3. The force field of tourism

Abstract

The literature on tourism development has focused on a one dimensional relationship between tourism development and quality of life. The impact of shock events on tourism development and quality of life seems ignored. Rather less attention has been paid to the multi-dimensional aspects of the relationship between tourism development and quality of life, and the potential impact of shock events on shaping this relationship. This study proposes a conceptual framework describing a triad of relations between tourism development (TD), quality of life (QoL) and shock events, and advocates that a bilateral relation exists between these three constructs. The framework also integrates three types of theories, each of which with the potential to explain tourism growth from a different perspective. The study analyzes a number of challenges facing tourism and discusses how these challenges interact and affect the interconnectedness between TD, QoL and shock events. The dynamic interplay of all these forces shapes tourism development patterns and will determine the nature of tourism development. The present study contributes to the tourism literature by identifying and structuring core elements that are responsible for the dynamics of tourism. In essence, it advances the understanding of this complex phenomenon, while providing building blocks for an anticipated view on the future of tourism.

Keywords: Tourism development, quality of life, shocks, endogenous growth theory, social exchange theory, chaos theory, tourism destinations.

1. This chapter is based on:
3.1 Introduction

Tourism has become a prominent economic sector, but also a complex phenomenon. This paper proposes a conceptual framework describing a triad of mutual relations between tourism development (TD), quality of life (QoL) and shock events. The framework further incorporates a set of bilateral relations between these three constructs and a number of challenges facing tourism. Tourism performance is ultimately the aggregate result of a series of growth drivers that shape its (future) outcome. Various analytical perspectives on this relationship may be distinguished.

First, one part of the literature suggests that tourism is the product of an endogenous growth process, by particularly looking at the tourism destination itself as the originator of growth. Studies in this field have focused on the relation between tourism specialization and long-run economic growth (e.g., Lanza & Pigliaru, 1995; Brau et al., 2003; Durbarry, 2004; Adamou & Clerides, 2010; Figini & Vici, 2010), to assess whether tourism can be a sustainable source of economic development.

Second, another part of the literature shows that tourism can also be the product of a (semi-) endogenous relation with QoL. More specifically, there is a strand of literature which argues that there is a unilateral relation between TD and QoL, whereby the relation is often seen in terms of the cost and benefit effects of TD on QoL (e.g., Fredline et al., 2005; Gjerald, 2005; Sdrali & Chazapi, 2007). Another strand of the literature points towards QoL affecting TD itself, although this relation has been alluded to in implicit terms only (e.g., King et al., 1993; Carmichael, 2006; Andereck et al., 2007; United Nations Economic and Social Council, 2007; Andereck & Nyaupane, 2010; Cecil et al., 2010). The above observations suggest that the relationship between TD and QoL is bilateral.

A third constituent of the literature indicates that tourism is susceptible to many shock events that can affect its outcome either positively or negatively (e.g., Goodrich, 2002; Tambunan, 2010; UNWTO, 2010). Alternatively, TD itself can influence the incidence of shocks (e.g., Fang, 2011), although the literature has been quite laconic on this possible link. Moreover, the literature has hinted at a reciprocal relation between QoL and shock events (e.g., Torabi & Seo, 2004; Brinkman et al., 2010; Breisinger et al., 2011), which is relevant for TD, given that both QoL and shock events can have spillover effects on the outcome of tourism.

The literature has been particularly silent on the interactions of TD, QoL, and shocks with tourism challenges. Still, there are implicit indications that such interactions are present. For example, climate change can affect tourism through the length and quality of tourism seasons (UNWTO, 2009), but at the same time TD can be considered a vector in climate change
through its carbon dioxide emissions (UNWTO, 2009; Scott et al., 2010). Recognizing these mutual links is important because it leads to a better understanding of the origins of the challenges facing tourism, while simultaneously providing the key for a better preparation of tourist destinations to cope with the future outcomes of the three constructs TD, QoL, and external shocks.

The proposed framework contributes to the literature by identifying and structuring core elements that delineate the dynamics of tourism. In essence, this research advances the understanding of tourism, which in itself is a complex phenomenon (Goeldner & Ritchie, 2012). It responds as well to the call of Yeoman (2008) for ‘futureproofing the future’, by allowing for a process of making (strategic) decisions with in the background an understanding of key challenges that might affect the future of tourism. Moreover, this framework incorporates three classes of theories that may potentially explain the development of tourism. Clearly, this approach preserves the genuineness of these theories, but it also advances future theory building by integrating different perspectives of tourism growth.

The remainder of this paper is organized as follows. Section 3.2 elaborates on the three drivers of TD (endogenous, (semi)-endogenous and exogenous). Section 3.3 highlights a series of challenges faced by the tourism industry in the coming years, which can affect its future outcome. Section 3.4 presents an analytical framework that incorporates both drivers of and challenges facing tourism, while section 3.5 concludes.

### 3.2 Endogenous, (semi-)endogenous and exogenous growth drivers

#### 3.2.1 Endogenous growth

The endogenous growth of tourism originates from forces within the tourism destination (among others, leadership, creativity, innovation, and entrepreneurship) that command its outcome. It is based on the idea that the success of a region ultimately depends on its own capacity to initiate and lead an economic growth process that will ultimately make it prosperous, based on the initiative and technical know-how of its people and companies (Cruz Vareiro & Cadima Ribeiro, 2007). Vanclay (2011) distinguished a series of key elements of an endogenous regional development, which includes, among others, the goal of a sustainable local economy where the benefits are kept locally, and where locally available resources are used (Table 3.1).
Table 3.1: Key elements of an endogenous regional growth

The goal is to create diversified, resilient and sustainable local economies;
The development options are determined locally;
There is local control over the development process;
Benefits are retained locally;
Locally available resources (natural, human and cultural) are used;
The 'local' and 'place' are valued, especially what is locally unique or special, with equal respect for local values;
Awareness of the rural as being a site of both consumption and production;
Appreciation of multifunctionality.

Source: Vanclay (2011).

The theoretical basis for the endogeneity principle in TD is the Endogenous Growth Theory (EGT), which sees economic growth primarily as an endogenous outcome of an economic system and not the result of forces that impact it from the outside (Romer, 1994). This theory basically holds that there is a process of increasing returns that drive growth (Cortright, 2001), and whereby regional resource endowments, human capital, technology, entrepreneurship and institutionalism (including the role of leadership) play a central role (Stimson & Stough, 2011).

The EGT has been applied in several instances in tourism studies, predominantly associated with the economic effects of specialization in the long run. Tourism may affect economic growth through several channels. For example, foreign direct investment associated with tourism can bring management skills and technology that have spillover benefits to other sectors of the economy (Arezki et al., 2009), thereby driving economic growth. The purpose of analyzing the relation between tourism specialization and economic growth is to assess whether tourism can be a sustainable growth factor for the economy. In other words, the question will be whether tourism can contribute to increasing returns that are conducive to economic activity in the long-run. The literature has shown ambiguous results as to whether there is a long-run relation between tourism and economic growth. Lanza & Pigliaru (1995) applied the endogenous growth model developed by Lucas (1988) to show that it is possible for a small country to specialize in tourism and still maintain a growth rate that is comparable to that of countries that allocate their resources to sectors where productivity grows faster. Next, Brau et al. (2003) compared the relative
growth performance of 14 tourism destinations from a sample of 143 countries during 1980-1995, and found a positive relation between tourism specialization and economic growth. Adamou & Clerides (2010) also investigated the relationship between tourism specialization and economic growth, whereby they collected data for the period 1980-2005 for 162 countries, and found that tourism specialization adds to the rate of economic growth of a country, but at a diminishing rate (a concave relation). And, Figini & Vici (2010) analyzed empirically the relationship between tourism specialization and economic growth for more than 150 countries between 1980-2005, and found no significant causal relation between tourism specialization and economic growth. Several authors applied case studies to investigate the empirical relation between tourism specialization and economic growth. For example, Durbarry (2004) investigated the link between tourism and economic growth for Mauritius, and found evidence that the tourism sector has had a major impact on the economy during the period 1970-1999. Balaguer & Cantavella-Jordá (2002) examined the role of tourism in the long-run economic growth of Spain between 1975-1997, and found a strong positive relation of important long-run multiplier effects between the earnings out of tourism and economic growth. A development in tourism completely based on endogenous factors is unlikely in practice, given the complication brought by additional factors such as QoL and shock events.

3.2.2 A (semi-)endogenous driver of TD: Quality of life

The customary approach in the tourism literature has been to consider TD as a triggering factor to QoL (e.g., Andereck & Vogt, 2000; Fredline et al., 2005; Andereck et al., 2007; Marzuki, 2009; Meng et al., 2010). The relation is often seen in terms of the cost and benefit effects of TD on QoL (e.g., Fredline et al., 2005, Gjerald, 2005; Sdrali & Chazapi, 2007), and the most often applied mechanism through which TD influences QoL are of an economic, social, cultural, and environmental nature.

The findings in the conventional unilateral approach provide no explanation for what is considered a second strand of the literature, which hints at QoL as an active factor influencing TD. Three mechanisms have been identified through which QoL’s influential role is emphasized. Firstly, QoL can affect TD through the support for future TD. For example, King et al. (1993) found a negative impact of TD on the QoL of residents of Nadi (Fiji), but as the authors claim, the awareness of those negative impacts did not cause diminished community support for tourism, because of the economic dependency on this activity. Supportive residents tend to be
receptive and friendly to tourists, which in turn provide a positive experience for tourists, influencing their intention to return and/or their word-of-mouth recommendations (Carmichael, 2006). Disgruntled residents may, oppose and/or show hostile behavior towards tourists, which can negatively affect TD in the future. Other authors (e.g., Andereck et al., 2007; Claiborne, 2010; and Andereck & Nyaupane, 2010) have also hinted at the possibility of QoL impacting future TD through the willingness of people to support tourism.

Secondly, QoL can influence TD through the provision of amenities that not only benefit the residents, but future TD as well. For example, Cecil et al. (2010) presented the case of the Indianapolis Cultural Development Commission which facilitated the cultural development of six district neighborhoods, to share the authentic and diverse character of Indianapolis and its people with residents and visitors alike, whereby the main goal was to improve the QoL of its residents. The pursuit of a better QoL for the residents of a destination can thus produce beneficial outcomes to their tourism industry.

Thirdly, QoL can influence TD through the education route. Education can influence future TD, as appropriate education is an important requisite for the development of tourism. The tourism industry is labor-intensive, depending on the availability of good quality personnel to deliver, operate, and manage the tourist product (Amoah & Baum, 1997). Even more, the tourist experience depends importantly upon the interaction between the tourist and the quality of the labor force in the tourism industry. A good experience for tourists can have a positive influence on their willingness to return to the destination, as well as on their word-of-mouth recommendations to others, all contributing to a positive effect on future TD. Education can play a decisive role as well in the attitudes of residents towards TD, as it can, for example, inform them about the significance of tourism to the economy of the destination, and how they may contribute to a positive TD.

The above shows that QoL can be considered either an endogenous factor affecting TD (e.g., those employed in the tourism industry who can influence the outcome of TD by the way they provide the service), or an exogenous one (e.g., residents of a tourist destination who are not involved in the tourism industry, but show their support for or disapproval of TD).

From a theoretical perspective, the explanation and understanding of the way individuals of a destination perceive the impact of TD and their influence on future TD in pursuit of a better QoL can be best approached by the Social Exchange Theory (SET). This theory explains social exchange as a negotiated process of exchange between parties, with in the background the believe that human relations are influenced by the use of subjective cost-
benefit analysis and the comparison of alternatives (Lee & Back, 2009). In the case of TD, the residents’ level of acceptance and support of TD would depend on their perception and evaluation of the costs and benefits of these exchanges. Residents will favor TD if the benefits of this unfolding activity exceed its costs, and if they value these benefits (Carmichael, 2006).

Numerous studies in the tourism literature have found some form of sustenance for the validity of the SET. Kayat & Propst (2001) applied the SET to explain the exchanges that occur between the residents of Langkawi Island (Malaysia) and TD, and found this theory useful in examining the attitudes of residents towards TD, given that they based their attitudes on the evaluation of what they receive from their exchange with tourists. Jurowski et al. (2006) studied the residents of the Daytona Beach and Ormond Beach (Florida, USA), and found that they were willing to support tourism when they felt that the benefits were greater than the costs, thereby validating the usefulness of the SET in explaining the feelings of residents toward TD. The findings of other authors (see e.g., Getz, 1994; Andriotis & Vaughan, 2003; Haley et al., 2005; Wang et al., 2006; Bender et al., 2008; and Andereck & Nyaupane, 2010) all provided some evidence of support for the SET, thereby confirming the relevance of this theory.

There is a possible third driver of TD, in the form of shock events, which is involved in a bilateral relationship with both TD and QoL.

3.2.3 An exogenous driver of TD: Shocks

Tourism is an open system that interacts with elements both inside and outside its boundaries (Hall & Lew, 2009; McDonald, 2009). It is a fragile industry that is susceptible to many shocks, including outbreaks of deadly contagious diseases, terrorism, economic fluctuations, instable currencies, energy crises, climate change, etc. (Bonham et al., 2006; Butler, 2009; Strickland-Munro et al., 2009). Shocks may happen in the destination itself, in competing destinations, markets of origins of the tourists, or they may be remote from all of them (Prideaux et al., 2003, 2007).

Shocks are not only confined to the extreme, abrupt and rapidly occurring events. Prideaux et al. (2003), for example, classified shocks in terms of their level of severity (mild or significant), and their probability of occurring, whereby the latter was divided into anticipated (respectively, expected, possible, unlikely but just possible) and unanticipated shocks. Shocks are almost always from external origin to the tourism industry, although there may be some sporadic cases where a shock occurs within the industry itself (for example, a large fire starting at a hotel complex may render it unavailable afterwards, with consequences for tourism demand).
Given the occasional nature of endogenous shocks, this study will treat shocks as an exogenous event to tourism.

From a methodological and theoretical stance, Chaos Theory (CT) lends itself to describe the incidence and consequences of shocks. The main characteristic of CT is that it addresses the instability of deterministic nonlinear dynamic systems that are able to produce sometimes seemingly random complex motions (Reggiani et al., 2001). The presence of chaos in nonlinear systems complicates its predictability (Nijkamp & Reggiani, 1991; 1995; 1998), while situations of chaos imply a loss of control which becomes threatening to individuals or organizations whose task it is to ‘control the uncontrollable’ (McKercher, 1999).

CT has been applied in several instances in the tourism literature, whereby increased global and political turbulence has contributed to the application of this theory, especially in the context of destinations and the Tourism Area Life Cycle Model (Butler, 2011). According to Faulkner (2001), tourism destinations around the world are prone to disasters at some point in time; CT explains why even apparently stable systems are frequently at the edge of chaos, whereby minor events may be sufficient to cause instability and change to such an extent that the integrity and coherence of the system is endangered. Moreover, the author claims that crises and disasters may possess both negative and positive impacts; the latter is consistent with CT which sees chaos as essentially a creative rather than destructive process. McKercher (1999) has argued that tourism behaves as a chaotic, nonlinear and non-deterministic system, next to a stable linear scheme. The author noted further that CT conceptually explains much of the variability experienced in tourism. Tang & Jang (2010) also applied CT to explain TD, and examined the lifecycle of the New York Canal System from a commercial shipping waterway to a tourism destination, using CT as an explanatory framework for the turbulences during some stages of the evolution of the canal destination.

The important feature of shocks is that they can exert influences on both TD and QoL, and vice versa. For example, the September 11 terrorism attacks have considerably affected the lifestyles and behavior of Americans (Torabi & Seo, 2005), while immediately impacting the travel and tourism industry in the U.S. (Goodrich, 2002). Moreover, the global financial and economic crisis of 2007-2010 was the most serious crisis to hit the world since the Great Depression (1929-1939), and had serious implications on QoL of people (e.g., loss of jobs, loss of income, and deterioration of health conditions). Breisinger et al. (2011) found that the financial and economic crisis raised the poverty rate in Yemen from 34.8% (2005/2006) to 42.8%, while Brinkman et al. (2010) found that this global crisis has triggered a large number of households to reduce the quality and quantity of foods they
consume, at the risk of increased malnutrition. The crisis had also impacted TD, as tourism on a global scale is estimated to have decreased by 4.3%, despite some countries (e.g., China, Brazil and Spain) experiencing a better TD, as tourists tended to travel closer to home (UNWTO, 2010).

Three comments need to be made in the context of impacts of shocks on both TD and QoL. First, the previous remarks referred to situations of shocks that had caused negative effects on both TD and QoL. However, shocks do not have to be negative for both TD and QoL all the time. The case of the global financial and economic crisis above has shown that there were countries that benefitted in terms of TD, as tourists substituted far destinations for nearer ones. Moreover, Tambunan (2010) reported that Indonesia managed to keep a positive economic growth rate during this crisis, while poverty kept decreasing, the latter implying an improvement in the QoL of people.

Second, it is also not inconceivable that both TD and QoL could decrease in the short run, but become much better afterwards than what had been the case before the crisis. For example, the Republic of Lebanon underwent a series of crises of assassinations (2005), a Hezbollah-Israeli War (2006), and subsequent military and political turmoil (2007-2008) which gave a heavy blow to its tourism industry, but the recovery has been not only fast but produced opportunities as well for new forms of tourism (e.g., eco-tourism), while the addition of new high luxury hotels (e.g., Four Seasons) have raised the luxury quotient of the destination (Jallat & Shultz, 2011).

Third, it cannot be excluded that both TD and QoL can on their own have an influence on the incidence of shocks. Fang (2011), for example, argued that tourism is both a contributor and a victim of climate change, and it is therefore important for the tourism sector to be committed to reducing CO2 emissions. According to Thambiran & Diab (2011), air quality and climate change are inextricably linked to each other, and Wu (2011) reasons that air pollution is becoming one of the major problems faced by China, as a consequence of a rapid growth in pursuit of QoL. Similarly, many citizens in Mexico choose to work in the production of marijuana and opium because it pays better than traditional crops and provides for some QoL improvements (Barclay, 2009), but at the same this contributes to drugs trafficking and organized crime, two sources of the violent crime affecting this country since 2006. All in all, the occurrence of shocks can impact both TD and QoL, but a reverse causality relation is a real possibility that requires careful consideration.
3.3 Tourism challenges and growth drivers

The interactions presented above between TD, QoL and shocks create a series of challenges for different groups (e.g., people, tourism industries, tourism destinations, international organizations, etc.), that are either directly/indirectly or willingly/unwillingly tied to tourism.

Figure 3.1 presents a selection of the foremost challenges faced by tourism in the coming years. There is compelling evidence that global climate has changed compared to the preindustrial era, and will continue to do so in the future (Goeldner & Ritchie, 2012). Tourism is on the one hand highly sensitive to climate change, as climate defines the length and quality of tourism seasons, thereby affecting tourism operations, while influencing the environmental conditions that attract and deter tourists (UNWTO, 2009). On the other hand, tourism accounts for about 5% of the global carbon dioxide emissions, and is, thus, a vector in climate change (UNWTO, 2009; Scott et al., 2011).

Changing technological conditions are also part of the challenges facing tourism. The introduction of the jet aircraft, together with the massive invasion of telecommunications technology, and the close linkage with computer technology has had a dramatic impact on the tourism phenomenon (Goeldner & Ritchie, 2012). The tourism literature over the past years has seen much attention focused on the communication and information aspect of the tourism-technology link (e.g., Inversini & Buhalis, 2009; Lee, 2011; Burgess et al., 2011), although there are other advances in technology (for example motion sensors in furniture and equipment to monitor how each of them is being used and for how long, and three-dimensional digital rooms in
which people are physically surrounded by a moving display of real and imaginary views) that are enabling hotels to deepen customer insight and personalize their experience (Hall & Lew, 2009; Talwar, 2012).

Technological advances also make new forms of tourism possible. Space tourism, for example, is nowadays no longer a myth, and people’s need for unique, challenging and fun experiences are key drivers in the demand for space tourism (Reddy et al., 2012). Alternative forms of tourism have developed over the course of the years as either substitutes for mass tourism, or to cater to the niche markets arising from the demands of new consumers, or even as transformations towards more benign forms of tourism (Isaac, 2010). Other alternative forms of tourism, such as sustainable tourism, eco-tourism, and green tourism, are already being pursued in different destinations around the globe. These alternative forms of tourism are in practice not free of problems. For example, complications such as tourism environmental damage, over-supply of tourism enterprises, and tourists with less spending capacity can become part of the eco-tourism development (Meletis & Campbell, 2009; Jing & Fucai, 2011). Whatever the form of alternative tourism, these tourism engagements will impact the QoL of both residents and tourists (Weaver, 2012).

From the perspective of residents, the TD-QoL connection has received ample attention in the previous section, building the case even further than just the effect of TD on QoL, whereby a possible influence of QoL on TD has been detailed. In the case of tourists, their QoL may be hampered when their leisure life is affected (Neal et al., 1999, 2007; Sirgy et al., 2011). Factors that can affect their leisure life include, for example, a mandatory greenhouse gas emission levy in their travel ticket prices, but also other added premiums that cause them to pay more for their ticket. This has been the case with higher oil prices, which have caused airlines to impose fuel surcharges on airfares to compensate for the higher operating costs, most significantly on their long distance routes. Such type of actions can induce consumers to cut back on expensive long-haul holiday travel (with potential liabilities for distant destinations), and substituting this for closely located destinations (an opportunity for the latter) (Ringbeck et al., 2009). Oil, global economy and tourism are intrinsically linked to each other, and the economic prosperity in the countries where tourists originate from is critically important for tourism destination (Becken, 2011).

The recent global financial and economic crisis (2007-2010) has shown both positive and negative effects on tourism, whereby some countries still experienced growth in tourism, compared to a large majority that suffered from declined TD. The classical interpretation of the effect of an economic crisis is a decrease in tourism demand in the tourism-generating regions, while tourist destinations may experience either positive or negative impacts
in terms of tourism demand and revenues (Jóhannesson & Huijbens, 2010). The travel and tourism industry has been plagued by many crises in the last few years, and the environment in which many tourist destinations operate has become increasingly uncertain (Lyon & Worton, 2007; Tiernan et al., 2007). What is important is that people learn from past crises, including how to manage the tourism aspects of a crisis, and how to begin restoration of tourism activities after the initial recovery and rehabilitation of tourist destinations which have been hit by a crisis (Laws et al., 2007).

Crises and disasters are in principle different concepts (either a disaster can antedate a crisis, or a crisis can precede a disaster), but they share characteristics that make it possible to include them in a general model of crisis management (Moreira, 2007). In today’s world, tourists evaluate destinations according to safety and risk factors with respect to natural, terrorism, and political problems (Machado, 2011). The tourism industry relies on perceptions of safety and security, and in an unpredictable and volatile age where there are acts of terrorism, wars, substantial natural disasters and other types of events (e.g. diseases) occurring, destinations that are unprepared, remain particularly vulnerable and susceptible (Gurtner, 2007).

Peace, safety and security are also necessary conditions for fruitful competition in tourism destinations (Pechlaner et al., 2007). Competitiveness is seen by many as instrumental for achieving successful development of tourist destinations (Crouch & Ritchie, 1999; Enright & Newton, 2004; Craigwell, 2007; Wilde & Cox, 2008; Croes, 2010; Das & Dirienzo, 2011). Destination competitiveness has received increased attention over the past years, and Croes (2010) notes that this has to do with developments in tourism, whereby (1) the tourism industry is becoming increasingly important in global, national, and regional economies; (2) the competition among destinations has increased drastically, yet the originating markets have remained virtually unchanged; and (3) the long-run benefits of tourism are not obvious, compared to the short-haul paybacks which seem evident. Crouch & Ritchie (1999, 2012) argue that the ultimate goal of competitiveness is to maximize the QoL of host communities. The authors (Ritchie & Crouch, 2003) note that ‘…competitiveness means jobs, wealth, improved living conditions, and an environment in which residents can prosper…’ (p. 12), and that it is therefore very important to understand, achieve and maintain competitiveness.

Improvements in the QoL of people are also at the core of the poverty alleviation goal of tourism, but the achievement of this objective up to now has been unimpressive to say the least. Poverty reduction has become a leading objective in the development agenda, but despite the pro-poor tourism plan, the economic growth in many countries is failing to notably
filter down into poverty reduction and/or QoL improvement (Vanegas, 2012). The poverty alleviation ambition may aim to mitigate poverty through QoL improvements at tourism destinations, but as a matter of fact this goal is jeopardized by problems of wealth (re)distribution, because of the weak bargaining power of host communities and destinations versus, for example, international airlines, tourist operators, etc. (Williams & McIntyre, 2012). Another problem, if not the main problem, with the pro-poor approach is that it focuses only on specific areas, cases or communities in a destination, and this fractional emphasis does not allow for a complete understanding of how tourism can contribute to the reduction of poverty (Croes, 2012). According to the United Nations Development Program (2011), tourism on itself can be a suitable tool that can contribute to poverty reduction, because, as a diverse and labor-intensive industry, it provides a wide range of employment opportunities, whereby even low-skilled workers can become tourism exporters. However, as further stated by this institution, a wide perspective, involving issues like a coherent policy framework, a dynamic private sector, efficient institutions capable to translate policy measures into programmes, and integration with global tourism networks, are essential if TD is to positively affect poverty reduction.

Recognizing and understanding trends in TD allows tourist destinations to formulate strategies to achieve competitive advantage over others (Dwyer et al., 2009). Demographic trends are important for tourism, because they can provide an understanding on what might be expected in the coming years (Chavez, 1995). There is a group of people, born between 1977-1995 (and generally referred to as Generation Y\(^{10}\)), that has the potential to transform society, both from a consumer and a producer of goods and services’ perspective (Moscardo et al., 2011). A major shift is occurring in the balance of generational dominance, with the Baby Boomers’ Generation leaving leadership and managerial positions, and being replaced by the Generation Y, both in the workforce and as tourists (Benckendorff et al., 2009). At least two key areas in tourism will be affected by these demographic alterations. In the first place, the Generation Y represents a new group of tourists that destinations can cater to, as its members have reached a life-stage where they are able to make their own decisions about spending, and where they have the potential to form long-time loyalties with

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\(^{10}\) There is no consensus in the literature as to the age range to classify the Generation Y. For example, Kattiypresspong (2009) considers those born between 1979-1995 belonging to the Y generation. Chhabra (2010), on the other hand, applies the age cohort 1978-2000. Treloar et al. (2004) defines the Generation Y as those born between 1979-1994. For the purpose of this writing, the age range between 1977-1995 will be considered as a relevant cohort.
products that satisfy their needs (Treloar et al., 2004). In the second place, given that the future tourism industry is likely to remain pretty much labor-intensive, changing demographic conditions can have serious implications for destinations’ tourism and their competitiveness (Baum, 2011). The work-related characteristics and attitudes of Generation Y employees are radically different from those of the previous generations (X and Baby Boomers), and are fundamental in determining the service orientation of tourist destinations (Hospitality Training Association Inc. & The University of Queensland, 2011), given that Generation Y is a growing cluster of people.

Another trend faced by the tourism industry concerns the emerging tourism markets, such as China, which is the fastest growing outbound tourism market, and projected to be one of the largest tourist markets to tap from in the coming years (Li et al., 2011a; Goeldner & Ritchie, 2012). Yet, the Chinese outbound market remains mysterious to many Western tourism marketers; a better understanding of this market is necessary for destinations to bundle product offerings and create complementary tourism products and services that cater to the demand of Chinese tourists (Li et al., 2011a). A study by Li et al. (2011b) showed that Chinese outbound tourists share many of the same fundamental needs and desires of all tourists, but differ in terms of amenities and service standards.

The previous analysis has outlined several challenges facing the tourism industry in the short-, medium- and long-run time horizon, which are projected to shape the future of tourism. Current developments in tourism have a role to play in stimulating these challenges, and it is important for policy-makers to anticipate and be prepared to successfully face them (Yeoman, 2008), and to capitalize on the new opportunities that they may represent (Industry Canada, 2011).

3.4 Analytical framework

The issues discussed in the previous two sections are structured in an analytical framework for a more complete picture of the trinity relationship between TD, QoL, and Shocks, and their interaction with the challenges facing tourism (Figure 3.2). Each of the three constructs has an active role to play in the trinity relationship, and the direction of the arrows indicates that one construct has an impact on the other. To start with the utmost left arrow departing from Shocks to TD, this indicates that Shocks have an impact on TD through both demand (e.g., safety concern) and supply factors (e.g., destruction of resorts). Shocks as a construct are considered an exogenous driver of tourism. The opposite arrow indicates that TD can affect the
occurrence of Shocks, for example, by contributing to the overall carbon dioxide emissions that are instrumental to climate change. The transmission mechanism of the influence of TD on QoL (the upper right arrow) consists of impacts of economic, social, cultural and environmental nature, all of which are frequently found in the literature on the relation between TD and QoL. The impact of QoL on future TD (the lower right arrow) is represented by three mechanisms, i.e., the support of residents, amenities provided at the destination and the education level of the residents. The QoL of those working in the tourism industry, the tourists themselves, as well as those residents who are not immediately involved with this sector are considered under this construct, and that is why it is deemed here as a (semi-) endogenous driver of tourism.

The participation in criminal organizations can, for example, explain the influence of QoL on Shocks (arrow at the lower bottom), and the influence of Shocks on QoL can flow through either human suffering (e.g., loss of lives, loss of job, or other personal injuries) or alleviation (e.g., economic prosperity or having a job) (arrow at the upper bottom). The arrow circling TD indicates the influence of the endogenous driver of tourism.

The framework also incorporates the three theoretical notions that provide an explanation to the tourism phenomenon through their corresponding constructs. The interactions between the three drivers produce a number of challenges that ultimately shape the future of tourism. Yet, at the same time, these challenges provide the key to achieving better preparation (planning, managing and decision-making) to cope with future outcomes of the three constructs TD, QoL, and Shocks. As such, the most probable relation between the challenges facing tourism and the constructs of TD, QoL, and Shocks is a bilateral one.

The analytical framework presents the associations between the different drivers as direct relations. However, the connection may go through a mediating variable that ultimately influences the outcome. For example, Croes (2011) found that tourism affects QoL in an indirect way, i.e., through economic growth. Sustainable economic growth is undergirded in an environment where productivity can flourish. Productivity relies on the perception of opportunity costs by firms and by the (inclusive or exclusive) nature of institutions (Croes & Tesone, 2004; Acemoglu & Robinson, 2012). Additionally, the nature of the relation can vary, depending on the level or value of moderating variables (Holmbeck, 1997). For example, income as a moderating variable can influence how people perceive the influence of TD on their QoL. The commanding role of both mediating and moderating variables should be recognized in future research on the linkages presented in the framework.
Figure 3.2: Analytical framework of drivers of (future) tourism
3.5 Conclusion

This conceptual study has proposed a framework of analysis which shows that tourism is in the end the aggregate of a number of growth drivers that delineate its (future) outcome. Tourism dynamics is first an endogenous growth process, whereby specializing in tourism can have a sustainable impact on long-run economic growth. Along this path, TD can be incited by a (semi-) endogenous relation with QoL, a feature that has been only implicitly referred to in the literature, where the focus has been on the influence of TD on QoL. The track of tourism can be further stirred by an exogenous driver in the form of the many shock events that can make it go in either a positive or a negative direction. On its own, TD can work as a shock motivator, a feature that the literature has only slightly referred to. Of relevance as well is the possible reciprocal relation that exists between QoL and shock events, often suggested in the literature, given the possible spillover effects these can have on TD. A fourth driver of (future) tourism is encompassed in its interaction with the many challenges facing tourism.

The proposed analytical framework in this paper offers an integrated approach to conceptualizing and understanding the key elements that contribute to the dynamics of tourism. This encourages the apprehension of the tourism phenomenon, which on itself is a complex matter (Goeldner & Ritchie, 2012). The framework disentangles the (strategic) decision-making process by incorporating key challenges that add weight to the outcome of future TD. The theories involved in the framework remain unconsolidated, but advance the future theory building prospects by contemplating the elements of each of the theoretical foundations with the different angles of tourism growth in the background.

The role of governments in the context of this framework is not a simple one because of the complexity of the tourism phenomenon. Managing these challenges could become an important source of competitive advantage in global tourism. The nature and modes of tourism development may provide location advantages that are real sources of sustainable advantage of tourist destinations. From this perspective, the role of public policy should be removing the obstacles to productivity improvement, innovation and product upgrading. Government intervention can have a tremendous impact on tourist development and upgrading. The relationship between tourism development and government intervention is not as straightforward as it seems. Government intervention could also promote egregious distortion of tourism development patterns induced by predatory policies and the abuse of special interest groups. It appears that public policy that encourages and facilitates the development of inclusiveness and empowerment could foster
the necessary environment of productivity, innovation and upgrading for a sustained tourism development.

Future research should focus on investigating the proposed links of the model, by involving both time series and survey-based approaches. Furthermore, upcoming research should draw from the presented theoretical frameworks to pursue the development of new theoretical perspectives.
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