

AN EMPIRICAL STUDY ON THE POSITIVE CORRELATION BETWEEN TOURISM AND POVERTY MITIGATION

Ms. Rajitha Xavior* and Mr. Nisab. T **

**Assistant Professor and Part time Research Scholar (Bharathiar University)
Department of Commerce, Mary Matha Arts & Science College*

***Assistant Professor and Part time Research scholar (Bharathiar University)
Dept of Commerce, MES KVM College Valancheri*

**A
B
S
T
R
A
C
T**

Tourism is one of the best drivers of worldwide business and affluence. Many countries nations are giving much significance to tourism sector. The tourism industry has ascertained itself as one of the world's major industries, one that offers important opportunities for employment creation, local economic growth and integration in to the international market. On the other hand poverty mitigation is one of the greatest global challenges. Millions of poor people live in places that are also tourism destinations. But many tourism companies claim that poverty reduction is not their business. This brief explains why poverty does matter to tourism businesses and describes what companies can do to contribute to the global effort on poverty reduction.

Key words: Poverty mitigation, Local Sourcing, tourism

Introduction

In many nations, tourism acts as an engine for development through foreign exchange earnings and the creation of direct and indirect employment. Tourism contributes 5% of the world's GDP. It accounts for 6% of the world's exports in services being the fourth largest export sector after fuels, chemicals and automotive products. Tourism is responsible for 235 million jobs or one in every 12 jobs worldwide. In 2011, international arrivals grew by over 4% reaching 982 million, up from 944 million in 2010, in a year characterized by a stalled global economic recovery, major political changes in the Middle East and North Africa and natural disasters in Japan.

Poverty a Matter to Be Considered

Many tourism companies claim that poverty reduction is not their business, but there are some reasons why tourism companies should be concerned:

- Problems:-** In those places where the poor feel that they are not benefiting sufficiently or fairly from tourism, conflicts and violence can arise. It is easy for the tour operators to move on to a new destination. But hoteliers and destination-based tour operators will be affected by this problem. 'All-inclusive' tourism resorts have been developed in part to ensure that tourists do not encounter poverty and its consequences. However, beyond the enclave, tour-

Table :1. The statistics of tourist influxes during the past years are shown in the table

Rank	Country	UNWTO Regional Market	International tourist arrivals (2009)	International tourist arrivals (2008)	International tourist arrivals (2007)	International tourist arrivals (2006)
1	France	Europe	74.2 million	79.2 million	80.9 million	77.9 million
2	United States	North America	54.9 million	57.9 million	56.0 million	51.0 million
3	Spain	Europe	52.2 million	57.2 million	58.7 million	58.0 million
4	China	Asia	50.9 million	53.0 million	54.7 million	49.9 million
5	Italy	Europe	43.2 million	42.7 million	43.7 million	41.1 million
6	United Kingdom	Europe	28.0 million	30.1 million	30.9 million	30.7 million
7	Turkey	Europe	25.5 million	25.0 million	22.2 million	18.9 million
8	Germany	Europe	24.2 million	24.9 million	24.4 million	23.6 million
9	Malaysia	Asia	23.6 million	22.1 million	21.0 million	17.5 million
10	Mexico	Latin America	21.5 million	22.6 million	21.4 million	21.4 million

ism is dependent upon the tolerance of local communities. Furthermore, tourism is a service and entertainment industry. Well-motivated local staff, who feel their community is deriving benefits from tourism, are likely to provide a better service for clients, as are local guides who are able to provide valuable insights into the area. Enlightened self-interest requires that tourism companies consider the dynamics of the relationships between the industry and the local community in the destinations.

- II. **Opportunities:** - Although poor countries currently have only a minority share of the international tourism market (approximately 30 per cent) their share is growing. International tourism arrivals in developing countries have grown by an average of 9.5 per cent per year since 1990, compared to 4.6 per cent worldwide. Of the top 40 tourism destinations in 1998 11 are poor countries. While destination, activity, availability and price are the major determinants of holiday choice, commercial market research suggests that tourists are attaching increasing importance to

ethics and the corporate social responsibility of holiday companies. Furthermore, more and more tourists are rejecting all-inclusive resorts in favour of experiencing local culture.

Advantages to the Poor and underprivileged People

Poor people identify many ways in which tourism can boost; following are some ways in which tourism can benefit to the people or disrupt their livelihoods

- 1. Employment:** - Employment Opportunity to local people is the important contribution by tourism. An employment in the unskilled area also can lift a whole household out of poverty. If the operators are ready to recruit the local people for various posts and train them, a better and sincere work atmosphere can be seen
- 2. Business Opportunity:** - It is not possible for poor or economically backward people to start a business in a tourist destination because of the financial burden. But they can approach for small scale business like selling drinks, food and crafts, supplying inputs to the accommodation units such as locally produced food,

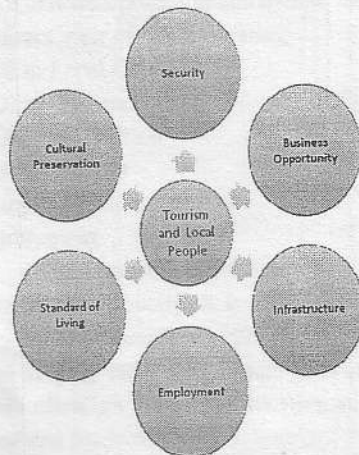
Table :2. Some popular destinations in poor nations

Country*	Population below US\$1/US\$2 per day**	Key Destination Marketed	Market Segmentation
India	86/44	Goa, Kerala, Rajasthan	Mass market: winter sun Niche: wildlife, culture, adventure
The Gambia	84/54	The Gambia	Mass market: winter sun
Nepal	83/38	Kathmandu, Himalayas	Niche: trekking, climbing, culture
Kenya	62/27	Mombassa/Malindi, Masai Mara and other national parks	Mass market: winter sun and wildlife Niche: wildlife
Indonesia	55/8	Borneo, Bali	Mass market: winter sun, culture Niche: wildlife, culture
Egypt	52.7/3.1	Cairo, Luxor, Hurghada, Sharm el Sheik, Nile	Mass market: winter sun, culture, diving, cruises
Sri Lanka	45/7	Sri Lanka (often combined with Maldives)	Niche: winter sun, diving
South Africa	36/12	Cape Town, Durban, Kruger National Park	Mass market: city tourism, cruises Niche: wildlife, wine tours
Mexico	35/12	Cancun, Mexico City, Cozumel	Mass market: summer/winter sun Niche: culture, diving
Jamaica	25/3	Jamaica/Caribbean	Mass market: summer/winter sun
Brazil	25/9	Rio and Bahia	Mass market: beach tourism and culture
Costa Rica	23/7	Costa Rica	Niche: ecotourism
Dominican Republic	16/3	Dominican Republic/Caribbean	Mass market: summer/winter sun

thatch and so.

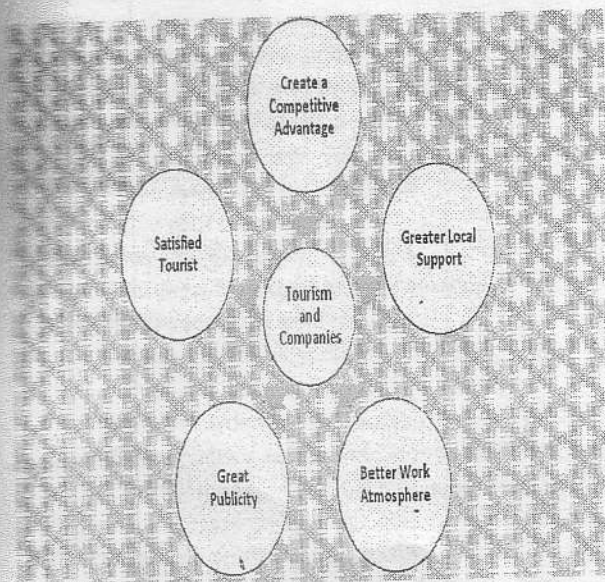
3. **Infrastructure:** - Tourism brings infrastructure facilities to destination, the benefits can share by the local people also. Road, water or sewage system, health facilities, communication systems, that are developed for tourist can be substantial and shared by many people.

Chart 1: Relationship between tourism local people



4. **Security:** - Measure to boost security can make an area safer for all. Troubles from crime and insecurity are also faced by the local people. This can be marginally reduced by the security steps taken in the destination.
5. **Standard of Living:** - Availability of modern facilities and technological advancements can bring improved standard of living in the destination area.
6. **Cultural Preservation:** - A market for unpopular cultural activities of surrounding poor groups is something great. The traditional food, dancing forms, traditional villages etc., otherwise may become a sweet memory.

Chart :2
Relationship between Tourism and Companies



Benefits to the Companies

1. **Create a Competitive Advantage:** - If the company is able to provide a distinctive product, they can earn a competitive advantage. This distinctive product can be created with the help of local raw material. This can be a mutual benefit for company and local people. Companies that give something back to the local community and invest in the local economy stand out from the others.
2. **Greater Local Support:** - The support of the local community can be very important to tourism businesses in ensuring their license to operate; the degree of acceptance and support for a hotel or resort can have tangible benefits for the safety and welfare of guests. Company also benefit from a more diverse and vibrant business environment.
3. **Better Work Atmosphere:** - Support from local people can improve work satisfaction for staff. Staffs take pride in the way a company delivers benefits for the local community, and happy staffs generally deliver improved customer service and achieve higher levels of guest satisfaction.
4. **Satisfied Tourist:** - The important aspect of the success of a business is customer satisfaction. Benefits to local community create satisfaction to the tourist also. The happy approach by the local people towards tourist will make them happy.
5. **Great Publicity:** - Satisfies customer is the best publicity for any business. Word-of-mouth marketing and media coverage will be there for the companies.

Suggestions

Poverty mitigation through tourism is not easy to establish. A detailed study is needed to recommend any steps to follow. Depends up on the nation, its political situation, degree of poverty, availability of attraction, it can be decided. Many African countries are now implementing this idea in their country. Countries like India can also follow this method of poverty mitigation. A similar concept name Pro-Poor Tourism is becoming popular in the world.

Any Government plan to implement this method should be able to influence the private industry. They should be able to create awareness about the need of poverty mitigation among the private sector in tourism industry, so that they can work according to that. The risks and opportunities of eradication of poverty should be clearly explained. The following are some steps which a company can take in the destination to help the poor people.

1. **Local Sourcing:** Purchase goods directly from local suppliers

Identify the local sources are very important for a property to reduce their purchase cost. The company can easily find out some important products from the local area itself, such as food products, building materials etc. Often such products may cost more and take more time for the companies. If it is bringing from outside it may not be fresh like a local product.

Benefits to the company;

- ✦ Unique identity
- ✦ More satisfied customer
- ✦ More local support
- ✦ Freshness in products
- ✦ Better image created
- ✦ Reduce transportation and maintenance cost
- ✦ Direct view of manufacturing

Benefits to Local Community;

- ✦ Direct income
- ✦ Less competition
- ✦ Better market
- ✦ Improvement in language

2. Employment

Employment is the simplest way in which tourism can address poverty. It is a mechanism that can be used in large and small enterprises and in all areas. The barriers to entry faced by the poor in accessing employment are often low levels of education and lack of skills (general and tourism specific).

At the time of construction, the properties can provide more opportunities for the unskilled local people. Since it is not a permanent solution, other jobs in the entry level is possible for such people, But there should be an initiative from the part of entities. The companies should take this as a support to the local people. It may not be possible for them to recruit local people for some highly skilled areas. But they can identify some entry level area where the local people can also perform. Provide them training and give them an opportunity to excel.

The main cash injection into the local economy from tourism is from the wages of local staff, therefore the opportunity for local employment is important for the poor. Tourism enterprises that show a commitment to genuine job creation within poor communities can make a real difference and bring a range of benefits.

- ✦ Easy availability of candidates
- ✦ Low recruitment cost
- ✦ Opportunity for entry level staff
- ✦ Higher staff morale
- ✦ Better quality service
- ✦ More authentic experience for guests
- ✦ Positive company public image
- ✦ Increase training opportunities for local people.

The major barriers to the locally economic poor people accessing labour are lack of skills and training. Lack of skill and training can be overcome by good training to the locally employed people. It is a costly activity for the companies, so they have to consider it as a support to the local people. Such trained employees will be an asset for the company. The changes of property by such

employees are negligible. The company can improve their public image.

3. Local Products Development

The property should know about the local specialities, so that they can identify the best product or products which can attract the tourist and give them a unique identity. Such products will give economic benefits to the locally poor people. This is a challenging area where the identification should be mutually beneficial. The companies should give more importance to the benefits of local people. Support the development of local arts, crafts, cultural products & tourism services will help the local people to survive.

A market of such local products will be a great step to protect the local culture. Such market may create more guest satisfaction and an extended stay for the properties. The word of mouth marketing is another benefit for the property. Even the companies can earn some revenue from commissions.

4. Local sight seeing

Local sightseeing by tourist spared currency directly to the local economy. The money spent by tourist in the local economy makes a direct contribution to the house hold income. The industry has to play an important role in this area. A rapport with local people will create more safety for the exploring tourist. The main obstacle in this section is uncertainty on safety of travel, unknown local language; lack of information and lack of transportation. This can be reduced by the combined effort of the tourism industry and local people.

Since the visitors are increasingly looking for variety experience, this is an opportunity to the tourism industry to create an identity. Every local area has different experience to offer, which can contribute to the local prosperity.

5. Encourage tourist to buy local crafts

A traditional uniqueness in a product can encourage purchasing of tourist. The aboriginal products which lost the importance because of globalisation can be re created by promoting local purchase. Shopping is an important component of any holiday and almost all tourists want to buy goods that are particular to the destination. So the organisations can promote the purchasing of local unique products which may directly help the local people to earn something. Along with the earning the protection of such culturally important product is another benefit of this step. Such products have no competition and hold a unique culture of that particular destination.

The main challenges faced by such products are high price and lack of similarity. Since raw materials are collected locally and created manually, it cost more than any other product with cheap raw materials.

And there will be less similarity between the products because it is manually produced. Commission by the producers may also reduce the profit level.

Conclusion

The mitigation of poverty is a dream to which tourism can contribute a lot. Tourism is not only the matter of business, a social support and a means of escape from poor living standards. Companies not yet realized the power of tourism to bring prosperity to the destination; they believe in business, it is the time to make them aware about the mutual benefits of tourism. Companies should have a social obligation, so that they can contribute to the society which will support the sustainability of tourism destination. The Government and various tourism organizations should take necessary steps to make awareness among the business groups in tourism about mutual benefits of tourism. Simply thinking of profit is the problem of every business, they should realize the importance of society and what they can do to the society, such thinking may solve all the problem of unhealthy development. This explanation specifically pointed out the steps which a company can take in the tourism industry which contribute to the reduction of poverty.

References

1. Ashley, C. (2000), "Methodology for pro-poor tourism case studies", Overseas Development Institute, London
2. Binns, T. and Nel, E. (2002) "Tourism as a local Development Strategy in South Africa", The Geographical Journals, Vol. 168
3. Brohman, John. 1996. 'New directions in tourism for Third World development.' *Annals of Tourism Research* 23 (1): 48-70.
4. Burns, Peter. 1999. 'Paradoxes in planning: tourism elitism or brutalism?' *Annals of Tourism Research* 26 (2): 329-348.
5. Cheeseman, Ted. No date. *Conservation and the Maasai in Kenya: Trade-off or Lost Mutualism?*
6. Cornia G. A. (2006), "Potential and limitation of Pro-poor Micro economics: An Overview", IDEAS and UNDP conference, Chennai, India.
7. Cox, Aidan and John Healey, with Paul Hoebink and Timo Voipio (eds.). 2000 *European Development Cooperation and the Poor*. London, MacMillan.
8. Deloitte and Touche, International Institute for Environment and Development (IIED), and Overseas Development Institute (ODI) 1999. *Sustainable Tourism and Poverty Elimination Study: A Report to the Hanmer, Lucia, John Healey, and Felix Naschold*. 2000. *Will Growth Halve Global Poverty By 2015?* ODI Poverty Briefing 8 (July). London: ODI.
9. http://www.environmentalaction.net/kenya/kenya_policy_failure.html
10. Iwersen-Sioltsidis, Susanne, and Albrecht Iwersen. 1996. 'Tourism and developing countries.' *Inter-economics* 31 (6): 301-306.
11. Kalisch, Angela. 2000. *The GATS and Fair Trade in Tourism: Briefing Paper*. Paper presented at the Fair Wheeler, Brian. 1991/1997. 'Tourism's troubled times: responsible tourism is not the answer.' Reprinted in Lesley France (Ed.), *The Earthscan Reader in Sustainable Tourism*, pp. 61- 67. London, Earthscan.
12. S. Anujith (2012): *A Study on Tourism and Poverty Alleviation*, POSEIDON, Volume I, No. II December 2012. Nilambur, ISSN: 2319-6238
13. World Bank. 2000a. *World Development Report 2000/2001: Attacking Poverty*. New York, Oxford University Press.
14. World Bank. 2000b. *World Development Report 2000/2001: Attacking Poverty (Overview)*. New York, Oxford University Press.
15. World Tourism Organization. 2000. *WTO Tourism Highlights 2000*, 2nd Ed. (August 2000). WTO, Madrid.