



CONCLUSION

Impacts of the
brave new world

Tourism in a transforming world economy – the impacts of the brave new world

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How might Jamaica achieve long-term sustainable development?

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Abstract

Purpose – The purpose of this paper is to critically review the contributions made by the articles in this theme issue with reference to the literature and by examining the linkages between global economic change and the sustainable development efforts of tourism-dependent economies.

Design/methodology/approach – The paper reviews the theme issue's contribution to four key questions: What are the implications of global economic transformation for tourism? Where will the tourists come from in future? Where will they go? What are the implications for tourism-dependent economies?

Findings – The paper concludes that success in tourism can only be determined by measuring the long-term benefits to the investors and other stakeholders. As such, tourism businesses cannot be sustained indefinitely unless the government, the investors and other stakeholders are broadly satisfied with the benefits derived.

Research limitations/implications – The paper observes that small, tourism-dependent economies need good governance, shrewd management and, in some cases, the determination to leave behind the failed politics of patronage and corruption that have inflicted so much harm in the past.

Originality/value – This article discusses the practical implications and action points arising in response to the question: How might small developing nations achieve long-term sustainable development in a world where the balance of economic output and influence is shifting so rapidly to the emerging industrial powers?

Keywords Sustainable tourism development, Economic development, Employment, Community development

Paper type General review



The papers in this theme focus on the development and sustainability of tourism in a rapidly transforming world economy with particular emphasis on the responses needed by small tourism-dependent developing countries and small island states. The collection of articles addressed four key issues and they offer action points and

practical implications that address the key challenge: How might small developing nations achieve long-term sustainable development in a world where the balance of economic output and influence is shifting so rapidly to the emerging industrial powers?

A response to this challenge is timely and relevant. Over the past 25 years, there has been a dramatic shift in the global economy, with manufacturing followed more recently by services, shifting to developing economies. Generalizing from the many statistical sources, it can be seen that China's GDP has increased 16-fold, its share of global manufacturing has grown from 2.9 percent to about 20 percent, and it has moved from being the tenth largest economy in the world to the second largest. Further, China is likely to overtake the USA as the world's largest economy within the next decade. However, the growth rates in China and the other BRIC economies (Brazil, Russia, India and China) are now slowing, which has highlighted the significantly higher growth rates of other developing economies, such as the "N-11" group (Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, South Korea, Turkey and Vietnam), the CIVETS group (Colombia, Indonesia, Vietnam, Egypt, Turkey, and South Africa) and, more recently, the MINTs (Mexico, Indonesia, Nigeria and Turkey). These rapidly growing economies are being followed, in turn, by an increasingly diverse group of countries, ranging from Uzbekistan and Thailand to Ghana, that appear set for sustained growth, while of the 10 fastest growing economies in the world between 2000 and 2010, six were African. Most of these countries have a combination of favorable demographics, the ability to import or develop improved technologies and reforms that have removed disincentives to investment, resulting in above-average labor productivity growth. As a result of these trends, by 2030, about half of world GDP will be generated in countries that are currently classed as "developing". This is likely to be one of the fastest and most profound shifts in world economic power in human history.

However, there is still a group of developing countries that have not yet established a basis for sustained growth. The most common factors include weak or predatory governance, cultural or religious values that inhibit social change, and a failure to build, attract or retain human capital. This group includes several Caribbean nations, such as Jamaica, which has had very little growth in GDP per capita, in real terms, since 1972. Countries like Jamaica have clearly failed to adjust to or benefit from the technological advances that are driving structural changes in global markets. The key issue, therefore, is to determine what makes the difference between success and failure in a rapidly evolving global economy.

What are the implications of global economic transformation for tourism?

The long-term robust economic growth predicted for the decades ahead is likely to drive an equally strong process of growth in the tourism industry. Both WTO and WTTC research indicates that growth in international tourist arrivals will approximate 4 percent per annum, generating some US\$7.1 trillion and creating 130 million new jobs in the industry by 2016.

Where will the tourists come from in future?

Most developing nations tend to source their visitors from their former colonial powers, due to factors such as a common language. Tourism flows involving developing countries are principally from developed to developing countries so that developing countries are mainly involved as tourism receptor destinations. This overlaps with historical ties and common languages as indicated. In the Caribbean, a notable exception is the Dominican Republic, which has managed to attract visitors from both



English and Spanish-speaking countries, and this may serve as a better model for other developing nations.

China may overtake the USA before 2030 as the world's largest economy, and as many as nine of the top fifteen world economies will by then be from today's developing economies. This factor will undoubtedly affect the patterns of travel to many developing countries, given that international tourism growth in the past has closely followed global economic prosperity. However, continuing development in transportation has and will continue to reduce travel times and make the remoter regions of the world more accessible to tourists who are continuously looking for cleaner, crime-free destinations, providing that the developing nation can capitalize on this demand.

Where will they go?

As technology develops, and tourists are increasingly willing to explore new long-haul destinations, some of the newly industrialized nations of the world are also emerging as important tourist destinations. However, rising standards of living in developing countries are also enabling their residents to travel abroad more frequently. With more than 90 percent of all international tourist arrivals still centered on the three hubs of Europe, the Americas and the Asia/Pacific region, developing countries in regions such as the Caribbean, whose economy is largely tourism-dependent, need to devise new strategies for growth in its tourism industry in face of changing opportunities and increasing competition.

Is it a zero-sum game?

Any major economic transformation tends to create winners and losers. Countries that fail to modernize and reposition their tourism industries may be left behind by other, better-positioned or more agile operators. However, the long-term robust economic growth predicted for the decades ahead is likely to drive an equally strong process of growth in the tourism industry. This suggests that many traditional destinations as well as relatively new ones will benefit, provided that they reposition their tourism sectors to adjust to the new global context. For example, viewing of virtual reality simulations of resorts facilities prior to making a booking, and sales via the internet are likely to become increasingly important in future as a way of remaining attractive and relevant.

The papers in this issue conclude by offering some key findings and outline the way forward for developing nations whose economies are largely tourism-dependent. An analysis of tourism in a transforming world economy and how can small nations prepare for the changes that lie ahead suggests that the tourism industry will undergo a significant transformation over the next several decades. This will be based on the patterns of growth in the emerging new economic world order as a result of a concurrence of social, economic, technological and environmental change. This in turn, raises important questions as to how the small nations can plan and prepare for these developments.

In some cases, the auspices are not good. For example, all developing nation governments are now aware of problems like climate change, but few have taken the basic, necessary steps to prevent the construction of additional infrastructure and settlements in areas that are likely to become vulnerable in the years ahead, so it is clear that risk analyses and other relevant information have not yet been translated into planning and regulatory frameworks. This highlights two points; that:

- (1) it is important that governments ensure that the necessary information is not only collected, but is also utilized; and
- (2) that the quality and integrity of governance remain the most important determinants of national development.



One of the papers in this issue notes that the development of niche tourism products in Jamaica should foster a more sustainable approach to biodiversity and non-renewable resources, an initiative, which has received partial support by the government through its commitment to provide training in environmental and biodiversity education. So there is an attempt to reconcile developmental objectives with environmental protection, which would represent an advance over the simplistic and unhelpful confrontations of the past. This would show whether Jamaica is ready for the development of a more discerning form of tourism. The test will be whether Tourism Master Plans start to address the need to manage biodiversity in areas of the greatest tourist demand in a sustainable way, formulate and implement an eco-tourism code of conduct, and manage and control the threat of pollution from tourism-related activities.

The paper on shifting tourism flows in a changing climate, with the associated policy implications for the Caribbean, concludes that the North American and European demand for tourism will be reduced as the Caribbean becomes less appealing as a result of global warming, while at the same time, climatic conditions in the Caribbean's main feeder markets or countries in close proximity to them will become more favorable. In addition, the regulation of carbon emissions will have negative implications for Caribbean tourism due to its dependence on long-haul flights and cruise tourism. To mitigate these effects, policy recommendations for the Caribbean should include research on tourism preferences, perceptions and contingencies; product and economy diversification; quantification of future occupancy rates; less reliance on long haul travel; promotion of low budget accommodation; and development and implementation of a media strategy.

An analysis of the global cruise industry determined that the confluence of consumer awareness, distribution channel development, availability of suitable harbor facilities, and substantially improved product and hardware has consistently resulted in rapid growth and expansion in the industry. The Australian and Asian markets, for example, are experiencing sustained growth as they are being served by state-of-the-art ships; new locally owned cruise lines are also operating out of China. Star Cruises, Costa Cruises, and Royal Caribbean International are competing with multiple ships targeting local passengers. To illustrate, in 2013, Royal Caribbean International operated two 3,600 passenger ships year-round and it plans to continue deployment through 2014. At the same time new cruise terminals are coming on-line across the globe. Would this mean increasing competition and declining market share for the Caribbean cruise market, or would the island nations of the Caribbean find a new way or strategy to develop and promote new types of products for cruise passengers, or perhaps invest yet more money in infrastructural development to accommodate more mega ships? There is an even more pressing question, however, as to whether the growth in cruise ship calls or the increase in cruise ship passenger arrivals actually translate into greater revenues and increased development for the governments, business and people of the Caribbean region, and not just for the cruise lines. In light of the challenges faced by Caribbean nations in their largely unsuccessful attempts to position the industry to serve the interests of all stakeholders, it is increasingly important for the island nations to develop more effective policies and strategies to avoid a rapid shift in the industry from the Caribbean to other destinations of the world.

As tourism is now a global product, an application of new technologies to the travel package is becoming more critical to the survival and growth of the industry especially for countries that are heavily dependent on inbound travel from regions of the world with high technology penetration and a clientele which is increasingly expecting cutting edge technology to be part and parcel of their travel plans. The future of



tourism for tourism-dependent regions will be determined by competitive approaches and the ability to engage in cutting-edge practices. For example, technology adoption for sales and marketing, to include interactive social media, is no longer a luxury but a necessity to capture and sustain market share and in the face of the newly industrialized nations, so the tourism-dependent developing countries now need to critically assess their position in the new virtual tourism space.

Just like technology and virtual tourism space, the success of any tourism destination is also dependent on the level of interactions between the local communities and the visitors, and it is important to note that the attitudes of residents are important in determining this level of success. An analysis of this relationship suggests that if the residents do not see some benefit, and are not broadly supportive of the industry, it can have negative consequences for the local operators. The analysis also suggests that it is worth building a consensus among all the main stakeholders, as this is the most effective way of achieving success in tourism development. Partnerships and collaborative ventures can help to unite the multiplicity of interests throughout all sectors of the diverse tourism industry in any local community. So it is very important for governments to facilitate this process and encourage the resolution of any such problems in order to ensure support and cohesion among all stakeholders. In addition, the government and policy makers should create an enabling environment that would allow more effective cooperation across sectors of businesses, as this is how to develop an economic multiplier effect. This is not an argument for favoritism and uncompetitive practice, but for increased quality and reliability, so that local suppliers can become genuinely competitive. Both large and small tourism businesses can thereby deliver more benefits to the local communities through provision of employment, sectoral linkages and a wider range of tourism activities and products. This will help to generate more wealth, and also make the industry better supported, safer and more competitive, all of which are very necessary given the growing competition from the newly wealthy nations.

As the tourism industry continues to grow both in popularity and in economic and employment generation, there has also been a corresponding increase in the need for more trained manpower for the variety of skills required to fill the various jobs in the industry. This need for trained manpower and for those seeking careers in the industry has resulted in educational institutions developing programs to produce more skilled personnel for the industry. Tourism education, at the tertiary level, for example, seeks to provide the knowledge and skills for current and potential employees aiming at developing careers in the industry, especially at the middle level. Job opportunities are more accessible in the tourism industry than in many other sectors of the economy, due to both the nature of the business and the strong international affiliation of tourism enterprises. As a result, many local people now seek education, knowledge and skills in tourism as a way to be a part of the growing industry. Analysis shows, however, that many tourism-dependent developing countries still lack a well-coordinated tourism training strategy and educational institutions capable of providing the necessary human resource training and capacity building, especially at supervisory and managerial level. So these countries can no longer ignore the need for increasingly advanced tourism education if they are to integrate into the changing global economy and to remain sustainable.

The growth in the global tourism industry accelerated dramatically in the latter half of the twentieth century due to improved air and sea transportation across the Atlantic and increasing demand, with substantial effects (both positive and negative) on recipient economies, environments and cultures. The introduction of new technologies is equally revolutionizing the tourism products on offer and the way they are presented

and sold to potential customers. Now the industry is set to transform again, with new competitors and customers entering the market at an unprecedented rate.

Success in tourism can only be determined by measuring the long-term benefits to the investors and other stakeholders. As such, tourism businesses cannot be sustained indefinitely unless the government, the investors and other stakeholders are broadly satisfied with the benefits derived. It is also important to note that, a country's long-term economic growth and overall socio-economic development requires that it becomes effectively integrated in the global economy and global society. The future success of the tourism industry in developing countries now requires the development of individual mindsets and the industrial and institutional capacities to cope and adjust more quickly to local, regional and global changes in an increasingly uncertain, complex, and highly competitive world. Both the state and non-state actors are now confronted with a variety of opportunities, risks, constraints and challenges. More than ever before, the small, tourism-dependent economies need good governance, shrewd management and, in some cases, the determination to leave behind the failed politics of patronage and corruption that have inflicted so much harm in the past.

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