

Feasibility of Poverty Alleviation in Sri Lankan Rural Tourism as a Recreation Activity

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Abstract

The article describes the feasibility of poverty alleviation in Sri Lankan rural tourism industry as a recreation based on quantitative data (secondary data) and empirical evidences. The main postulation of this study is prevalence of poverty can be eliminated via tourism and development of tourism can be amplified in rural area as an amusement. High portion of travelers visit in Sri Lanka aiming pleasure in terms of recreation and it divulges direction of tourism policy implication. It is believed that there is a positive feasibility of poverty alleviation in Sri Lanka through recreation based tourism. The key objective of this research is to propose appropriate strategies in rural tourism development to eradicate poverty successfully examining its attributes and issues. This study has revealed that rural tourism can play a predominant role in the poverty alleviation and tourism can extend as a recreation event in the backwardness areas. However, findings of this study alleged that rural tourism in Sri Lanka did not entirely exploit its attributes. With regard to, research question in terms of how to improve poverty elimination via rural tourism development based on recreation?, result has concluded that there is positive feasibility of poverty eradication in recreation based rural tourism. Negative externalities are unfolding in poor community to increase rural tourism development in recreation. Therefore we suggest that energetic process needs to solve problems raised from rural tourism. This study fulfills the knowledge gap and findings of the study exhort policy makers.

Keywords: Rural tourism, Poverty alleviation, Recreation

Introduction

Rural tourism development and poverty alleviation are two major goals employed by developing countries since new millennium due to millennium development goals (MDGs). For example the first MDG is named as 'eradicate extreme poverty and hunger' while 'ensure environmental sustainability' and 'build a global partnership for development' are included into the MDGs as seventh and eighth goals respectively (Bolwell & Wolfgang, 2008). One the one hand the MDGs reveal significance of poverty elimination. Conversely, the MDGs have raised importance of environmental sustainability and global partnership for development strategy. Examining the

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attributes and issues in the MDGs, Bolwell & Wolfgang (2008) have linked the MDGs and tourism industry. They implemented alternative development strategy framework to achieve the MDGs via tourism development. It depicts feasibility of poverty alleviation in tourism.

Rural tourism development and poverty alleviation strategies are country-endemic and could not be utilized same strategies as a stereotyped way in all developing economies. The same argument is depicted by Mitchell and Caroline (2009). While, Jamieson et al. (2004: 2) claim that “*within tourism planning and development, there has been a growing realization that tourism development may not be alleviating poverty and pro-poor tourism policies and practices must be developed*”. Authors³ emphasize guiding philosophy to improve the poverty alleviation via rural tourism. It can be summarized as follows. Firstly tourism development and poverty elimination plans should be country-specific. Secondly, tourism development policies should be addressed prevalence of poverty. Finally development strategies should be based on their attributes and focused their issues. In this context, it needs a crystal clear guide to recognize attributes of tourism.

Tourism was officially activated by the government of Sri Lanka in 1960s (Ranasinghe & Deshappriya). Since then tourism industry plays a predominant role in national economy as a ‘multiplier’. Ministry of Finance and Planning (2010b: 164) claims that “*the multiplier effect in the investment on tourism is envisaged in the construction, furniture, transport and food and beverage industries in the country*”. In fact, arrivals of tourists are remarkable mark in Sri Lankan tourism industry. International arrivals in Sri Lanka have grown from 28,272 in 1968 to 855,975 in 2011 (Tourism Development Authority, 2011). Similarly, official tourists receipts increased from USD 1.8 million in 1968 to USD 838.9 million in 2011 (Tourism Development Authority, 2011). Despite of ample tourism development, poverty and its related issues such as rural backwardness, unemployment and income disparity became the crucial issues in Sri Lanka. For example in 2010, 1.6 million families (32.65 % of total families) are benefited from ‘Samaurधि’ (main poverty alleviation programme since 1995) (Central Bank of Sri Lanka, 2010). Meanwhile, lopsided development reports in Sri Lanka since 1977. For example, Western province contribution in GDP is about 50% and it has continued during the last couple of years (Hettige, 2007: 7; Ministry of Finance and Planning, 2006). Stated in Tourism Development Authority (2011), the high proportion of foreign guest nights (in graded accommodation establishments) recorded (47.58% in 2011) in Western province. It is believed that Sri Lankan tourism has flocked around Western province. However, the development gap between the Western province and the rest of the provinces in Sri Lanka is very wide. For example, in 2011 Sri Lanka Prosperity Index in Western province is amounted as 76.1% and rest of provinces are amounted as 58.7% (Central Bank of Sri Lanka, 2012). The Sri Lanka Prosperity Index gap between Western province and other provinces increased by 1.2% from 17.2% in 2010 to 17.4% in 2011 (Central Bank of Sri Lanka, 2012). It has created physical and human disparities between rural and urban areas (Ministry of Finance and Planning, 2010). Above mentioned fact and figures reveals that Sri Lanka needs rural focal development strategies.

To accomplish the key objective, this study used quantitative data and empirical evidences. The data gathered in periodical and annual reports from reputed institutions including Central bank of Sri Lanka, Department of Census and Statistics in Sri Lanka, Sri Lanka Tourism Development Authority, Ministry of Economic Development in Sri Lanka and Ministry of Finance and Planning. The main evaluation of analysis

³ Walter Jamieson, Harold Goodwin, Christopher Edmunds (Ref: Jamieson et al., 2004: 2)

is based on the two phases. Firstly it examines feasibility of poverty alleviation in rural tourism industry and secondly it assesses attributes of tourism analyzing travel purposes. Nature of research orientation of this study includes description, exploration, discovery and prediction in terms of quantitative research objectives. Therefore the study is used quantitative research methods and situational analysis. However this study focused 13 year period from 1999 to 2011 and limited into few most relevant variables.

Rural Tourism Development and Poverty Alleviation in Sri Lanka

Mitchell and Caroline (2009: 1) spell out that “*tourism growth is not unanimously inclusive of the poor*”. It is believed that tourism policies must be developed in order to their attributes and issues. Neglecting the attributes and issues, tourism will be a major challenge and most of backwardness areas in Sri Lanka could not benefit fully from the tourism development. The World Bank (2010a: 31) claims that “*with the end of armed confrontations in May 2009, Sri Lanka is facing a historic opportunity for development and reconciliation*”. Similar arguments have been concluded by Fernando & Arunika (2009) and Ranasinghe & Deyshappriya (2010). According to them there is relationship between war effect and tourism development and they highlight significance of political stability on tourism development process in Sri Lanka.

While reputed journals and magazines such National Geographic Traveler Magazine (2012), World Travel Market Industry Report (2011) claim that Sri Lanka is the one of best destination of the tourism industry in current era due to political stability and natural resources. According to their yardstick of evaluation Sri Lanka has a lot to offer. For example, beautiful mountains, pristine coastal belt, natural waterfalls and wilderness area that are rich in rural tourism resources. These resources expose importance of recreation activities in tourism of Sri Lanka. When examining the Sri Lankan tourism, purpose of travel also reveals the direction for tourism policy implementation. Table 1 demonstrates percentage distribution of tourists by purpose of visit in Sri Lankan tourism from 1999 to 2011.

Table 1: Percentage Distribution of Tourists by Purpose of Visit in Sri Lanka

(1999-2011)

| | Pleasure | Business | Visiting Friends & Relations | Religious & Cultural | Others | Total |
|------|----------|----------|---------------------------------|-------------------------|--------|-------|
| 1999 | 88.1 | 5.2 | 2.7 | 2.3 | 1.7 | 100.0 |
| 2000 | 90.1 | 4.8 | 2.1 | 1.7 | 1.3 | 100.0 |
| 2001 | 89.2 | 6.7 | 1.8 | 1.2 | 1.1 | 100.0 |
| 2002 | 85.4 | 9.4 | 2.0 | 1.0 | 2.2 | 100.0 |
| 2003 | 80.8 | 9.1 | 6.2 | 1.2 | 2.7 | 100.0 |
| 2004 | 78.2 | 10.6 | 6.4 | 1.5 | 3.4 | 100.0 |
| 2005 | 69.6 | 16.9 | 8.0 | 1.0 | 4.5 | 100.0 |
| 2006 | 67.4 | 17.8 | 7.6 | 1.7 | 5.5 | 100.0 |
| 2007 | 67.1 | 10.5 | 8.3 | 2.8 | 11.3 | 100.0 |

| | | | | | | |
|------|------|------|-----|-----|-----|-------|
| 2008 | 73.2 | 8.5 | 8.3 | 2.6 | 7.4 | 100.0 |
| 2009 | 79.9 | 8.6 | 5.2 | 2.0 | 4.3 | 100.0 |
| 2010 | 78.9 | 12.7 | 5.4 | 0.8 | 2.2 | 100.0 |
| 2011 | 80.4 | 8.0 | 8.2 | 0.3 | 3.1 | 100.0 |

Source: Tourism Development Authority (2011)

Stated in table 1, high portion of tourists visits to Sri Lanka due to pleasure purpose. It has ranged from 67.1 to 85.4 during the last ten years. This statistics show that Sri Lanka has positive feasibility to develop rural tourism as a recreation activity. It is worthy noted that apart from rural natural, cultural and human capital, eight world heritage sites that are nominated by UNESCO from 1982 to 2010 belong to rural areas. Due to regional disparities and lopsided development, Sri Lanka needs rural focal poverty alleviation and development strategies. The development policy framework namely “Mahinda Chinthana Goals’ (MCGs) and targets are highlighted it. The fifth target is the share of rural unemployment to decline from about two-thirds to half and hopes to tourism earnings to be doubled in 2016 (Ministry of Finance and Planning, 2010b).

Incidence of Hard-Core Poverty

Significant of elimination of hunger and hard-core poverty in Sri Lanka was pointed out in MCGs. In additional several reports such as ‘Regain Sri Lanka’ (2002), ‘Mahinda Chinthanaya’ (2006) and authors such as Samaraweera (2010), Gunathilake (2009), Hettige (2007) reveal poverty and regional disparities in Sri Lanka. In 1977 Sri Lanka was employed open economy policy and since then the government introduced various poverty alleviation programmes such as ‘Janasaviya’, ‘Samurdhi’, ‘Divi Neguma’. Despite the numerous poverty alleviation programmes, poverty remains is crucial issue. Central Bank of Sri Lanka (2009) is found that, 41.6 per cent population is below US\$ 2 a day from 1990 to 2005 period. In 2009/10 survey period, poverty head count index is reported as 8.9% (Department of Census and Statistics, 2011a). The Gini coefficient of household income is 0.49. Above mentioned statistics provide evidence for prevalence of poverty in Sri Lanka

Urban-Rural Disparity

There is enormous disparity between urban and rural in Sri Lanka. Therefore Sri Lanka urgent needs to attention rural centralized development and poverty alleviation strategy based on rural resources. In this context, Fernando & Arunika (2009), Abayagunawardane (2010), Miththapala (2010), Ranasinghe and Deyshappriya (2010) postulate that tourism has an affirmative feasibility to move out from poverty as compared to the subsidies such as ‘Samurdhi’. Table 2 displays urban rural disparity.

Table 2: Urban Rural Disparity

| Indicator | Urban | Rural |
|---|-------|--------------------|
| Poverty head count Index | 5.30 | 9.40 |
| Gini coefficient | 0.48 | 0.49 |
| % of population | 14.80 | 85.20 ¹ |
| % of unemployment of total unemployment population ² | 12.10 | 87.90 |

Note: ¹Including estate sector

²Age 15 year and above

Sources of Data: Department of Census and Statistics, (2011a); (2011b)

Depicted in table 2, rural poverty, income disparity and unemployment are critical issues when compared with urban indicators. In between, 85.2 per cent of population is colliding with rural economy. Although poverty remains a decisive issue in rural areas. It reveals inability of present development and poverty alleviation strategies.

Feasibility of Poverty Alleviation in Sri Lankan Rural Tourism as a Recreation Activity

Feasibility of poverty alleviation in Sri Lankan rural tourism as a recreation activity is fluid, dynamic, contextual and country-specific. To accomplish the objective the study employed correlation analysis on the under eight variables, namely;

- ❖ No. of arrivals for pleasure purpose (NAPP)
- ❖ Unemployment rate (UR)
- ❖ Direct employment in tourism industry (DETI)
- ❖ Indirect employment in tourism industry (IETI)
- ❖ Gross tourists receipts (GTR)
- ❖ Total values of grants of income supplementary programme in Samurdhi welfare programme (TVGISPSWP)
- ❖ Rural poverty head count index (RPHI)
- ❖ Growth rate of gross domestic product (GRGDP)

Table 3 presents Pearson correlation analysis among above mentioned variables.

Table 3: Correlation Analysis

| | NAPP | UR | DETI | IETI | GTR | TVGISPSWP | RPHI | GRGDP |
|-----------|---------|----------|----------|----------|----------|-----------|----------|---------|
| NAPP | 1 | -0.515 | 0.446 | 0.446 | 0.860** | -0.393 | -0.569* | 0.565* |
| UR | -0.515 | 1 | -0.711** | -0.711** | -0.811** | -0.054 | -0.940** | -0.513 |
| DETI | 0.446 | -0.711** | 1 | 1.000** | 0.764** | -0.283 | -0.819** | 0.719** |
| IETI | 0.446 | -0.711** | 1.000** | 1 | 0.764** | -0.283 | -0.819** | 0.719** |
| GTR | 0.860** | -0.811** | 0.764** | 0.764** | 1 | -0.186 | -0.873** | 0.628* |
| TVGISPSWP | -0.393 | -0.054 | -0.283 | -0.283 | -0.186 | 1 | 0.103 | -0.499 |
| RPHI | -0.569* | -0.940** | -0.819** | -0.819** | -0.873** | 0.103 | 1 | -0.539 |
| GRGDP | 0.565* | -0.513 | 0.719** | 0.719** | 0.628* | -0.499 | -0.539 | 1 |

Note: **Correlation is significant at the 0.01 level (two-tailed)

*Correlation is significant at the 0.05 level (two-tailed)

Source of Data: Central Bank of Sri Lanka, Department of Census and Statistics in Sri Lanka, Ministry of Finance and Planning in Sri Lanka, Sri Lanka Tourism Development Authority (Various years)

Based on Pearson correlation analysis in table 3, this study subsequently proceeds to achieve the objective under the following sub headings.

Carrying Capacity of Rural Tourism as a Recreation Activity

Stated in table 3, there is significant correlation (0.860) between arrivals for recreation and gross receipts of tourists. This correlation is significant at the 0.001 level. Above mentioned correlation coefficient reveals that there is enormous carrying capacity to develop rural tourism based on recreation activity. Moreover, correlation between arrivals for recreation and rural poverty head count index (-0.569) and correlation between arrivals for recreation and GDP growth rate (0.565) are also significant at the 0.05 level. It is believed that recreation based rural tourism is proper instrument to improve the economic development and rural poverty alleviation in Sri Lanka. Conversely, these correlations (-0.569 and 0.565) are ranked as medium correlations. It means that still rural tourism does not exploit existing and available resources fully. To get the full benefits from existing and available resources, it needs to improve rural tourism as a recreation activity out of Western province.

Perceived Disadvantages of Subsidy as a Poverty Alleviation Strategy

Insignificant correlation coefficient (0.103) is reported between values of grants of income supplementary programme in Samurdhi welfare programme in terms of main poverty alleviation programme and rural poverty head count index. Above statistic is supported to the findings of Samaraweera (2010) and Gunathilake (2009). They claim that subsidy is not an effective tool to move out from poverty. It is worthy note that, Samurdhi subsidy programme does not push economic growth and employment generation in Sri Lanka. The unsound correlation is reported between Samurdi programme and unemployment rate (-0.054). The correlation between Samurdhi programme and economic growth is -0.499. It corroborates the Samurdhi programme has not stimulated to move out from poverty or to develop economic growth. Samurdhi is only helps to survive the poor community.

Employment Generation in Tourism

Fernando & Arunika (2009) and Muhanna (2007) have emphasized employment generation capacity of tourism industry. Estimated figures in table 3 establish it. Unemployment rate, direct employment in tourism and indirect employment in tourism are dealing with gross receipts of tourists and the correlations are amounted as -0.811, 0.764 and 0.764 respectively. All are significant at the 0.01 level. When compared with recreation based arrival rate, there is no vital linkage among unemployment rate (-0.515), direct employment in tourism (0.446) and indirect employment in tourism (0.446). This dilemma discloses two facts. Firstly, recreation based tourism is not expanded throughout the country and it flocks in few with limited locations. As a result, natural, cultural and human capital in terms of existing recourse is not utilized properly. Secondly, ongoing recreation based rural tourism is also controlled by few shareholders. Therefore several events of recreation based tourism have mechanized. However, Muhanna (2007), Yunis (2004) and Duim & Henkens, (2007) claim that numerous segment of tourism is nominated as a labour intensive and creates many jobs for women, youth, poor and unskilled comparing with other industry. Hence, rural tourism of Sri Lanka needs to rebound towards rural community.

Direction for Policy Implementation

There is noteworthy relationship between rural poverty head count index and unemployment rate in Sri Lanka. It is amounted as -0.940 under the 0.01 significant level. On the one hand, this correlation divulges importance of employment to move out from the rural poverty in Sri Lanka. On the other hand it discloses poverty is cause of unemployment. Therefore Sri Lanka is required labour intensive poverty alleviation and development strategy such as rural tourism. As earlier cited, tourism is not alleviating poverty and its policies and practices must be developed in order to attributes (Jamieson et al., 2004). These tentative conclusions have verified via the correlations in Table 3. Direct and indirect employment of tourism industry contribute to increase tourism earnings while, earnings of tourism accelerate GDP growth rate. Despite the 0.628 significant correlation (at the 0.05 level) between tourism income and GDP, economic growth in Sri Lanka has not generated sufficient job opportunities due to lack of attention in community based tourism. The correlation between economic growth and unemployment rate is relatively low and reports as -0.513. However rural poverty head count index is highly significant with tourism income (-0.873), direct (-0.819) and indirect occupation (-0.819) in tourism. Both direct and indirect employment opportunities are similarly vital in poverty alleviation and economic development process in Sri Lanka.

Findings, conclusions and suggestions of the Study

The article aimed to test a proposition that rural poverty can be eliminated via rural tourism in Sri Lanka and development of Sri Lankan tourism can be amplified in rural area as a recreation event. The findings of the research supported this proposition due to wide range carrying capacity

of poverty alleviation in rural tourism development in Sri Lanka as compared to other poverty alleviation programmes those have been activated by the government in the past two decades. Therefore rural tourism is ranked most suitable anti-poverty instrument in Sri Lanka focusing feasibility of employment generation, rural development and rural resource utilization. However this study emphasized importance and several issues in poverty alleviation through rural tourism development. Firstly, Sri Lanka needs to rural centralized tourism industry due to urban rural disparity. Secondly, rural tourism development is based in order to purpose of visits in terms of recreation activity. This combination in terms of recreation based rural tourism development should be addressed by policy makers. It helps to create several labour intensive job opportunities for woman, youth, poor and unskilled persons; offer to vast benefits for rural areas and local economy; exploit natural, cultural and human capital; increase poor participation in development process; develop the infrastructure facilities in the rural areas; reduce the government expenditure in subsidies; improve the backwardness areas and continue the political stability.

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