

5 ■ Conclusions and Lessons

The tourism industry has a great deal of untapped potential to help expand economic opportunities in local communities. This potential hinges upon inclusive business models that integrate the poor into value chains as employees, suppliers, retailers, customers, and beneficiaries, thereby enabling them to build their economic and human capital assets. Because tourism is often the main industry in otherwise isolated locations, relatively small changes can have disproportionate benefits.

Tourism companies have the opportunity to move from traditional philanthropic programs to the integration of development concerns into their core business models. This can reduce risk, enhance a wide array of stakeholder relations, and in some cases enable the development of new products and business opportunities.

It cannot be assumed that the same combination of methods will work everywhere. Companies must consider the preferences of tourists and characteristics of local communities and regulatory frameworks in their particular locales in order to develop business models that are appropriate. The following lessons from effective initiatives merit further analysis and research:

5.1 Lessons for the Tourism Sector

Shift mindset: Create a corporate culture that actively seeks business approaches that expand economic opportunity along the value chain. Such efforts should focus on situations where there is synergy between the commercial interests driving the business and mechanisms to advance development goals.

Focus on employment and training: Continue to support local economies by employing community members whenever possible, and by providing effective training programs to bolster employee motivation, customer satisfaction, and local human capital development.

Improve procurement practices: Revisit and revise procurement policies and practices to grow your business with local farmers and small enterprises, while recognizing that they may need support in the form of credit, technology transfer, and mentoring in the early stages to raise product quality, reliability, and quantity.

Link tourists to local cultural products and experiences: Allow advertising that helps guests become aware of local artisans, cultural events, businesses, and guides which have the potential to make their vacation experiences more memorable.

Pay attention to the distribution patterns of tourism-related economic opportunities: Consider ways to structure opportunities so that they reach smaller local enterprises with more limited available capital, workers with limited skills, and depending on the situation, marginalized groups such as women, youth, and ethnic minorities.

Work to create an enabling environment that helps tourism expand economic opportunity: Address property rights issues, accreditation of suppliers and tourism entrepreneurs, and increase government understanding of how its policies can favor development-friendly tourism.

Collaborate with others to maximize impact: Co-invest in efforts to build local capacity to enhance efficiency. Consider seeking seed funding from governments, NGOs, or international financial institutions. Partner with local organizations to provide needed levels of training and support for local small enterprises. Participate in joint advocacy for policy change. Support and build multi-stakeholder partnerships that cultivate vibrant, entrepreneurial destinations.

Share best practices: Share and build upon best practices, adapting them to different actors within the tourism industry and in the public and private sectors, including international donors and NGOs.

5.2 Lessons for Governments

Encourage inclusive business models through regulatory and fiscal policy and public contracts: Regulation and public policy should provide incentives for companies to initiate business models that increase economic opportunities for the disadvantaged. These can include preferred status for new contracts, planning permission, tax incentives, and government procurement of conference and accommodation facilities.

Build public-private partnerships to increase training capacity: Coordination and support for dedicated institutions or other mechanisms for local employee and supplier training can help to achieve the scale needed and, over time, enable these institutions to become economically viable as the industry – and its training needs – grows.

Partner with the national tourism sector to facilitate the shift to inclusive business models and greater development impact. Governments, sometimes with external grants assistance, can help reduce the transaction costs to companies of shifting to inclusive business practice. Providing information on local suppliers and serving as a third-party facilitator or “honest broker” can make the difference between a nice idea and real change. Governments can also help tourism companies by developing joint approaches to international development agencies and foundations with co-funding proposals specifically targeted at achieving development goals through tourism.

Create a conducive environment for small and micro entrepreneurs. If large companies are to work more with small and micro entrepreneurs, supply side constraints must simultaneously be addressed. Access to capital, business services, markets, and information are needed, plus support to enhance quality and reliability of production.

Engage at local and provincial levels, not just national. At the level of a local destination, local government can catalyze partnerships between hotels, tour operators, transport operators, different government departments, artisans, vendors, and other entrepreneurs, and help all parties address obstacles to inclusive business partnerships.