the rise of GDP, employment and foreign and domestic spending. The developing countries which were analysed all showed positive growth from travel and tourism, where India’s growth in their economy from travel was emphasised as a developing country which many scholars agreed benefitted the most from tourism. On the other hand, economic development was also hindered as a result of a limited amount of contribution from induced effects in their economy. This indicated that although the economy is rising from tourism, the population’s spending seems to be low suggesting that employees’ wages might be low, reducing their spending power, including the potential of seasonality.

Kenya’s statistics on employment from tourism was presented which suggested that the industry was creating a lot of indirect jobs from travel. This was predominantly higher than the direct job creation, suggesting that service providers such as restaurants and accommodation are quite high in Kenya. This indicates that Kenya have generated a good amount of appeal which is attracting investment into their destination and expanding services and consumption for their tourists. With induced effects also being higher than that of India, it was understood that income distribution maybe better in Kenya. However, although the role of travel and tourism in economic development in Kenya is reflected positively in their employment levels, it is not stipulated by WTTC whether residents are employed into MNC’s, local providers or are sole traders. This can impact or hinder the true representation of income which workers in Kenya receive as they are already a developing country with travel and tourism often being characterised by low pay.

Jamaica was used as another example of a developing country in order to demonstrate the role of tourism in economic development in the destination. Jamaica’s visitor exports were analysed
suggesting what most scholars agree with which is that developing countries can benefit from the economic impacts of tourism through foreign spending. It also became prominent that because Kenya receive a lot of expenditure from international visitors, that they have a robust DMO in place which markets the destination effectively. Therefore, tourism planning in Jamaica seems robust and also suggests that there are some sustainable measures in place to an extent. This is because in order to accommodate for a high level of tourists which the expenditure indicated, they must have measures in place to protect the features and authenticity of their culture as well. However, in order for Jamaica to stay economically viable and continue to provide tourism experiences, they need to ensure that they are not reliant on tourism alone. This can hinder the role that tourism plays in the destination economically in the future as it can cause potential damage to their tourism offerings.

6.2 Recommendations

This last section of the study will provide recommendations on how the travel and tourism industry can improve the role which they play in the economic development of host nations. The first recommendation would be for the placement of robust DMO’s to improve their level of efficiency in facilitating tourism to their destinations. This is because the WTTC reported that the majority of spend from travel and tourism globally was from domestic visitors. In a majority of cases, many of these destinations are still developing which means that as a destination they are already challenged with a lower economy, employment levels, poverty, lack of education and skills shortage. However, statistics also state that domestic spend is high and therefore they are also re-investing back into their destinations despite their circumstances. Therefore, tourism planning should be given responsibility to DMO’s by governments, so that they can incorporate for example bottom-up approaches and initiatives that include the involvement of local residents as well.

Another recommendation to accelerate economic development in host nations would be for MNC’s to collaborate with local tourism enterprises. This is so that a greater profit is being delivered to employees which would in turn improve the overall level of induced effects in the economy, as their level of expenditure and consumption of goods and services might increase. The collaborations will also give rise to more opportunities to improve the well-being of
developing destinations, ensuring that the country remains intact to continue providing more and more visitor experiences in the future. This is an important role for the travel and tourism industry because of the rise in sustainable tourism.

Lastly, another recommendation to accelerate economic development in host nations would be to minimise tourism leakage. Making recommendations to reduce tourism leakage which occurs as a result of tourists can be done in the form of marketing. Although marketing is a common tool in tourism, advertising the local culture, customs, activities and so forth so that tourists refrain from booking accommodation with MNC’s or well-established accommodators all the time can really benefit developing countries. This could be by advertising tourists to stay with locals, which may influence them to truly experience the culture of a destination by eating the same food as them instead of going to a popular chain of restaurants, buying local crafts and arts and so forth. This will reduce the amount of money which is being leaked as a result of spending it with foreign tourism enterprises and help showcase as well as preserve the cultures of the destinations which they can continue to profit off in the future as well.

 References


