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## Proposing a sustainable tourism framework for the Philippines

Michael Angelo A. Cortez

*Ritsumeikan Asia Pacific University*

John Paolo R. Rivera

*Asian Institute of Management*

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# Proposing a sustainable tourism framework for the Philippines

## The role of tourism in economic development

**The travel and tourism (T&T) industry has become a major contributor to growth and development in most economies across the globe (World Travel & Tourism Council [WTTC], 2014). The industry has significantly increased its gross value added (GVA) to the well-being of stakeholders through its direct economic impacts; and indirect and induced impacts to its forward and backward linkages. As such, according to Roe (2001), the T&T evolved into the world's largest industries, generating approximately 11 percent of the global Gross Domestic Product (GDP), providing 200 million job opportunities, and transporting nearly 700 million international travellers annually.**

These contributions reflect the economic activity generated by complimentary industries such as hotels and accommodations, restaurants, leisure enterprises, travel agents, airlines, and other passenger transportation services (excluding commuter services) directly utilized by tourists. By 2024, T&T will account for 126,257,000 jobs directly, an increase of 2.0% annually over the next decade. The direct contribution of T&T to GDP is expected to grow by 4.2 percent annually to USD 3,379.3 billion (3.1% of GDP) by 2024 (WTTC, 2014).

Written by:

Dr Michael Angelo A. Cortez  
Ritsumeikan Asia Pacific  
University, Beppu, Japan  
Visiting Researcher,  
De La Salle University

Dr John Paolo R. Rivera  
Asian Institute of Management  
Makati City, Philippines

As defined by the WTTC (2014), the direct contribution of T&T to GDP reflects the internal spending on it: which pertains to the total spending within a particular economy on T&T by residents and non-residents for business and leisure purposes. This also includes government spending on T&T services directly linked to visitors – cultural and recreational. Meanwhile, the indirect contribution includes the effect of the investment activities of the industries that support T&T. These activities include: (1) purchase of new aircraft and construction of new hotels; (2) government collective spending (tourism marketing and promotion); (3) collective contribution of resort area security services, resort area sanitation services; and (4) domestic purchases of goods and services by the sectors dealing directly with tourists such as purchases of food and cleaning services by hotels, of fuel and catering services by airlines, and IT services by travel agents. All of which makes the T&T industry boom rapidly.

The T&T industry has an overwhelming and irreversible effect on many destination areas (Curtin & Busby, 1999). As the demand for new destinations increases, stakeholders are compelled to engage in continuous development of their tourism products to be aligned with the emerging trends and growth of this extensive industry. Despite this, developing economies still have a minority share of the international tourism market – reported by Roe (2001) at 30 percent. However, their share is increasing at an average rate of 9.5 percent annually since 1960 compared to 4.6 percent worldwide.

According to the United Nations World Tourism Organization [UNWTO] (2011), as cited by Spenceley and Meyer (2012), “tourism is a truly global industry, and it generated an estimated USD 919 billion in export earnings in 2010.” Rich cultural and natural assets are present in most developing economies

where poverty is more prevalent but offer great potential for travel itineraries. Tourism can provide one possible mechanism to re-distribute wealth from the rich to the poor. As tourists travel to the developing world, for a host of reasons, they make expenditures on transportation, accommodation, food, drinks, and shopping. The developing economies have great potentials to capture these spending through employment and through providing products and/or services that tourists can patronize.

Given the abovementioned macroeconomic perspectives of tourism, we look into the stakeholders in the tourism sector following the work of Bjork (2000) and map the framework of key players – authorities, businesses, communities and tourists, with particular emphasis to the Philippines. Given the economic and social structures in the country, we propose a sustainable tourism framework based on the active interaction and roles of the key players. We posit the following propositions for sustainable tourism in the Philippines:

- There is weak interaction between the authorities and tourism businesses;
- Tourism activities are mostly privately initiated;
- Community participation is critical in sustaining tourism in the country;
- The quality of tourists in the Philippines has a particular appreciation and interest in the country.

Our policy options include a more concerted multi-stakeholder approach to sustaining tourism in the country with enhanced government participation in promoting destinations. Members of the community benefit from tourism and their participation and cooperation will determine the success of tourism programs. Finally, by knowing the preferences of our tourists, we sustain their interests in coming back for

more experiences of Philippine ecology, culinary, and heritage tourism.

## Sustainability in tourism

T&T being an important vehicle of contemporary growth is deemed to be driven by foreign and private sector interests, it has the tendency to contribute less to poverty alleviation in many developing economies. That is, the profits reaped by the industry go to the biggest stakeholders in the industry, which are definitely not the poor – mostly those fringe but vital components of the tourism value chain.

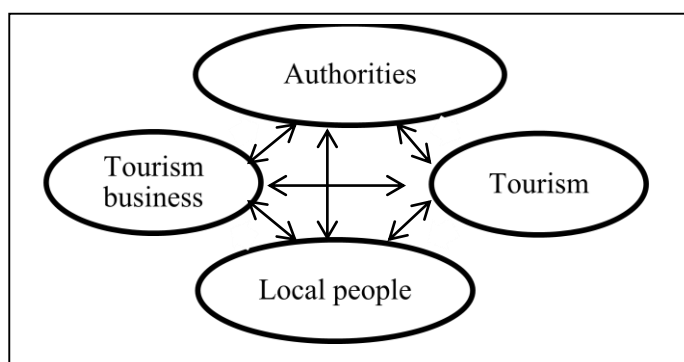
Likewise, the inherent characteristic of the T&T industry – highly susceptible to non-diversifiable events such as political unrest, economic instability, foreign exchange risk, and natural calamities, to name a few. The susceptibility of T&T can have massive negative repercussions on the minority themselves – displacement, social and cultural disruption, increased local cost, and loss of access to resources as enumerated by Roe (2001).

However, these characteristics of T&T should not be seen as a vast constraint. In an increasingly globalized world, there are other perspectives that can be harnessed. According to Roe (2001), the following characteristics can be harnessed to make the industry inclusive.

- T&T is a diverse industry allowing a wider scope for participation, including that of the minority, informal sector, and the poor;
- The customer comes to the product generating significant opportunities for linkages (e.g. tour guiding, souvenir sale, travel agencies);
- T&T is highly dependent upon natural capital (i.e. scenery, wildlife, heritage, history) and culture. The poor, most often, possess these assets even if they have no financial resources;

- T&T is one of the highly labor intensive industries opening opportunities for labor

These opportunities need to be located within the context of several tempering factors: T&T is a demanding and highly competitive global industry, with the potential for much greater social impacts inherent in the fact that the customer comes to the product. The reliance of T&T upon natural and cultural assets highlights the critical importance of protecting resources, which the industry depends.



**Figure 1.** *Central Actors in Ecotourism*

Source: Bjork (2000)

We depict the interaction among the different actors, stakeholders, and variables that has a critical role in poverty alleviation through the T&T industry (Figure 1).

In developing a conceptual framework for sustainable tourism that will incorporate how the different segments of the T&T industry can aid in poverty reduction, we explored Bjork (2000) wherein four central actors in ecotourism were identified – authorities, tourists, local people, and tourism businesses (Figure 1).

Adapting the framework of Bjork (2000) to illustrate how tourism development can lead to sustainability, other intervening variables are included (Figure 2). Moreover, making tourism inclusive is centered on managing demand and supply of tourism services



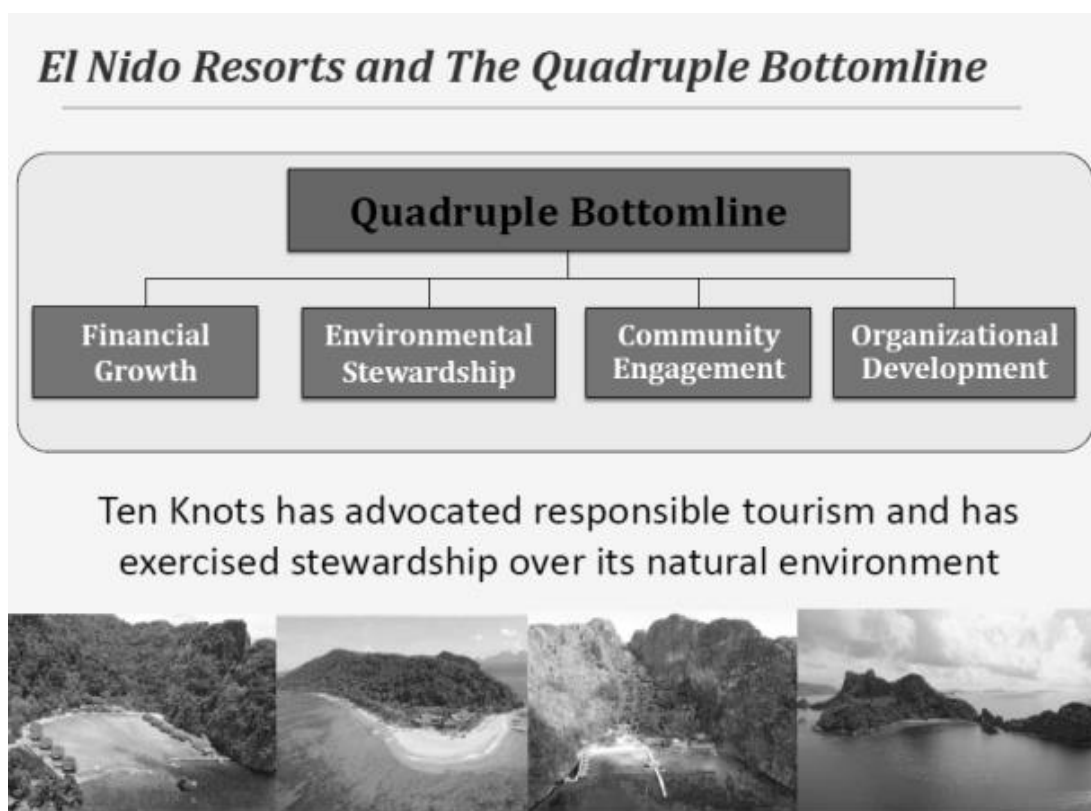
**Figure 2.** A more detailed interaction among actors in the T&T industry

complemented by regulatory policies and good governance. This will promote a good relationship among key stakeholders allowing communities to reap more benefits.

For developing economies with good tourist attractions, it is an irony that poverty and exclusivity is rampant. Tourism should be a facilitating factor on enhancing the wellbeing of the local community that provides complementary resources to a bigger enterprise. Benefits can come in the form of job opportunities and economic development. However, well-being is not only about monetary gains. It is also comprised of psychic benefits such as “local pride, empowerment, awareness, and education” (Ortega, 2014). Prioritizing residents of local communities in

the employment opportunities generates goodwill for the tourism site operator. This encourages local community members to protect and sustain the tourism product and operations in their site – see Laririt (2015) for the “community engagement” component of El Nido Resort’s (ENR) quadruple bottom line strategy (Figure 3).

Through the cooperation of businesses and stakeholders, big or small, the improvement of people’s well-being can be advanced by harnessing the advantages of the T&T industry in creating revenues for the supplier of service and providing satisfaction to tourists. Hence, the destination can be promoted and the cycle will continue – more tourists would come,



**Figure 3.** *El Nido Resorts' Quadruple Bottomline Strategy*, Source: Laririt (2015)

more business (low impact on the environment) for the destination.

As such, in context with the current situation of the Philip pine T&T industry, we reorder the framework of Bjork (2000) in Figure 1 and our expanded version in Figure 2 into a more directional framework as seen in Figure 4.

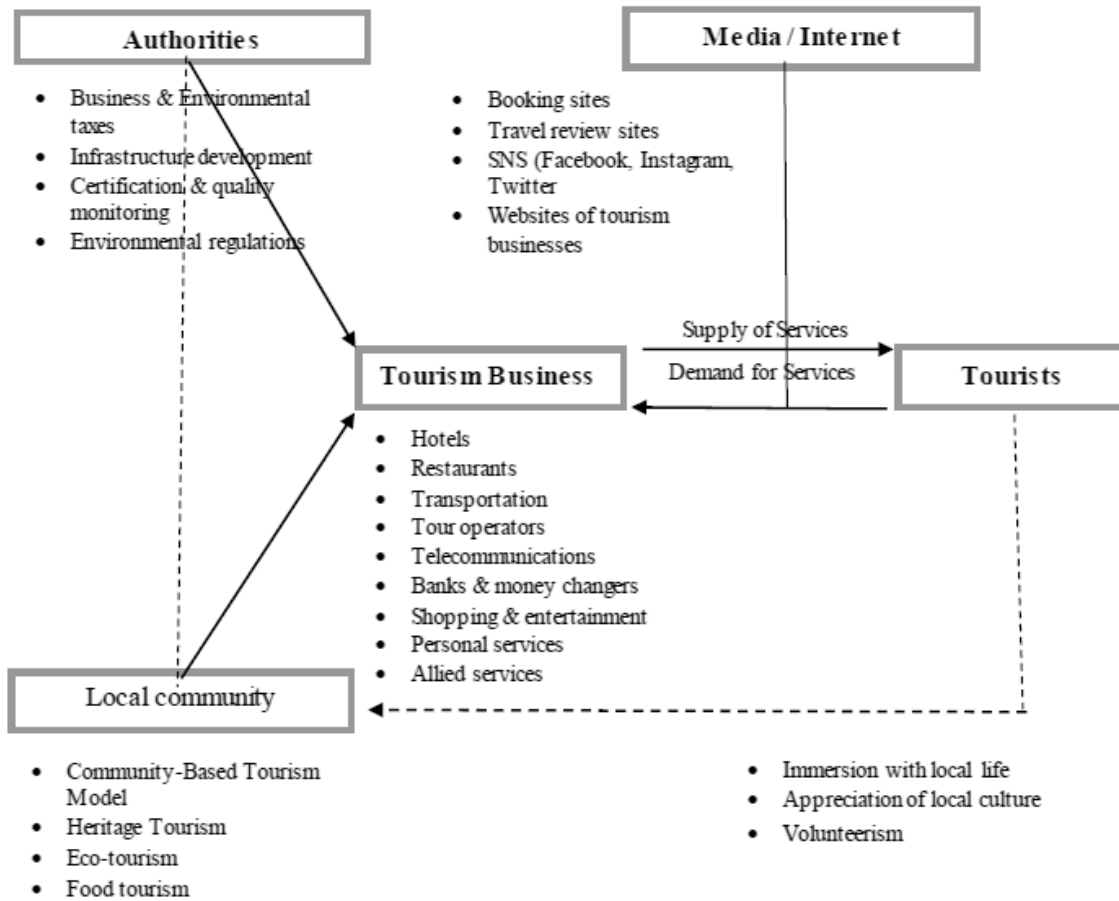
The authorities have conceptually a weak relationship with local communities. To a certain extent, T&T authorities particularly focus on business and environmental taxation, infrastructure development, certification and quality monitoring, and environmental regulations.

On their own communities enact community-based tourism, promote heritage, food and eco-tourism. Since the natural resources are bestowed upon the

communities, they earn a living from eco-tourism without the consideration for maximum human footprints capacity that may harm the environment. This is where environmental regulations come in to play.

Tourism businesses and entrepreneurial opportunities provide for restaurants, hotels, transportation, and tour operations. The allied business services play an equally important role like telecommunications, banking and foreign currency exchange, shopping and entertainment, and other personal services. There is a strong interaction between the community and tourism businesses in the form of labor supply and livelihood for the community.

The demand and supply of service interaction between tourisms businesses and tourists are intervened by media and the internet. Potential tourists depend on



**Figure 4.** A more detailed interaction among actors in the T&T industry

information on the internet, booking sites, and reviews. In the new media age, social networking sites also play a significant role in attracting tourists to a particular destination.

Incidentally, tourists may have an immersion on local culture and heritage. It may not happen on the first visit but a memorable experience may entice them to come back and experience more of the country's cultural heritage such as food, religion, culture and history. Immersion on local culture may also promote volunteerism.

## Conclusion

As shown in the weak relationships of some key players, our policy options point to a more concerted multi-stakeholder approach to sustaining tourism in the country with enhanced government participation in promoting destinations. While tourism is predominantly private business initiated with the participation of the local community, more local government participation is wanting to coordinate and promote tourism.

In addition, public infrastructure and services are needed to sustain tourist like transportation, accessibility, health services, safety and security.

Getting to know the kind of tourists in the Philippines is also critical to identify aspects of tourism that may appeal to them such as heritage, culinary, and history. A deeper appreciation of the country is necessary to entice tourists to come back, give a good word, and recommend to fellow tourists in this cycle of sustainable tourism.

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