

Poverty alleviation through tourism:

a comprehensive and integrated approach

Poverty is a major barrier to development. It is widely accepted that the world's poor lack the resources and capabilities necessary to begin the journey towards improved human wellbeing. Tourism has long been considered an effective vehicle of wider economic growth and development and therefore a potential means of poverty reduction. Drs Robertico Croes and Manuel Rivera, from the University of Central Florida, focus their research on exploring the relationship between tourism and poverty. Despite increasing evidence of the potential for tourism as a tool to alleviate poverty, this idea is not without criticism.

The body of literature on the relationship between tourism and development spans half a century. Over the past 20 years, there has been an increasing interest in issues of poverty reduction through tourism. Debate continues about whether tourism represents a leading economic sector, rather than following behind other forms of development. Debate also exists about whether the poor benefit or suffer as a result of tourism. Croes and Rivera have reviewed the evidence for and against these claims to produce a strong argument that tourism, if applied appropriately, has the potential to help reduce poverty in a meaningful way.

THE ESSENCE OF A COMPREHENSIVE APPROACH

Croes and Rivera focus their analysis on Latin America, a developing region struggling with development challenges. Tourism is largely neglected as a potentially meaningful development by Latin American policy makers due to their socio-economic history and experience. Croes and Rivera discuss poverty in Latin America in both

absolute and relative dimensions. A great deal of effort is placed upon developing indicators which are specific to the poor. These indicators are then assessed at the macro level because of the existence of different types of poverty and various forms of tourism. Croes and Rivera's case-structured approach follows a long tradition of research in the social sciences. For example, Sen (1982), a Nobel Prize-winning economist, built his underlying theory of the capability framework from studies conducted in the Great Bengal famine of 1942.

The Poverty Obliteration Paradigm (POP) model was applied to the Latin American context by Croes and Rivera. The POP model includes four propositions which have been empirically examined by authors. The first proposition states that tourism demand expansion can drive poverty reduction. The second proposition regards context as a defining component in determining the degree to which tourism can alleviate poverty. The third proposition suggests that it is impossible to determine the degree of the impact a priori because the tourism growth poverty elasticity (the percentage reduction in poverty rates associated with a percentage change in mean per capita income) represents an empirical question. The fourth proposition argues that the degree to which tourism benefits the poor is dependent



Encouraging tourists to visit poorer regions could be done through incentives such as tax breaks.



Tourism can be a means to alleviate poverty in a country but the measure of its effectiveness is complicated.

How the poor perceive their relative life conditions is an important measure of poverty.

upon the direct channel of tourism to the poor and on the indirect channel of tourism to poor households. These propositions are related to tourism demand (revealed preferences), economic growth (tourism-led growth hypothesis), well-being (capabilities) and agency theories respectively.

Croes and Rivera's work is comprehensive because their propositions based on contextual situations are made relevant in two different ways. Firstly, by demonstrating that the propositions can be examined in multiple contexts and secondly, by showing how tourism demand expansion has implications for poverty alleviation. These ideas can be understood by invoking three channels which link tourism demand expansion and poverty alleviation (direct, indirect and experiential).

THE ESSENCE OF AN INTEGRATED APPROACH

The integrated approach proposed by Croes and Rivera includes two key criteria: duality and wellbeing. Duality embraces a focus on both particular contexts and considering generality. In order to achieve duality, there is a need for both data collection and the ability to transcend such data in order to develop a theoretical

understanding. For example, a study based in Nicaragua and Costa Rica found that tourism development has a different impact on poverty reduction in both countries and suggests both context and economic structure as being important considerations in a theoretical understanding of tourism and poverty.

Wellbeing, the second criterion, pertains to the combination of scientific evidence with experiential knowledge. Croes and Rivera argue that wellbeing, as a measure of poverty, cannot be assessed by an objective consideration of conditions and opportunities available to the poor alone. Such objective measurements include the poverty headcount ratio, population living below the national

indigence poverty line, Sen index, the human development index (HDI), and the tourism growth poverty elasticity. Instead, measurements of poverty should also include how the poor perceive their life conditions and opportunities, i.e. their experiential knowledge. Croes and Rivera emphasise the importance of inequality of access to resources and relative deprivation. This means that even if poverty measures suggest the alleviation of poverty, the poor may feel worse off if others are seen to be progressing faster than they are. In order to access this experiential knowledge, there is a need to create more opportunities and increase engagement with the poor. This bottom-up approach has a much greater chance of success than top-down initiatives,

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Not all households are equally well-equipped to earn income from tourism development.

such as those frequently undertaken by multinational agencies. This approach can be achieved via the use of interviews, focus groups and cross-country surveys.

THE PATHWAY TO POVERTY ALLEVIATION

The practical implication of Croes and Rivera's work is that governments have an important role to play in nurturing the indirect tourism-poverty reduction channel. Increasing tourism demand seems to have a positive impact on poverty reduction and thus governments would be well advised to promote tourism. In addition, governments could also exploit the substantial resources generated by tourism demand and allocate these resources to support, nurture and expand programmes to alleviate poverty. Croes and Rivera's work also indicates that the efficiency and effectiveness of governments' involvement in channelling resources to alleviate poverty cannot be determined a priori due to complex situational factors, including the level of inequality, institutional strength and political culture.

It is not possible to guarantee that every poor household will earn income from tourism development. Each household possesses individual circumstances and aptitudes that influence their ability to obtain income. For example, low levels of literacy will impair the ability of a member of a poor household to gain employment. This means that poor households may be excluded from tourism development activities and their associated benefits. Furthermore, even if poor households receive more income due to tourism development, there is no

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assurance that such incomes would improve their wellbeing by expanding access to health care, education, infrastructure and life amenities or by ameliorating relative deprivation.

In order to determine what is likely to be most effective to reduce poverty, it is necessary to adopt a theoretical lens. One example of this approach by Croes and Rivera is based upon the finding that people respond to incentives. Applying this economic principle to Latin America,

Croes and Rivera propose that tourists could directly work to alleviate poverty. The suggestion is that every tourist penny spent that directly benefits the poor should have a tax credit in the source country to provide an incentive to visit a poor area in a developing country.

CONCLUSIONS

The work of Croes and Rivera clearly demonstrates that tourism demand is linked to economic growth and that economic growth reduces poverty. The primary means to poverty alleviation is through the creation of permanent jobs. The creation of tourism jobs could be achieved by increasing tourism demand. The key question is how best to increase tourism demand. For Croes and Rivera, the most optimal way to use tourism to benefit the poor is by empowering tourists to visit poor countries. In light of the effectiveness of incentives, it is suggested that tax breaks would be a suitable option, a proposal which has been met with some criticism. In responding to such criticism, Croes and Rivera emphasise that alleviating poverty requires both the effort of imagination and the rejection of fear.

Behind the Research



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Research Objectives

Drs Croes and Rivera focus their work on the potential of tourism as a tool of poverty alleviation. They recently published a book, *Poverty Alleviation through Tourism Development: A Comprehensive and Integrated Approach* (2016).

Detail

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Bio

Dr Rivera is the Assistant Dean of the Rosen College at the University of Central Florida. He holds a PhD from the University of Central Florida, a MS from Florida International University and a BS from Penn State University. He is the Managing Editor for the International Journal of Hospitality Management.

Robertico Croes is a Professor currently serving as the Associate Dean of Administration and Finance in the Rosen College of Hospitality Management at the University of Central Florida, USA. He is also the Associate Director of the Dick Pope Sr. Institute for Tourism Studies. Dr Croes has authored four books and has more than 100 published works. His research has been presented and applied in many countries. Professor Croes is the recipient of numerous research awards such as the 2015 Thea Sinclair Award.



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Personal Response

What other strategies theoretically might be effective in increasing tourism demand?

Increasing tourism demand to alleviate poverty in developing countries includes four tourism demand strategies. The first one and what we consider in the book as the most effective one is the tax break approach. The second demand strategy pertains to the focus shift of international organisations and NGOs from micro projects to job-creating projects. We suggest that these organisations bundle forces to promote tourism towards developing countries and to make tourists aware of their impact in alleviating poverty through their spending behaviour. Third, governments of tourist-receiving countries should provide incentives to tourist suppliers and enterprises to create jobs among the poor. And fourth, businesses in developed countries could expand their social responsibility by engaging in pro-poor tourism in developing countries that create jobs for the poor.