

THE ROLE OF RURAL TOURISM FOR POVERTY ALLEVIATION AND RURAL COMMUNITY DEVELOPMENT

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Rural tourism can be envisaged as contributing to economic and social development of local communities, by including tourism policies, as well as specific programs and projects that aim at the reduction of poverty levels. Based on the analysis of a series of different country experiences, our paper emphasizes that, from the host community's point of view, essential goals of tourism development must include generating higher levels of income, creating new employment opportunities, and increasing foreign exchange flows. Equally important, any such development must also protect the environment and especially the local culture, to which tourists are attracted in the first place. This is why the potential of rural tourism in local communities should be a central consideration in discussions on policies regarding poverty alleviation. An associated challenge is how to ensure that the local communities retain their "authentic" character to ensure sustainable long-term success without becoming too dependant on tourism but yet still benefit enough economically to make it worthwhile. Throughout the analysis, we find that tourism is a potent force that is intimately intertwined with rural issues throughout the world and has had a dramatic impact most notably in developing countries. But, rural tourism, though a powerful tool for economic development and heritage sustainability, needs great care and sensitivity in planning, management and marketing to be socially as well as economically viable. The paper concludes by stating that tourism must not distort, but rather complement the local village economic which is usually based on agri-rural production.

Keywords: poverty alleviation, rural tourism, economic impacts, sustainable development, cost and benefits, master plan.

From the development point of view, governments often consider rural tourism as an important element of rural economic development and poverty alleviation.

Some reasons serve to explain why rural tourism is particularly well placed to meet the needs of underdeveloped rural communities. These include:

- the attractiveness for tourism of some remote rural areas – which is particularly important, since an important part of people in poverty live in rural areas;
- the opportunity to support traditional activities, such as agriculture and handicrafts, through tourism;

- the fact that tourism:
 - is a labor intensive industry, which can provide jobs for women and young people;
 - is also an industry where entry barriers to establishing new small businesses can be quite low;
 - leaving aside economics, can bring non-material benefits, such as pride in local culture and a valorization of the surrounding natural environment in the eyes of local communities.

For these purposes, rural tourism should be developed according to a coherent strategy that addresses both the provision of tourist facilities and services in a sustainable manner and, after assessing it, the maximization of the economic and social impact.

The aim of this research is to present a comprehensive method able to carry out the evaluation of rural tourism impact and to identify a short set of overarching principles that should be borne in mind when seeking to address poverty through rural tourism. The paper concludes one on hand that, by adopting a set of guiding principles for a sustainable approach to rural tourism, local communities can seek to maximize the benefits that can arise from rural tourism and to minimize the corresponding costs; and, on the other hand, that national governments should pay more attention to tourism in their poverty reduction strategies and in trade negotiations, where they should ensure that sustainability and poverty issues are considered alongside export promotion.

MATERIAL AND METHOD

The basic methodology used for the measurement of the economic impact of tourism is well established as most of the studies have concentrated on this issue: Mathieson and Wall [10] - especially on the economic benefits; Flemming and Toepper [5] - on the exclusion of the economic costs. The methodology typically yields estimates of turnover, income and employment as a result of tourism development within a local economy. Tourism services earn export income by bringing in an injection of spending from outside the area, which is called "basic income" - Smith [13] quoting Tiebout. This creates additional direct, indirect and induced local income and employment through the various multiplier effects - Witt [16]. These effects can be estimated if the flows of spending and income are traced through successive rounds of spending in the local economy, so that the proportion that stays within the local economy is identified. There are such studies in the literature and several useful reviews of the approaches used - Archer, [2]; Jackson, [8]; Pearce [12], Jackson and Bruce [7].

The first, most accurate but also expensive method involves the estimation of an input-output model of the local economy, within which all the direct and indirect effects of tourism are measured.

The second method simply involves a desk exercise to estimate tourism multipliers from the secondary data available.

The third method is known as the reduced form method - Archer, [1]; Baster, [4] - or proportional multiplier method - Vaughan [14]. It achieves cost-effectiveness and reasonable accuracy by combining primary data collected in the tourism industry and closely related sectors, with secondary data on other relevant coefficients. It involves fairly substantial fieldwork with tourists and with the business sectors that supply them.

No matter how well carried out, such studies can lead to an over-estimation of the benefits of tourism. They ignore both the opportunity cost of tourism developments they are assessing - Jackson, [8] - and the distribution of those benefits - Wanhill [15]. The indirect and induced effects will be insignificant in a small and open economy such as that of rural communities and attempts to trace them may not be justified - Hughes [6].

Linear programming in the context of land use planning for tourism within constraints has been reviewed in Knijff's and Oosterhaven's [9] research work. They claim it has two advantages: its consistency as a problem-solving technique and the information that it offers on the shadow prices of environmental and social constraints.

The most comprehensive way to carry out the evaluation of rural tourism impact, including environmental and other unquantifiable effects, would be social-cost benefit analysis - Murphy, [11], but the demanding data requirements and assumptions - Jackson, [7] - that have to be made in quantifying all the costs and benefits make its use within the constraints of the aim of this research impracticable, and explain why it has been little used in rural tourism impact studies - Mathiesoon and Wall [10].

The main challenge arises over how this methodological toolbox is applied in specific situations, where researchers are frequently constrained by the availability of recent disaggregated data, financial resources and time, which is the case for rural tourism.

The linear programming framework proposed here achieves a *structured method of identifying some of the wider costs and benefits*, including those not immediately quantifiable, *by treating them as constraints*. It may be seen as an intermediate methodology between the multiplier approach, which focuses only on the benefits (income and employment generated) from rural tourism, and a full social cost-benefit analysis.

RESULTS AND DISCUSSIONS

Benefits and constraints of rural tourism development

a. Results of the empirical research

It is widely recognized that the dominance of agriculture as the main driver of economic activity in rural areas must be shared with a more diversified rural economy. Rural tourism offers potential as an economic instrument. It is a growing sector of the world's fastest growing industry, tourism.

1. The origins of rural tourism can be traced to a number of factors and developments. These include the rapid industrialization and urbanization of developed societies, increased wealth and free time that have enabled visits to the countryside, where city dwellers seek a "different" type of experience. The concept of rural tourism embraces a number of constituent elements, at the heart of which lie the rural tourism community.

2. **The benefits and costs of rural tourism.** Based on the analysis of different developing countries, where rural population is comparable in terms of income, extent and way of life to the Romanian rural community, we found that rural tourism can bring benefits as well as generate costs to rural communities.

The potential *benefits* arising from rural tourism can be summarized under the following headings:

- *Economic*: opportunity for job creation; rural tourism activity can help sustain existing businesses in a rural area and encourage new business related to tourism; contribution to local government through taxes;

- *Social and cultural*: maintenance and support of local services; opportunity for local community to benefit from new facilities developed for tourists (i.e. museums, restaurants etc); opportunity to meet tourists (cultural exchange); revitalization of traditions, customs and crafts; reduced rate of rural depopulation; enabling the recovery of buildings of historical importance; favoring the recovery and conservation of traditional activities: festivals, handicrafts, etc.

- *Environmental*: sustainable tourism can play a vital role in helping to protect and maintain both the built environment and the natural environment.

The potential **costs** associated with inappropriate tourism development are:

- *Economic*: pressure on public services; increase in the price of land (demand for holiday homes in scenic locations is having an adverse impact on rural communities in Romania, as well as everywhere in the world); chaotic trading conditions and over-supply.

- *Social*: breach of carrying capacities, resulting in congestion and overcrowding, leading to negative attitudes to tourists.

- *Environmental*: potential for inappropriate development in terms of scale and design; growth of construction and residential development; saturation of natural areas; deterioration of surroundings; change in the cultural nature of villages and hamlets due to the presence of people from urban areas.

b. Discussion of the results. Ensuring sustainable rural tourism

The development of rural tourism may lead to both social and economic activation of rural areas. Finally, poor and low income communities can benefit from **investment in infrastructure stimulated by tourism**. This is about the provision of roads, energy supplies, sanitation, clean water and telecommunications, on the back of tourism investment. Careful planning in such situations is clearly very important and local communities should be involved from an early stage. Creating one place of work in tourism sector requires only 40% of inputs needed to create one place of work in the processing industry. The development of rural tourism may lead to reduction of unemployment, mainly as a result of local services development, between others trade, cultural, medical, telecommunication, postal services.

Steps in Ensuring Sustainable Rural Tourism Development

The conception aimed at the proper utilization of rural areas potential is a program of rural multifunctional development consisting in introducing diversified non-agricultural economic activities to rural areas.

Rural tourism became an **increasingly important market segment** within the Romanian tourism industry, in terms of number of establishments, number of overnight stays and occupancy rates. However, mistakes can (and have) been made in seeking to develop tourism in rural areas. It means that it is critical to ensure that tourism development planning is market-led, sustainable, based on the

development of indigenous products, and supported by strong environmental controls and by the government.

For tourism to thrive in a rural setting, a balance needs to be achieved between the host community, tourists and the landscape. In planning for sustainable rural tourism, a three staged process is necessary:

Stage 1: establishment of principles to guide future involvement in tourism;

Stage 2: rural resource audit and market appraisal;

Stage 3: a rural tourism Master Plan can be prepared.

Key Principles Overview. By adopting a set of guiding principles for a sustainable approach to rural tourism, local communities can seek to **maximize the benefits** that can arise from rural tourism and **minimize the costs**. Principles to guide sustainable rural tourism can be prepared under a number of headings. These principles can be summarized as follows: environmental principles, social principles, heritage/cultural principles, economic principles.

The Master Plan Process. Having established the principles for sustainable tourism, there are only two steps in the Master Planning process: step 1: rural resource audit and market appraisal; step 2: rural tourism Master Plan (as above).

The first task in step 1 involves the undertaking of an audit or inventory of all rural tourism resources in the area which have potential for development. In a parallel exercise, it is critical that a market appraisal be undertaken in order to identify potential target markets and market segments. With this information, a Unique Selling Proposition (USP) can be determined for the destination. This will be important in establishing a competitive position in the market place. For step 2, the Master Plan itself will be underpinned by a tourism product development program designed to meet market needs and to address the gaps identified in the audit. Proposals relating to accommodation registration/standards, design guidelines, environmental protection and enhancement, organizational structures, marketing, training and investment are all critical in ensuring an effective Rural Tourism Master Plan.

CONCLUSIONS

The challenges of rural tourism development

Rural Tourism is not a panacea for the economic crisis confronting many rural communities even in the most developed countries in the world. Despite impressive growth in tourism and a swing toward 'soft' or 'green' tourism, for which rural areas are particularly well placed, the industry would be capable of stemming the long-term decline that characterizes the rural economy only with a proper guiding. As such, many rural communities are targeting tourism as a means of diversifying their local economies. Romanian rural tourism is on its way to become a highly competitive industry and part of EU tourism offer. There has been a significant increase in recent years in both the quality and quantity of rural accommodation thanks to individual investors and SAPARD funding. In order to succeed, the rural tourism product must have sufficient attraction to generate

significant tourism flows on a recurring basis.. There are developmental challenges and promotional challenges to be met if the appropriate products are to be provided and communicated to potential visitors. Better advance publicity of traditional rural events is needed to facilitate visitor planning. Rural tourism policy has to be designed and realized by the government with local community support and should consist of: public grants for cultivation of land, transport infrastructure, public goods & services, cheaper credits for direct investments in tourist farms, education, training & consultancy, promotion and marketing. Otherwise, the initiative will be unsustainable

Rural tourism main role should be viewed as a catalyst through which a holistic approach to rural development may be implemented to achieve sustainable economic diversification and poverty alleviation in the rural economy.

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