

Making Tourism Count

for the Local Economy in the Caribbean

Guidelines for Good Practice

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Brief 1

Overview:

Tourism and the local economy – building linkages

Poverty is a fact of life for many in the Caribbean. Although tourism is a major source of employment and a central part of the Caribbean economy, there is potential for tourism to contribute much more to the livelihoods of poor people, particularly in the areas around tourism resorts. In doing so, tourism companies can contribute to national economic goals without compromising their commercial interests. This will help the sector to enhance its own security and operating environment, and gain opportunities to upgrade the product and enhance the quality of tourist experience.

tourism companies can develop with local people. Hotels can purchase directly from small and micro-businesses, as well as increase recruitment and training of local unskilled and semi-skilled staff. Hotels and tour operators can also enter into neighbourhood partnerships to make the local social environment a better place to live, work and visit for all. And they can support the development of local arts, crafts, cultural products and tourism services, both by developing new excursions and by encouraging tourists to spend in the local economy. Different linkages are outlined in Figure 1 – hotels and tour operators should choose which linkages are more appropriate in their local context. ♦

There are many different kinds of linkages that

BENEFITS to hotels and tour operators from investing in local linkages¹

- ✔ **Market advantage:** Hotels and tour operators can build reputation, adapt to customer trends that seek more interactive holidays, and secure repeat business from enhanced customer experience.
- ✔ **Improved product:** Improved complementary product for guests: competitive advantage is gained from product differentiation and non-price competition.
- ✔ **License to operate:** Linkages build good relationships with the local community and demonstrate a company's commitment to the local economy.
- ✔ **Minimise risk:** Companies are already minimising health and safety risks. Local linkages help address risks associated with reputation and public image.
- ✔ **Staff morale:** When staff see their company investing in the local economy, it can boost recruitment and retention; and thus customer service.
- ✔ **Sustainability:** Sustainability: working with the communities will increase awareness and skills to promote and preserve the local natural and cultural heritage, so contributing to the sustainability of the tourism product.

Building linkages with the local economy is also known as

Pro-Poor Tourism

(www.propoortourism.org.uk), which is about **doing business differently**.

Philanthropic donations to local causes can be very useful for the community, but they do not make the best use of the assets of the tourism sector. Rather, there is a strong business case – or more precisely, a number of business cases – for the tourism sector to invest in local linkages. Tourism is not flush with cash, but it has enormous purchasing power, requirements for inputs and staffing, business expertise, and influence over a large numbers of tourists (especially with regard to their spending power and interest in the destination).

Tourism operators require secure, attractive and hospitable local neighbourhoods, as well as the support of local people. They also need to innovate and develop their product. So linkages with local entrepreneurs can contribute to upgrading the tourism experience.

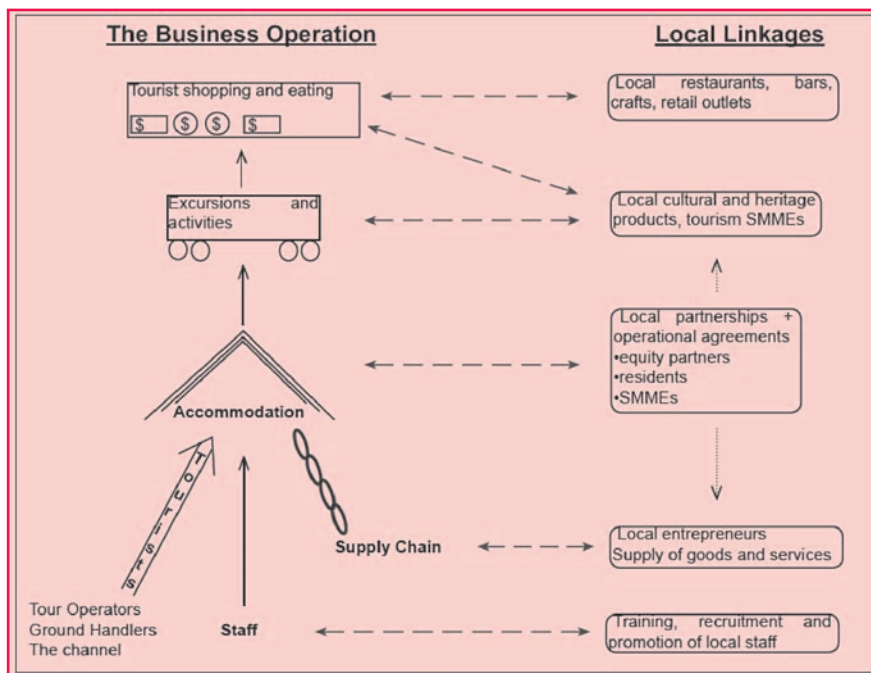


Figure 1: Different kinds of linkages between tourism businesses and the local economy

One of the benefits of tourism development is that it brings improved infrastructure: potable water, improved roads, waste management, electricity and telecommunications. Wherever possible, the industry should encourage local authorities to extend access to these facilities to local communities. Such improvements to infrastructure are very significant in extending the benefits of the tourism economy to local people.

About the Briefs ...

The eight Briefs in this series provide practical tips on how to develop different types of local linkages, drawing on experience in several different countries in the Caribbean ▶

For other Briefs in the series and further information see www.propoortourism.org.uk/caribbean

- Brief 1:** Overview: tourism and the local economy – building linkages
- Brief 2:** Bringing local producers into the supply chain
- Brief 3:** Building links with local farmers
- Brief 4:** Employing local staff
- Brief 5:** Involving local people and products in tours, packages and excursions
- Brief 6:** Encouraging tourists to spend in the local economy
- Brief 7:** Building neighbourhood partnerships
- Brief 8:** Managing internal change for developing local linkages.

The Appendix provides more details, further examples, sources, and a useful list of contacts.

The Briefs outline some of the benefits and challenges of local linkages, and then focus on what to do. They provide tips on good practice mainly for hoteliers, but also for other private, governmental and non-governmental operators in tourism.

Endnote:

1. For more on the business benefits of tourism linkages internationally see *Tourism and Local Economic Development* International Business Leaders Forum and International Tourism Partnership 2004, www.propoortourism.org.uk/Publications%20by%20partnership/Tourism%20and%20Local%20Development.pdf