



The economic, social, and environmental impacts of cruise tourism[☆]



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HIGHLIGHTS

- Measures community local impacts of cruise tourism.
- Unique methodology using natural experiment and multi-method approach.
- Measures multidimensional social, cultural, economic, and environmental impacts.
- Cruise tourism fails to benefit community in tow-taxation, low-regulation environments.
- Recommend investment in local community assets before initiation of tourism.

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ABSTRACT

We use a unique multi-method natural experiment to measure economic, social, and environmental impacts of cruise tourism on a local community. Through the measurement of multidimensional indicators before and after the opening of a cruise ship port, and using control groups, we compare community impacts with greater detail and control than previous studies. Although theory and industry multiplier estimates predict gains in employment, income, and related measures, we find little evidence of improvement. The ability of the local population to provide for necessities and obtain sufficient food worsened, corruption increased, and there were substantial negative environmental impacts. One observed benefit to communities was a decrease in crime due to an increase in government expenditure on policing. Our results show that in low taxation and regulation environments with an absence of community development and involvement initiatives, large cruise tourism projects can fail to provide benefits for local populations.

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1. Introduction

Tourism is the first or second source of export earnings in 20 of the world's 48 Least Developed Countries (LDCs) and, in the past 20 years, the industry has grown more quickly in LDC economies than in OECD countries. This growth has brought increasing interaction between the industry and indigenous peoples, many of whom are

impoverished and hold traditional land rights on or near tourism sites (UNWTO, 2016). Noting this, the United Nation's World Tourism Organization (2016; 2017) has suggested that tourism can lead to improvements in multiple social, economic, cultural, and environmental dimensions of community development, specifically in relation to indigenous peoples. Since cruise tourism has been the fastest growing segment of this industry, doubling every ten years since 1990 and increasing disproportionately in developing countries, its local development impact deserves particular attention (CLIA, 2010). This study uses a multidimensional community assets approach to measure the economic, social, and environmental impacts of cruise tourism. The advent of a new cruise ship port in Honduras provided an opportunity to use a natural experiment to assess such impacts on a local indigenous population. This unique multi-method natural experiment allows for greater control and detail than in previous studies.

As with most impact studies, issues related to cruise tourism in

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our setting are not only academic. In October 2014, the beginning of cruise tourism divided the community of Trujillo, Honduras – positioning elite Honduran and foreign investors against a local Afro-indigenous population who claimed marginalization from the process and its benefits. These tensions reached their apex with the trial of the project's Canadian developer, Randy Jorgensen, who was accused of illegally obtaining land from the Garifuna for the construction of his company's cruise ship port and other tourist operations. Hundreds of protestors wielded placards telling the Canadians to “go home” and characterized tourism via foreign investment as “Colonialism.” The spokespersons for the investors reiterated that proceeds from cruise tourism would circulate through the community and that protestors were overlooking obvious employment and income benefits (Kennedy, 2015; *Rights Action*, 2015).

Such conflicts correlate with broad theoretical debates in the field of international development on the degree to which privately funded development initiatives can benefit local communities. On one side of this debate, advocates of free-market development argue that benefits from private investment will trickle-down to the local poor as economic growth benefits all parties (Cowen, 2004; Williamson, 1990, 1997). Other arguments, often associated with dependency and world-systems theory, assert that initial inequalities bend markets and corrupt politics in the interest of the powerful (Kay, 1989; Frank & Gills, 1999; Veltmeyer, 2016). In between these positions, some argue that the degree to which free-market investment benefits communities is limited by the extent of market failures based on imperfect information, imperfect competition, or public goods provision (Fine, 2001; Jomo & Fine, 2006; Stiglitz, 2012). Furthermore, some theorists, often associated with the capability approach, insist that development should not be measured by economic impacts alone, but through the evaluation of multidimensional community assets (Alkire, 2002; Bebbington, 1999; Sen, 1999).

This study contributes to these broad debates by directly measuring the impact that the Trujillo-area cruise ship project had on the local population. We do this by taking a baseline measure of multidimensional assets via a survey before the institution of the tourism project and comparing this with measures taken approximately fourteen months after the project's initiation. Qualitative data are also used to contextualize the study and ensure that the survey design is sensitive to local conditions. Changes registered in the Trujillo area over the period of the study are compared with changes in indicators on the national level and with other Honduran towns, located away from this tourism project. These towns act as a control group to determine when changes in the Trujillo area towns may not be attributable to the local tourism project, but to other factors common to other areas of the North coast of Honduras. A review of the literature on tourism and development shows this method to be unique. Few former studies have examined multidimensional indicators or used a multi-method approach, none compare baseline data with post-project data, and none utilize control groups. We believe our method, therefore, allows us to measure community impacts with unprecedented detail and control.

2. Related literature

A review of the literature reveals that some empirical studies on tourism have analyzed the industry's impact on local community development, but such studies are uncommon and even fewer utilize multidimensional community asset evaluations. A recent meta-study by Medina-Muñoz, Medina-Muñoz, and Gutiérrez-Pérez (2016) found only 14 works since 1999 that focused on local level poverty alleviation and those that gathered

multidimensional data relied on community and tourism operator's perceptions of impacts for evaluation. The most common data-gathering technique in these were semi-structured interviews carried out in a single time-period, none used control groups, and most were strictly economic. Although the authors of the meta-study find evidence that poverty alleviation or development in any dimension are unlikely without substantial community control of projects, the most pressing finding is that there has been insufficient research to fully understand the relationship between tourism and community development. Medina-Muñoz et al. (2016) argue specifically for local-level impact studies that gather primary data via diverse methods and the use of multidimensional measures of development.

Studies specifically on cruise tourism have been less comprehensive than general tourism studies, and none have measured community impacts directly or included multidimensional measures of development. Some studies use passenger surveys to attempt to estimate cruise tourist expenditures compared to terrestrial tourists. (Brida & Zapata, 2010a; Brida, Bukestein, Garrido, & Tealde, 2012; Larsen, Wolff, & Marnburg, 2013). Others utilize data from national income accounts and industry reports, implementing models for estimating multiplier effects of tourist spending on national income and incomes of local tourism operators (Brida & Zapata, 2010b; Dwyer, Ngairé, & Zelco, 2004; Marques & Cruse, 2015; McKee & Chase, 2003). These studies find that economic multipliers are typically low with cruise tourism since passengers tend to eat, drink, sleep and spend funds on board with credit cards and most ships are registered to tax-haven ports. Environmental impacts have been estimated using technical specifications of cruise ships, comparing pollutant output needs of the ships with the abilities of ports and the environment to absorb such outputs (Brida & Zapata, 2010b; Davenport & Davenport, 2006).

Cruise ship operators themselves report a broad set of impact indicators under voluntary Corporate Social Responsibility (CSR) reporting commitments, but research has noted weaknesses in these reports. Bonilla-Prego, Font, and Pacheco-Olivares (2014) show that industry reports are unresponsive to community stakeholder needs and demands for transparent information since they tend only to report items that are “marginal to the core of the business and have a positive impact or preempt sector regulation” (p. 149). Font, Guix, and Bonilla-Priego (2016) uphold these findings, and de Grosbois (2016) adds that reports are often unverifiable and avoid important issues such as economic prosperity and quality of employment. Citing similar research, Cheer (2016) emphasizes the need for independent community impact studies to avoid reliance on inaccurate and unverified industry self-reports. This echoes earlier arguments by Lester and Weeden (2004) and Klein (2011) that industry-independent studies of community impacts must be taken into account when assessing cruise tourism.

Studies of tourism and its relation to indigenous peoples tend to employ qualitative methods taken after initiation of tourism projects, as well as secondary analyses of historical, economic, and ecological data. Most suspect there are few community benefits from tourism, arguing that in the political-economic process of interaction between tourists, industry, and local indigenous communities, the latter tend to be disavowed of resources and control (Buultjens et al., 2010; Bunten, 2010; Colton, 2005; Colton & Whitney-Squire, 2010; Coria & Calcura, 2012; d'Hauterterre, 2010; Notzke, 2004; Ruiz-Ballesteros & Hernandez-Ramirez, 2010). Although not addressing cruise tourism specifically, some ethnographic work has been done in analyzing the relationship between Honduran Garifuna communities and other types of tourism (Anderson, 2007, 2013; Brondo & Woods, 2007; Hale, 2011; Kirtsoglou & Theodossopoulos, 2004; Mollett, 2014). These

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