

# The Economic and Social Impact of a 16-day Trip to India

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MSc thesis Leisure, Tourism and Environment



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GEO-80436

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Date:	September 2016



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*For quality of life*

## Foreword and Acknowledgement

When I was younger, I was not a big fan of doing homework, those who know me know that this might still be true today. Whenever I was complaining, my mother gently reminded (or threatened) me that she would gladly ship me off to India, so I could work in a coal mine for a few months. Surely when I'd get back I wouldn't dream of complaining about learning a few French words and doing mathematical equations. It seems only fitting that I did end up going to India. Luckily it was not to work in a coal mine, but to do research for this thesis.

I would like to thank everyone that made this research possible. Starting with Jan Middelhoek and Ellen Bulthuis from Shoestring, who gave us the opportunity to go along on a trip through India. Also a big thank you to the employees at the Sita office in Gurgaon, who were incredibly helpful; supplying information, transport, delicious lunches and a fair amount of laughs. Then, the people that really made our stay in India memorable, the tour leaders. Thank you for helping us whenever and wherever you could, both with the research and by showing us your incredible country. Also a massive thank you to my fellow researcher and friend, Ellen van Lieshout, what an amazing journey we had.

It has not been an easy process, at times both personal circumstances and my still existing dislike of homework interfered. Therefore, a special thank you to René van der Duim, whose feedback and persistence were pivotal in completing this thesis.

To my parents, thank you for putting up with me throughout this process. Also, thank you for not shipping me off to an Indian coal mine, at times I certainly deserved it. My dear Koosies, thank you for filling my life with bad puns, funny pictures and all of your support.

Lastly, I would like to dedicate the hours, days, weeks of work on this thesis to my father and my grandmother, who both had mountains of academic potential but lacked the opportunity to achieve it. It is during milestones like these, that I miss you most sorely.

Sandra van der Lee

August 2016

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## Summary

The question of how to assess and mitigate tourism impacts has held the interest of scholars, international organizations and the tourism industry throughout the last few decades. In this thesis I will therefore try to assess what the economic and social impacts of a 16-day trip to India are and how these can be measured.

To assess the economic impact, data was provided by Dutch tour operator Shoestring and local agent Sita. Additional tourist expenditure data was collected during two trips. Ellen van Lieshout participated in one group and I participated in another group following the same itinerary at the same time. Analysing results from these different data sources allowed me to estimate that approximately € 58,000 directly enters the Indian economy because of the Dutch tourists that go on this particular trip with Shoestring. The value chain analysis showed that almost half of total spending of Dutch tourists on this vacation reached India. The industry that benefitted the most was the food & beverage industry.

In order to evaluate the social impact, we looked at the labour conditions in the accommodation sector and conducted a survey among hotel employees and managers to assess how they perceive the impacts of tourism. Interviews with tour leaders provided additional data that confirmed and clarified our findings. I found that working conditions in hotels are generally tough, with long working hours and mostly low-skilled labour. Not all workers have a contract, meaning they are less protected, and women are generally underrepresented in the workforce. The perceived impact scale showed that respondents agreed that tourism had a positive impact overall, with a mean score of 3.59 out of a 5-point Likert scale. Positive economic effects of tourism were most clearly recognized, whereas negative effects of tourism were not clearly perceived. This is in line with earlier findings in other studies.

I conclude that although the methods that were used in this study provide a starting point for assessing and mitigating tourism impacts, further research is necessary. In addition, I provide several suggestions for the type of further research that can be done. Further research into tourist expenditure could include expenditure diaries, although the mail-back



approach seems inappropriate. Using modern technology, such as a mobile application, could improve data collection. I have also recommended moving towards a more qualitative approach to impact measurement. From a business perspective implementing action research could enable companies to make informed decisions to improve and mitigate the impact of tourism. I have also given several recommendations to both tour operator Shoestring and local agent Sita. Focussing their attention on the local context of their trips was my main recommendation for both Shoestring and the local agent. Identifying key tourism impacts in a destination can provide a starting point or focus for action. Working together with the local agent to improve tourism impacts is paramount. Strategic collaboration with other tour operators and organizations such as Green Destinations and MVO Nederland can help when creating policies to deal with issues that regard the entire tourism industry.

## Chapter 1: Introduction

The tourism industry has been growing for years and is predicted to keep growing. This has serious implications for the impacts of tourism, including environmental, social and economic impact. These consequences are internationally recognized, as the United Nations have declared 2017 the International Year of Sustainable Tourism for Development. In 2017 the World Tourism Organization (UNWTO) hopes to “support a change in policies, business practices and consumer behaviour” (UNWTO, 2016). Focus areas include the role of tourism in inclusive and sustainable economic growth, social inclusiveness, employment, poverty reduction, resource efficiency, environmental protection and diversity and heritage. The UNWTO identifies two important lines of action with regards to the creation and dissemination of knowledge, these are: “To improve the understanding of how sustainable tourism contributes to the aforementioned five areas in both developing countries and developed countries” and “To promote tools and mechanisms for the monitoring and the measurement of tourism’s positive and negative impacts” (UNWTO, 2016, 6). Although these are both ambitious goals, in this thesis I aimed to improve understanding of the impact of tourism and how we can measure these impacts. This has been done in collaboration with the Dutch tour operator Shoestring, so the impacts have been discussed on the scale of one of their itineraries. This thesis can thus be seen as a pilot study.

Not only NGOs and United Nation bodies have focussed on tourism impacts in recent years. Tour operators have started paying more and more attention to the impact of their activities. The focus lies on making their business practices more sustainable, both at the offices in the Netherlands and abroad. Examples of these are the CARMATOP project and the recently published pilot study (The Travel Foundation, 2015) of the TIMM (Total Impact Measurement & Management) project. The CARMATOP project developed an online tool called CARMACAL, which can be used to calculate the carbon footprint of a holiday (Centre for Sustainable Tourism and Transport). The TIMM project took a broader approach to tourism impacts and focused on different indicators of economic, social, tax, and environmental impact of TUI tourists in Cyprus in their pilot study (The Travel Foundation, 2015).

These type of impact studies have been around for a few decades. Specific indicators such as environmental degradation, direct economic benefits or employment in the tourist sector, can be studied in order to measure the impact tourism has on destinations over time. The intricate nature of assessing tourism impacts has caused most studies to focus on relatively easily quantifiable measures, such as (direct) economic impacts and the aforementioned environmental indicators (Wall & Mathieson, 2006). Studies into the perception of tourism impacts by residents have been done on many places around the globe, such as in Colombia (Belisle & Hoy, 1980), Zambia (Husbands, 1989), Fiji (King, Pizan & Milan, 1993) and Turkey (Tosun, 2002; Kuvan & Akan, 2005). The aim of these studies is to investigate how the impacts of tourism are perceived by local people. Most studies thus focus on specific types of impact or use lists of indicators to assess these impacts.

Tour operator Shoestring has been at the front of sustainable development in the Dutch tourism industry. Since the beginning of 2016 they compensate all CO2 emissions for their trip. They also launched a website, for both Shoestring and their other brands Koning Aap and YourWay2Go (Feeling Responsible, 2016). This website gives information on what they do to mitigate tourism impacts. Shoestring's focus on a more sustainable tourism business led them to Wageningen University and Research with the request whether the university could investigate how their tourists influence the destination they visit. This question was first addressed by a group of seven master students of Wageningen University in an Academic Consultancy Training (ACT) project. The ACT project is a compulsory part of Wageningen master studies and challenges interdisciplinary teams of students to work as consultants on a question posed by a business. I was a part of this initial project.

In the ACT project the students produced a report (Appelman et al., 2015) in which they aimed to describe ways in which Shoestring could actually undertake research into the impact their tourists have at their destinations. Shoestring decided to move forward with this project and this resulted in support for the research for two master theses. The original ACT project identified several areas of interest and methods that might be used for the research. After further discussions we decided that in this thesis I would focus on the

economic impacts of tourists and the perceived impacts of the hosts. Ellen van Lieshout's thesis concentrated on the role of the local tour leader.

Economic and social impact is a very broad subject and can include many topics. To make the research manageable we have had to make choices regarding which impacts to focus on. The literature review of economic impact indicated that direct economic impact is the most evident economic impact. Direct economic impact includes all direct spending in the tourism industry in a country, both by the tour operator, their intermediaries and the tourists. In addition, there is a lack of research into the discretionary spending of tourists in a destination, ensuring scientific relevance as well. Furthermore, the discretionary spending is also directly traced to the Shoestring tourists, making it a self-evident impact of the Shoestring tourists.

Deciding what and, more importantly, how to research the social impact of Shoestring tourists in India was more complicated. Social benefits and costs are hard to define and measure and a lot more subjective than writing down how much someone spent on an entrance ticket for the Taj Mahal. Other studies look at the perceived impacts of tourism by residents, often in the form of a survey. However, seeing as we travelled along on two trips, it was impossible to have enough respondents per place in time to form a representative sample, in addition these residents did not necessarily have direct contact with Shoestring tourists. Thus it made more sense to focus on the employees we encountered on the trip, which is why we decided to focus on the hotel employees. Additionally, a Kuoni (the owner of Shoestring) report from 2014 that assessed their human rights impacts in India, emphasized the accommodation sector as well, although other suppliers were also included. This report also discussed several issues with labour, both in the accommodation sector and with other suppliers. Including several questions relating to issues raised in this report, allowed us to confirm findings of the earlier report and form our own opinion on the labour circumstances in the accommodation providers.

The research for this thesis was conducted in collaboration with a fellow student, Ellen van Lieshout. We planned this project together and gathered data from two different trips for it.

We each joined in a different group following the same itinerary, enabling us to double the amount of data. Ellen van Lieshout's thesis (2016) focuses on the tour leaders' background and their effect on the impact of tourism, whereas my thesis focuses on economic and social impact in India. This also means that in some instances I use we, this indicates that Ellen van Lieshout and I have discussed and decided on the course of action together.

## 1.1 Problem statement

Tour operators are one of the key players in the tourism industry. The destinations they sell can both be positively and negatively impacted by the tourists visiting them. Income from tourism can for example be used to improve roads and mobility. It can also create community development and generate income for local people (Lepp, 2007). On the other hand, tourism can also accelerate emerging social problems such as begging, prostitution, drug trafficking and gambling. Kim, Uysal & Sirgy (2013) argue that tourism partly contributes to these problems. The environment can also be negatively affected by tourism. Not only the CO2 emissions associated with travelling but also issues such as the destruction of coral reef by fishing, damage from boats (anchor damage) and pollution in places with many tourists, are related to the physical environment (Berg et al., 1998). From the perspective of tour operators, these impacts should be mitigated because too many negative influences on a place might ruin the destination for tourists. Therefore, being aware of, and mitigating any negative impacts tourists might have, helps ensure a destinations' success in the future. Many destinations are dependent on tour operators to bring in a big chunk of their tourists, on top of that, most tour operators are owned by a small amount of multinationals (Budeanu, 2005). This gives tour operators and a hand full of multinationals much influence over what goes on in destinations. With this comes a certain responsibility to ensure that possible negative consequences are mitigated.

Impact measurement is a complicated and extensive field of study and therefore delimitation of the topic was necessary. This is why we have decided to focus on specific subthemes within this topic. The ACT study showed that there is little insight into how money is spend and distributed when tourists enter their holiday destinations. In agreement with Shoestring, it was decided to focus on India. Shoestring offers several trips to India,

ranging between 8 and 22 days. This specific destination was chosen because this type of research requires close collaboration with the local tour agent. The local agent in India has a good relationship with Shoestring and is passionate about sustainability issues. Since local cooperation is paramount this made India a suitable destination for an initial impact study of Shoestring tourists. Earlier research by Kuoni (2014) has focussed on the human rights impact in the tourism sector in India. Their main findings were that employees were proud to be working for Kuoni, but that labour conditions could be improved. Women were underrepresented in the industry and have fewer opportunities to develop. The report argued that tourism industry is considered to be very important because it creates jobs for individuals with no prior working experience. It also affected the community negatively since there was lack of cultural sensitivity noticed by tourists and not all hotels try to minimize their environmental impact. No research so far has focussed on how these employees perceive tourism in their city. To be able to effectively act upon the impact of tourists, we first need to know what these positive and negative impacts might be. Researching how the employees that we encounter on the trip perceive these impacts is a first step. Although their perceptions may be biased because they work in the tourism industry, the results can give insight into what the important impacts are, according to those who work in the industry daily.

Although estimations of total numbers of tourists and tourism receipts are available for multiple destinations, these data cannot tell Shoestring much about the influence of *their* tourists on the destination. Thus the aim of this research is to get more insight into the social and economic impact of Shoestring tourists on the places they visit. Therefore, this study focuses on the social and economic impact of the tourists visiting India on a 16-day Shoestring roundtrip of Northern India.

## 1.2 Research objectives and research questions

Tourism is one of the fastest growing industries world-wide, it is especially important to many developing countries (Wall & Mathieson, 2006). Having insight into the impacts of tourism is thus important to optimize the benefits and mitigate negative effects of tourism. This thesis aims to gain insight into the economic and social impact of a 16-day group tour in

North India. The itinerary is offered by Dutch tour operator Shoestring. Due to the complexity of measuring impacts, we will only focus on this particular trip in this case. This work can be seen as a pilot study into both the impact of the trip and into how the impact of a trip can be measured. Several different techniques are used within the timeframe of the fieldwork; these techniques will be discussed in the methods. The main question this research tries to answer is therefore:

### **What are the economic and social impacts of a 16 -day group trip in North India?**

To answer this question several sub-questions have been identified for both economic and social impact, these are;

#### **Economic impact:**

- What are the discretionary spending patterns of tourists on a 16-day group trip in North India?
- What do tourists pay to the tour operator, and where does this money end up in the supply chain?

#### **Social impact:**

- What are the working conditions of hotel employees like?
- How do hotel employees perceive the impacts of tourism?

The main objective of this research is to give reliable answers to the research questions. Aside from answering the research questions, this thesis also has a methodological objective. The aim is to evaluate the used methods for impact measurements on reliability and feasibility for further research.

### **1.3 Scientific and social relevance**

The importance of researching the social impacts of tourism cannot be overestimated (Deery, Jago and Fredline, 2012). They argue that it is crucial for all actors in tourism industry to know and to understand how individuals within the host community perceive the benefits and disadvantages of tourism. If there is no balance between the perceived

benefits and costs of tourism, a hostile response to tourists may be the consequence. This research in North India is scientifically relevant because at this moment not much is known about the impacts of tourism in the specific places we will visit. The working conditions of the employees in the tourism sector in India have been studied recently by Kuoni, but this research will also study the views of hotel employees on tourism impacts. The impact of tourism can be differently perceived by many different people of different backgrounds; therefore it is impossible to generalize social impact measured at different locations. This emphasises the need to measure the impact at different locations and in different settings. This study can add to the growing amount of work done on this topic. As far as we are aware, it is the first of its kind to take place in India.

In the literature review in Chapter 2 it will become clear that tourist spending is an issue that has been researched in different ways and in different settings throughout the last decades. However, comprehensive strategies for data collection and clear broader theorising are still lacking. In my research I have applied different methods for tracking tourist spending on holiday. Evaluating the feasibility, reliability and overall usefulness of these methods can add to the methodological debate surrounding tourist discretionary spending. In order to collect tourist expenditure data, the diary method has been applied to short-term events, but as far as the researchers are aware it is not commonly applied over periods of time longer than one day or a few days. Therefore, we can gain insight into the feasibility of this method for longer lasting trips. Since we can also observe the spending patterns of the tourists in the field, we are in a unique position to assess the reliability of the results. Because we use two different diary methods (expenditure diaries of two tours are collected on site and one tour receives a mail-back envelope for the diary) we can also see if there are differences between the two methods of data collection. Although results might not be representative for other travellers, it is illustrative of the kind of data that can be gathered. Hopefully this method can and will be replicated during other trips, in other countries, or with tourists of a different nationality.



This study also has social relevance because it provides data about the financial and social impacts of a trip organized by a Dutch tour operator to India. This is a small first step into being able to change the impacts, if the findings suggest that improvements can be made with regard to the measured impacts. If Shoestring can show that the trips have positive effects on the host society, this can attract more customers and strengthen their position on the market. In a growing tourism industry and due to growing consumer awareness of sustainability issues, being able to identify issues at the destination level issues is paramount.

#### 1.4 Content of this thesis

This thesis is split into 7 chapters. In chapter 2 I will sketch the situation of the tourism industry in India and discuss scientific literature regarding economic and social impact of tourism. The methods used to assess the economic impacts are discussed in chapter 3. Chapter 4 presents and analyses the results of our economic impact measurements. In chapter 5 the methods that were used to measure the social impact are discussed. Chapter 6 will describe and analyse the results of the social impact measurements. I will draw and discuss my conclusions in chapter 7. In the appendices the discretionary spending diaries and the employee and manager survey can be found, as well as statistical output for several of the tests that I ran.

## Chapter 2: Literature review

In this chapter we will look at the situation in India, the setting of our research. Then we will review the existing scientific literature regarding both economic and social impact of tourism.

### 2.1 Tourism in India

#### 2.1.1 The tourism industry

Tourism is one of the fastest growing industries internationally. This is also true for the tourism industry in India. The UNWTO estimates the number of overnight visitors to India at 6.968.000 in 2013, around a third of these tourists arrive from Europe. In 2013 nearly 70.000 Dutch tourists visited India (UNWTO, 2015). Dutch arrivals in India over the past few years can be seen in the table below. The UNWTO reports that nearly 4 million of these international arrivals come to India for holidays, leisure and recreation. Most travelers arrive through international air travel (UNWTO, 2015).

Arrival of non-resident tourists	2010	2011	2012	2013
Netherlands	70.756	75.153	74.800	69.547

*Table 1 Dutch arrivals in India*

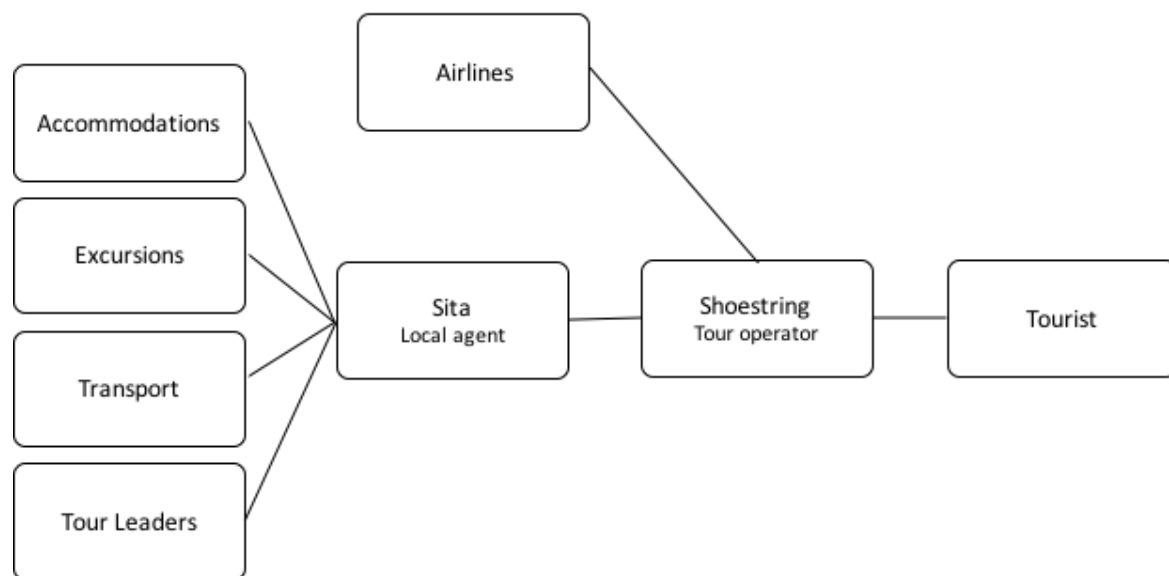
The UNWTO estimates that tourist expenditure in India surpassed 17 billion USD in 2014. Unfortunately, no visitor expenditure surveys were administered, therefore they have no indicator of the average daily expenditure of tourists visiting India. However, they did calculate that the expenditure of holiday and business visitors contributes 1 % to the Gross Domestic Product of India (WTO, 2015), making it a significant contributor to the Indian economy. In 2015 the tourism industry was estimated to directly contribute 23,5 million jobs, which amounts to 5.5 % of total jobs in India (World Travel & Tourism Council, 2015). The total contribution to employment, which adds indirect and induced contribution to employment, was 8.7 % of total employment in 2015. The WTTC estimates the direct contribution of tourism to GDP higher than the UNWTO, according to the WTTC direct contribution to GDP was 2.0 % both in 2014 and 2015. Contribution to GDP including all of the direct, indirect and induced impacts was estimated to be 6.7 % in 2014 (World Travel & Tourism Council benchmark report India, 2015). This means that tourism has a direct

contribution of 2 % to the GDP and is responsible for 5.5 % of the total amount of jobs in India.

The government of India realizes the importance of the tourism industry, which is why they have a Ministry of Tourism (see <http://tourism.gov.in/>) which promotes tourism in the country and sets industry standards. They also initiated several training programmes for tour guiding, hotel management, and catering. The government collects and publishes national tourism statistics as well. Human resource development is an important issue in the Indian tourism industry. This is also reported by audit, tax and advisory company KPMG, who estimate that an additional of 2.7 million tourism workers are needed in between 2012 and 2022 (KPMG, 2014). A 2008 case study of Air India also found that the industry is challenged with finding quality personnel and that human resource development should become a priority to ensure successful growth in the tourism industry (Khan, 2008).

#### 2.1.2 The creation of our trip

The itinerary we followed with the two tour group took place in the Golden Triangle (Delhi, Agra & Jaipur) and the Rajasthan province. Especially the Golden Triangle is a frequently visited area in India and includes the Taj Mahal in Agra and the Amber Fort in Jaipur. There are several important actors involved in the creation of these holiday packages. Shoestring is a Dutch tour operator, tourists book this itinerary through Shoestring. The holiday packages that Shoestring sells include flights, transport, accommodation, a tour leader, tour guides, and excursions. Shoestring uses a local agent to arrange everything in the package that is needed in the destinations. The local agent for India is Sita, a destination management company that creates overland packages for several international tour operators. Sita creates a package including airport pick-ups, transport, drivers, accommodations, tour leaders, tour guides and excursions. They sell these packages to Shoestring, who adds a flight and markets the entire package to the market. The supply chain thus looks like this;



*Figure 1 Supply chain of a Shoestring trip to India*

## 2.2 Impact of Tourism

Research into the impacts of tourism dates back several decades and comprises of different methods and focuses on different types of impact. Many focus on different benefits and costs of tourism and these are often related to social, economic and environmental impacts. In recent years' progress has been made when it comes to assessing the environmental impact of a trip, for example by calculating the amount of carbon emissions relating to different aspects of the trip. When booking a trip most Dutch tour operators also offer the option to participate in a compensation scheme for carbon emissions associated with the flight. However, assessing economic and social impacts is a difficult undertaking. In the literature review I will discuss several other methods and approaches that have been used to identify and assess the economic and social impacts of tourism.

Throughout the last decade, several approaches to tourism and tourism impacts have been used by scholars and development agencies. From the late 1980s to the early 1990s alternative tourism was seen as a solution for most issues related to the tourism, industry (Kasim, 2006). Towards the end of the 1990s the term pro-poor growth started to be used by development agencies (Bakker & Messerli, 2016). Pro-poor growth includes growth that aims to decrease poverty levels and inequality. Growth thus needs to proportionately

benefit the poor more than other groups, in order to decrease levels of inequality. From the mid 2000s onwards, inclusive growth became a more prominent approach. Inclusive growth is seen as a form of growth to which individuals can contribute but also benefit from, according to the World Bank. Inclusive growth should benefit many people and be about creating productive employment opportunities (Bakker & Messerli, 2016). It differs from the pro-poor approach in the sense that it aims to benefit everyone and lead to an increase in per capita income, whereas pro-poor growth specifically aims to reduce poverty (Ibid.).

## 2.3 Literature Review: Economic Impact of Tourism

### 2.3.1 Direct, indirect, and induced economic impact

Economic impact is often divided into three different categories, these are direct, indirect, and induced impacts. The direct economic impact of tourism is what the tourist spends directly to take a holiday. Industries involved typically include accommodation, transport, restaurants and tourist attractions (Stynes, 1997). Secondary economic impacts include the indirect and the induced impacts. Indirect impacts are related to businesses that supply those businesses that are affected by the direct impact. Think for example of food production for restaurants, or linen manufacturers for hotels. Indirect effects are created through spending of tourism businesses. Induced impacts are generated when someone that gains income from the tourism sector spends his or her money in the local economy. Someone that waits tables in a hotel or a local tour guide that spends their pay-check generates induced economic impacts, thereby creating income for sectors unrelated to the tourist industry, examples can be money spent on rent, groceries, utilities etc. (Ibid.). The economic impact relations between different sectors is summarized in figure 2.

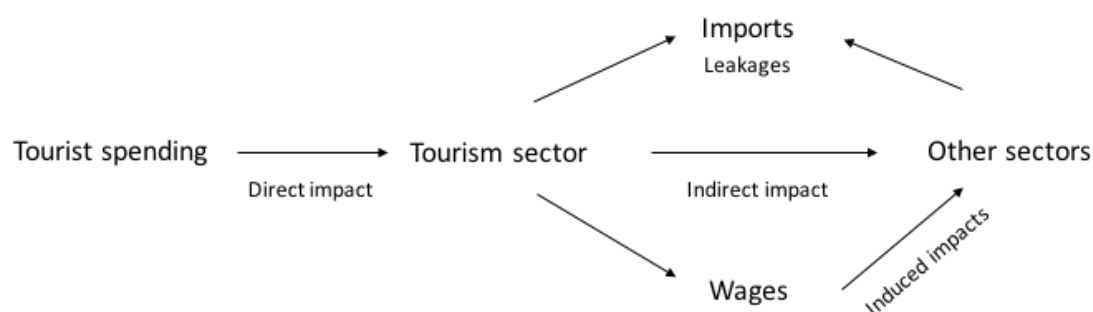


Figure 2 Economic Impact of Tourism. Source: Author.

### 2.3.2 Leakages and multipliers

When it comes to the economic impact of tourism different types of research and different types of data are collected. National governments and international organizations such as the World Tourism Organization (UNWTO) collect data on the macro-level. Some form of macro-level data regarding destinations exists for many countries; this often includes international arrivals, tourism receipts or tourism satellite accounts. Tourism satellite accounts are an accounting tool that measures the influence of the tourism industry on the national economy (Munjal, 2013). Since the tourism industry uses goods and services from many other industries, such as transport, accommodation and food production, these calculations are intricate and based on many assumptions. These types of data can be used to calculate several different types of multipliers for the tourism industry.

Multipliers aim to express the effect of additional tourist spending in the destination. Additional spending leads for example to extra employment and income, thereby generating extra indirect and induced economic impacts. Multiplier effects are often highly dependent on the economic structure of a destination (Meyer, 2007). Multiplier effects can be lower if, for example, a lot of foreigners send money to their home country are employed, or when a company is in foreign ownership and profit is extracted from the host country. When imports are high, multiplier effects are also lower. If enough economic data can be gathered it is possible to calculate a multiplier. For example, Munjal (2013) calculated the multiplier of the input and the output of the tourism industry to be 2.14 and 1.7 respectively. This means that the increase of demand for tourism by 1.0 unit leads to an output increase of 2.14 units across all industries. Multipliers can also be calculated in relation to income and employment. Together the output, income, and employment multiplier are the most frequently used to estimate secondary effects (Gelan, 2003). Gelan calculated the local economic impact effects of The British Open in 1999. He estimated the output multiplier of the event to be 1.83 and that an extra output of 1 million \$ created around 29.7 jobs, which means that the event should have generated 980 jobs (2013). Gelan concludes that the most important measure of economic impact is “the proportion of local products in the total value of goods and services purchased by tourists” (2013, 423).

Calculating multipliers needs many data and is often based on many assumptions, making it an illustrative but questionable measure of economic impact.

Another important concept related to economic impact of tourism is that of leakages. Leakages is the part of tourist spending that does not arrive in or leaves the destination the tourist frequents. Leakages often take the form of profit earned by intermediaries and imports into the destination. According to Diaz Benevides (2001) leakages in developing destinations reach 40-50 % of tourist spending. This number is in line with other findings, for example Anyago, Van der Duim & Peters (2013) found that non-local expenditures of different itineraries in eastern Africa averaged at 50.21 %. Similar percentages were also found for the three Shoestring itineraries that were analysed for the earlier ACT project (Appelman et al., 2015). Although these percentages were found for different types of trips and different countries than we will visit, it will be interesting to see if we find similar percentages of non-local expenditures. Mitchell and Ashley (2010) deem the term leakages unhelpful, since its result depends on the definition. If we define it as non-local expenditure or money that does not reach the destination, it will be different from when we use the description of leakages as the share of income generated in the country but that is spend on imports of, for example, food and fuel. In this thesis I will not speak of leakages in the economic sense, but I will take a look at how much of the money that the tourist spends in total, reaches the destination country.

Data on smaller levels than that of the national tourist industry are less prevalent. When it comes to leisure or tourist activities, economic impact is mostly measured of events. Sports events (see for example Gratton, Shibli & Coleman, 2006; Li & Jago, 2013; Li, Blake & Thomas, 2013) and music events (see f.e. Andersson & Lundberg, 2013; Saayman & Rossouw, 2010) are increasingly researched in relation to economic impact. This makes sense because these events are clearly bound in time and space. Measuring the expenses within the event area is less complicated and more representative than selecting a random sample of tourists in a city or even a country.

### 2.3.3 Value chains

Another frequently occurring approach is that of the value chain analysis (VCA). In a VCA every step that takes place between the producer and the consumer is analysed. The approach is based on the value chain model proposed by business strategy professor Michael Porter, who first described it in 1985. In tourism it has been used for several purposes, these include assessing the impact of hotels on economic development (Mitchell, Font & Li, 2014) and the impact of tourism on low income households (Mitchell, 2012). VCA has also been used to find ways to link the tourism industry to poverty reduction in the destination (see f.e. Mitchell & Faal, 2008; Ashley & Mitchell, 2008; Thomas, 2014). It can also be used for the more classical purpose of evaluating and planning the development of a destination, this has for example been done for Zanzibar (Steck, Wood & Bishop, 2010). The value chain can thus be used for analysis or creating development plans on different levels of the tourism industry and for different goods and services that are used by the tourist. For the aforementioned ACT project, we have started to map the value chain of a package holiday the tourists book with Shoestring. In the following figure the actors that were identified can be found.

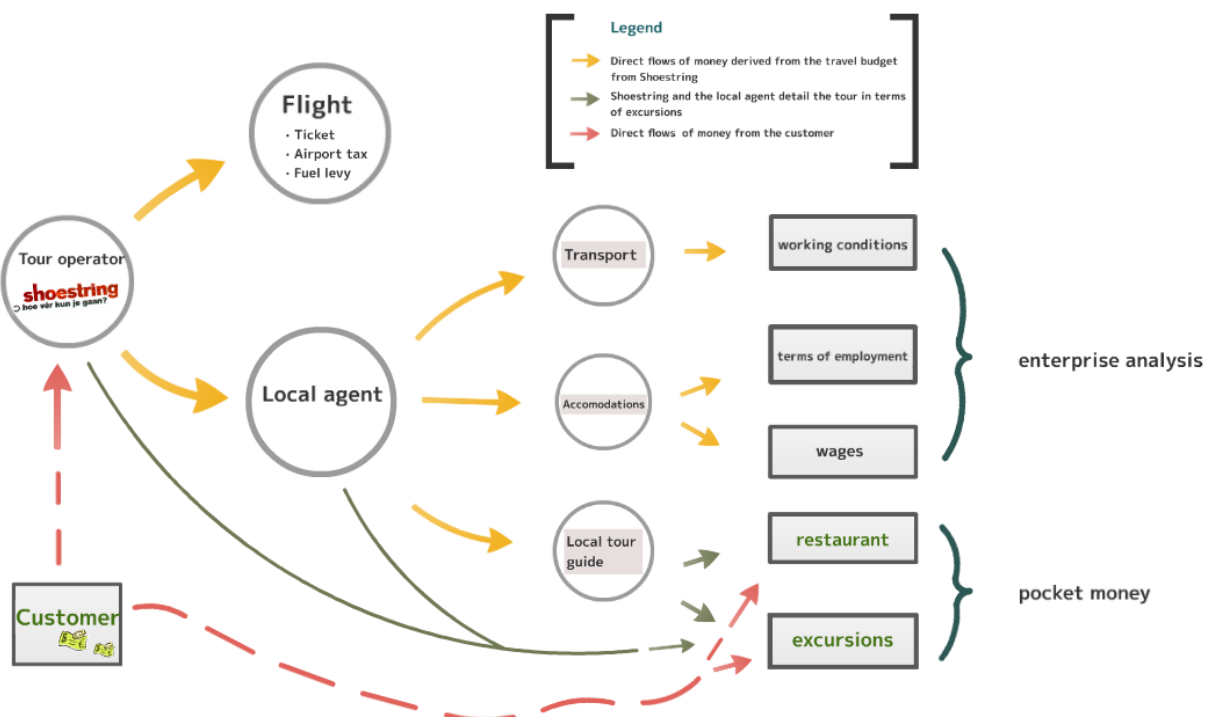


Figure 3 The Shoestring Value Chain (Appelman, Broekman, Van Hamont, Jansen, Van der Lee, Van Ravenhorst & Schwidder, 2015)



Important actors in the value chain are the tourists, the outbound tour operator and the inbound tour operator. The tourists are important because they are the ones actually spending money on the trip. The outbound tour operator, Shoestring in this case, arranges the package that the tourist buys. This package includes flights and an overland package in the destination. Everything included in the overland package is arranged by an inbound tour operator, in India this is the Sita Destination Management Company. Shoestring pays them a lump sum to arrange everything in the overland package. Since the local agent is the only actor that knows how the money of the overland package is spend, their cooperation was paramount.

With financial data provided by Shoestring we started filling out the value chain for several of the trips. What we learned was that there is insight into where the money is spend, as long as we stay in the Netherlands or in international airspace. We know the profit margins, overhead costs and how much is spent on flights, however, once the tourists get off the airplane, things get hazy. Shoestring pays an overland package fee to the inbound tour operator in the destinations. This package usually covers transport, accommodations, and a local tour guide. How this money is divided is unclear, to gather data on this we are collaborating with the local tour agent in India. The ACT study showed that around 50 % of the money tourist pay to the tour operator does not reach the destination. This money mainly goes to the international flights and covers overhead costs of the tour operator (Appelman et al., 2015).

Other researchers have used value chain analysis to analyse if tourism can be of use for poverty reduction. These pro-poor VCAs differ from regular VCAs because they try to identify where the poor participate in the value chain and where their participation is lacking. It also aims to identify where interventions in the value chain can be taken (Mitchell & Ashley, 2010). Three different types of linkages between poor communities and the tourism industry are identified. These pathways are direct effects, indirect and induced effects, and the longer-term, dynamic effects of tourism development (Mitchell, 2012). The direct effects focus mainly on labour income from both formal and informal employment and non-financial impacts, such as improved infrastructure. The secondary effects include

indirect earnings that result from the tourism industry, such as crafters and construction workers. It also includes the induced effects, which are due to tourism worker spending their earnings in the local economy. The dynamic effect is a broad category that includes long-term changes in the economy or environment, such as erosion of natural assets (Mitchell & Ashley, 2010). In addition, Mitchell & Ashley (2010) give an overview of different types of methods that are used to assess tourism impacts on the poor and they provide an overview of findings of different studies. They conclude that all three of the pathways are important to consider in research and that although the direct pathway might be the most evident to research, it might not have the largest impact on the poor. The indirect and dynamic effects are harder to research but it is important to include these in future research.

#### 2.3.4 Discretionary spending

A large part of the economic impact of tourists is the spending they do while they are on location. This is especially true for tourists that only book part of the trip ahead compared to all-inclusive vacationers, who might not spend much outside of their resort once they reach the destination. However, only a few studies exist that look into the discretionary spending of tourists (see Pearce, 1981; Çela, Lankfordb & Knowles-Lankford, 2009). Spending at events like the aforementioned festivals and sport events has been researched in a few different ways. There are two main methods used to measure spending at these type of events. The first is a survey that is administered either on paper or digitally after the event has taken place. The second is in the form of a diary which is administered during the event. Both of these methods suffer from methodological drawbacks, which will be discussed in the methodology.

The bulk of the research on tourist spending focuses on determinants of spending. From a destination development perspective, this type of research makes sense because it gives insight into how total spending or spending on specific things can be improved, thereby enlarging the economic impact. Brida and Scuderi (2013) review 86 papers that use an econometric approach to tourist expenditure in which they discuss a range of determinants for tourist spending. Determinants that are often researched in relation to tourist spending

are social-demographic attributes such as age, gender, education, and occupation. Economic constraints are also often tested as determinants of spending, these include; income, income sources, assets, and financial difficulties. Trip-related characteristics are also tested, these can include destination, accommodation, type of visitor, travel distance, activities or length of stay. Lastly they discuss psychographic variables, these are; general opinions and attitudes, opinions about the trip, and trip motivations. They conclude that data on tourist expenditure data can be used to reveal what a profile of the 'average tourist' might look like. According to them, further research could focus on exploring different segments of tourists, such as cultural tourism. For the complete overview of the discussed determinants of spending and econometric models see Brida & Scuderi (2013).

Prevalent approaches in the tourist spending literature are that of determining the spending at tourist sites and the allocation of household income towards travel for leisure purposes. Research on expenditure at particular sites or in specific areas goes back a few decades, a study by Pearce (1981) estimates visitor expenditure in Westland National Park, New Zealand. A more recent study focuses on the expenditure at sites in the Silos and Smokestacks National Heritage Area, in Northeast Iowa. Çela, Lankfordb & Knowles-Lankford (2009) produced an Input-Output model to assess the economic impact of heritage tourism in the area. They found significant differences in spending based on the different sites that could be visited. For example, they found that visitors to business heritage sites spent most on shopping, whereas visitors to all other categories of sites spent most on lodging. These findings are important to keep in mind because they suggest the visitor spending patterns we find, are not representative for other itineraries in India, since different kinds of sites might be visited.

As far as the researchers have found, data on spending of Dutch tourists abroad has been researched only once before (Anyango, Van der Duim & Peters, 2013). This data was collected from a different tour operator and only the tour operator's data were included, personal expenses and excursions were all estimated. The research note does call for using information from different tour operators and gathering verifiable data on personal expenditures, two things we aim to do, although only for one itinerary. Assessing the

economic impact of one itinerary followed by a group of people is unique, especially because the researchers are able to go along on two of the trips and thus verify collected data first-hand.

#### 2.3.5. Conclusion

When it comes to measuring economic impact on a destination, it is evident that there is one main approach; this approach boils down to 'following the money'. Therefore, we are going to try to follow the money all the way from the consumer that books a trip in from home, to the hotels and restaurants in India. As we have seen there are two major actors that we need to focus on, these are the tourists and the local agent. Aside from measuring economic impact, we will also look into social impacts of tourism. Scientific literature regarding social impact will be discussed.

### 2.4 Literature review: social impact of tourism

#### 2.4.1 Perceived impacts of tourism

Social and cultural impacts are hard to measure and quantify (Milman & Pizam, 1988). This is the reason that many researchers have focused on measuring the perceived impact of tourism by residents. This type of studies started in the 1980s, when Liu and Var investigated the attitudes of residents toward tourism impact in Hawaii (1986). They found that the economic and cultural benefits were perceived clearly. However, the perceptions of environmental benefits of tourism were ambivalent. In addition, the social and environmental costs of tourism were not clearly acknowledged. In a study of the Central Florida area, Milman & Pizam (1988) found a high level of support for the tourism industry and its expansion. According to their study the level of support for tourism was highest in people that thought tourism led to an improvement in the economy and the image of their community and that did not believe that tourism led to illegal activities or were employed in the tourism industry. Milman & Pizam add to this that the perception of tourism is not always objective (1988), for example the idea that tourism caused various crimes led to a more negative perception of tourism, whether this idea was supported by facts did not matter.

A study of the Greek island Samos led to similar results. Haralambopoulos and Pizam (1996) found that most residents strongly agreed that tourism had a positive economic impact on the area. As in the earlier study of Central Florida, residents were aware that tourism led to a higher rate of individual crimes, including drug abuse, brawls, vandalism and sexual harassment. However, this awareness of negative social impacts did not necessarily lead to an opposition of the tourism industry (Haralambopoulos & Pizam, 1996). This could be explained because of the high amount of residents in Samos that is directly financially dependent on the tourism industry. In Belek, in the Antalya region in Turkey, Kuvan & Akan found that residents were generally positive about tourism development, primarily due to its economic contributions (2005). However, the residents also showed concern about environmental and economic problems that originate from tourism. In this study the influence of being directly dependent on the tourism industry financially was found once more. Those residents who had a major source of family income from tourism, welcomed the positive changes more and were less disapproving of negative impacts (Kuvan & Akan, 2005). Similar conclusions were drawn by Haley, Snaith & Miller (2005) in a study of Bath, in the United Kingdom. Their survey results indicated that the questions relating to economic reliance predicted the support of the tourism industry of respondents. Several other underlying factors that influence resident perceptions of tourism include community attachment, length of residence in an area, proximity to the attractions and economic dependency on tourism (Besculides, Lee & McCormick, 2002).

Since similar findings have been reported from across the globe, Vargas-Sánchez, Porras-Bueno and Plaza-Mejía (2011) aimed to explore whether a universal model to explain tourism attitudes was possible. To do so they have used studies of other areas of the world and formulated hypotheses based on their results. They created a survey based on these hypotheses and distributed it in Spain. Their findings show that the most important predictor of resident attitude is the idea that the positive impacts outweigh the negative ones. Another important predictor was the density of tourists, a higher density of tourists negatively impacted the residents' perception. They also confirmed that residents that acquire personal benefit from tourism perceive tourists more favourable, perceive the benefits of tourism more clearly and are more supportive of tourism development (Vargas-

Sánchez, Porras-Bueno and Plaza-Mejía, 2011). However, they argue that studies using different techniques are needed to confirm their findings. Although they have confirmed several explanatory variables, a universal model to explain the attitude of residents towards tourism remains difficult.

Interestingly, in contrast with earlier findings reported here, a recent study of the perception of tourism development of different stakeholders in Cape Verde, Africa, found very little differences between the groups. The business owners, residents and tourists all showed similar perceptions of tourism, although the tourists had the most favourable opinion (Sánchez Cañizares, Castillo Canalejo & Núñez Tabales, 2016).

#### 2.4.2 Labour Issues in India's tourism industry

Corporate social responsibility (CSR) has emerged in the era in which businesses are more and more aware of sustainable development and stakeholder management. Today, even small organizations recognize the importance of an honest relationship with key partners and stakeholders and a balance between activities and interests to achieve a socially, environmentally and economically sustainable growth (Turker, 2015). The Dutch organisation MVO Nederland has developed a 'checker' which checks the corporate social responsibility risks for all countries in the world (<http://www.mvorisicochecker.nl/nl/wereldkaart>). This is developed for entrepreneurs so they can check the circumstances of the country where they would like to or already conduct business. In this risk checker, 162 issues pop up for India. Among these, there are 113 issues concerning labour rights. Of these, there are 32 cases in which child labour is mentioned. These include a wide variety of sectors in which child labour is present: from the making of matches to the production of silk, and from working in mines for the winning of clay, salt and bitumen to the slaughterhouses in which they make tanned animal skins. These might be indirectly related to the tourism industry through the supply chain. Out of 162 CSR risks, only one specific issue is directly related to tourism, namely child sexual exploitation. The other mentioned labour rights are health and safety in the workplace, forced labour and trafficking, salary and remuneration, working conditions, discrimination and gender issues, and the freedom to unite. Although all of these issues might be present

in the tourism industry, this was not specifically mentioned. The International Labour Organization (ILO) has set up a Decent Work Country Programme (DWCP) in order to combat the current labour issues and to improve labour conditions in India which is due in 2017 (ILO, n.d.).

Kuoni is a travel organization which states to consider human rights as highly important. In a report of Kuoni, presented in 2014, research was done into the human rights issues in India. One of the goals was to understand the human rights context in India in which Kuoni works, and the potential impact of their business on human rights and labour rights. A second aim was to enhance the relationship with local stakeholders, employees and suppliers (Kuoni, 2014).

Kuoni's research took place in tourism industry in three areas, these were Delhi, Rajasthan, and Kerala. All three are popular Indian destinations and thus important to business. These particular findings relate to Sita's key accommodation providers, and research was carried out among eight hotels. The findings show that although there is an ample amount of labour laws in India, governmental monitoring is lacking. The labour laws are therefore rarely enforced. As a consequence, employees have a low salary, work shifts that are too long, they are not compensated for working overtime, and are not allowed to form labour unions. On the positive side it was noted that hotels offer their employees opportunities to make career progressions by providing trainings. Positive working environments were established in some hotels by setting up funds for unforeseen circumstances to support (the families of) employees in the case of illnesses or emergencies.

Due to fact that they don't have a permanent contract, outsourced personnel face more risks than contracted personnel. They have lower wages, which do not reflect costs of living and providing for the family, are highly dependent on tips, sometimes miss out on tips because they have no direct contact with tourists, drivers only have short breaks between shifts, there are poor conditions in shared rooms for staff, they lack medical insurance and often there are no formal procedures for grievance handling.

Of the eight different hotels visited, women made up 16 % of the employees on average. According to the International Labour Organization 28.8% of the Indian labour force participation was female (ILO, 2014). Females might thus be underrepresented in the accommodation industry. Due to gender inequalities and misbalanced power structures, women are rarely seen as equal to their male colleagues. Because many women opt out of a career after marriage or childbirth, there are only a few women in senior positions. In addition, promotion opportunities are often not offered to women. Furthermore, some jobs, such as drivers or security guard, are not considered suitable for women. Women are often employed to relatively low-skilled jobs such as housekeeping and laundry services and front desk work which pay lower wages. However, when it came to work that was outsourced by the hotels, including housekeepers, drivers, and security personnel, no females could be found because all of the staff was male (Kuoni, 2014). Instances of child labour were not reported by any of the suppliers that were visited for the report. Since child labour usually occurs more in the informal economy, Sita might be indirectly linked through the supply chain, for example through small restaurants or the souvenir value chain. All of these issues were taken into account during both questionnaire construction and our observations.

Another study was conducted in the Indian state Uttarakhand, which borders Nepal and China in the Himalayas. The study looked at the expectations of hospitality employers of employee skills, the views of both the employers and the employees on training and employees' intention to quit, sources of dissatisfaction for employees and their attitude towards the monetary benefits provided by their jobs in the hospitality industry (Bagri, Babu & Kukreti, 2010). They found that the majority of employees have just completed high school and the majority of employees is satisfied with their monthly wage. The largest problem encountered by the employer was the high turnover of employees, anecdotal evidence suggested that the major cause of employee turnover were the working conditions. In addition, 70 % of the hotel managers (n = 50) did not believe that there was a need for ongoing staff training, as opposed to 36 % of the employees (n = 50). It might thus be unsurprising that 56 % of the employees were always searching for other job opportunities. This shows that the state of human resource management and working



conditions in the hospitality sector are far from ideal. A lack of highly-trained human resources is not a new problem for developing countries. Singh already published about difficulties in developing human resources in 1997. Singh argued that investment in proper training and education were highly pivotal nearly two decades ago (Singh, 1997).

#### 2.4.3 Conclusion

When it comes to social impact many studies focus how the residents perceive these impacts. Several studies have shown that the economic benefits of tourism trump the social costs. Generally, residents are positive about the tourism industry and tourism development. We have seen that when it comes to India, the working conditions are tough, with long hours and often low wages. It will thus be interesting to see how the workers in the accommodation industry perceive the impacts of tourism. In addition, we have included a questions on working hours, so we can compare our conclusions with these findings.

#### 2.5 Conclusion literature review

Impact studies are generally related to one or multiple of three domains, these are economic, environmental, and social. Cultural impacts are often included in the social impacts, although they can be treated as a separate category as well. A dominant theme on every level, from non-governmental organizations to hotels, is that the environment and climate change. Increasingly complex and more accurate measures are being developed to calculate impacts related to CO<sub>2</sub> emissions, waste, and water usage in hotels. The current state-of-the-art tool is the CARMACAL, a calculator that calculates the complete carbon footprint of a tour package (Centre for Sustainable Tourism and Transport). It is mainly aimed at enabling tour operators to calculate the carbon footprint of their packages in order to compare and minimize the footprint.

Economic impact studies are done on different levels, the influence of the tourism industry is assessed from different levels all the way from an international, to a regional, local, or community level. NGOs such as the WTTC and the UNWTO collect data on national economies and tourism and predict future trend of several indicators, including industry growth, the tourism industry's percentage of GDP and the amount of jobs in the industry.

Developmental agencies have focussed on pro-poor tourism and utilizing tourism for poverty reduction. A current trend is the move from ideals of pro-poor tourism towards inclusive growth and sustainable growth. This type of growth should improve income per capita in a sustainable manner, so economic growth should not be sought if the associated social or environmental costs are too high.

Social impact is harder to quantify than economic or environmental impact, since it cannot be properly expressed in money or carbon emissions. This became clear from the literature review as well. Most research focused on how residents perceive the impacts of tourism. Often these studies included questions about perceived environmental and economical impacts as well. In addition, we looked at issues related to the labour industry. The tourism industry is known for low-skilled jobs, part-time or seasonal work but there is little literature about the tourism industry in India. It thus seemed logical to focus on aspects of tourism labour in this research in addition to the perceived impacts of tourism.

As the literature review above has shown, assessing the impact of tourism is a difficult task. Several approaches are used to suit the research questions, the interest of the researcher and the location of the research. The reviewed studies all focussed on a specific area or destination, so their research was bound by both location and the time they had. Our fieldwork has a distinct character because we did not visit one place but we travelled along with a tour Group following a fixed itinerary. Our research setting thus forced us to pick topics and methods that can be executed in a limited time frame, uses respondents that are easily accessible within that time frame, has scientific relevance and is of interest to both the tour operator and the researchers.

We have decided to leave out the environmental impact because there are others who are more well equipped to do so. Environmental impacts are better addressed using tools such as CARMACAL, which do not require fieldwork on location and can be done by Shoestring. When it comes to economic impact, we saw that the direct economic impact is most easily calculated under our conditions. In addition, we have access to the tourists on the two tour groups and it is a severely under researched topic. The literature review revealed that

discretionary spending is a feasible topic and an evaluation of the used method might help further the methodological development of this type of research.

Another group that was accessible to us were the employees in the accommodations we frequented. However, we would only stay in each accommodation for a short period of one or two nights. This is why we choose to construct a survey for the hotel employees and managers. In this survey we have brought together issues related to the working conditions and to the tourism industry. We have included questions related to issues discussed both in an earlier report by the local agent and in scientific sources. Since we had no preconception of who actually worked in the tourism industry, we have included demographical questions about sex, age and level of education etc. In this way we attempted to bring together both the perception of tourism impacts and the circumstances in which these employees work.

## Chapter 3: Economic Impact Methods

In this chapter I will set out the different methods that were employed in this study. Both the advantages and the drawbacks of the methods will be discussed. Four different methods were used, two for economic impact and two for social impact. For economic impact we used discretionary spending diaries and we analysed sources of primary data that were provided by Shoestring and Kuoni Destination Management. Regarding social impact, we used a questionnaire among hotel employees and we used observations from two researchers. Using these four different methods ensured richness in data and enabled us to cover many topics. For economic impact we measured two different things, that hopefully clarify the bigger picture. For social impact the observations are an addition to the questionnaire, helping with data triangulation and presumably one supports findings from the other. All four of these methods will be discussed in turn.

### 3.1 Data collection

Data collection took place from the 28<sup>th</sup> of October until the 24<sup>th</sup> of November 2015. Research was conducted in collaboration with Ellen van Lieshout (see Van Lieshout, 2016). This enabled us to join two of the Shoestring group trips that left on the same date. Ellen van Lieshout joined the regular group trip, whereas I joined the single traveller group trip. Both trips took place from the 1<sup>st</sup> of November until the 14<sup>th</sup> of November. The regular group trip had 15 participants, the average age was around 50 years old and different group combinations included couples, a mother and son, and a group of three friends, Ellen van Lieshout was a member of this group. In the single group tour there were 24 participants, myself included. Only two of the participants knew each other before the trip started. These were an aunt and a cousin, who both wanted to visit India and had decided to sign up for the same trip. The average age for the single group was around thirty years old.

Before we joined on the trips we spent three days working at the Sita office in Gurgaon, which is the destination management company that Shoestring uses as local agent. Sita arranges everything trip-related that happens in India, this includes things such as airport pick-ups, the bus driver and tour leader. During our days there we talked to different actors

involved in organizing the Shoestring trips. This helped us gain insight into how the organization worked and what the responsibilities of both Shoestring and Sita were.

Since there were two researchers, we were responsible for collecting each other's data. Ellen handed out expenditure booklets and hotel surveys as well and I filled out observation sheets and took notes on the role of the tour leader. We also conducted interviews with tour leaders together. This ensured that we could each gain access to more respondents in the limited time that was available. Wherever and whenever possible, we also spoke with hotel management and a representative of the local office. This helped us gain more insight into how their business worked, which departments were there and how many people they employed. All this was in addition to the information the hotel managers provided on the manager survey.

The sub-questions that were formulated regarding economic impact were:

- What are the discretionary spending patterns of tourists on a 16day group trip in North India?
- What do tourists pay to the tour operator, and where does this money end up in the supply chain?

To answer these sub-questions different methods were used. For the questions on discretionary spending we used a diary approach. To find out where the money that the tourists pay to the tour operator ends up, we used a value chain approach. Both of these methods will be discussed next.

### 3.2 Discretionary spending

Discretionary spending includes all the expenditures that a tourist makes during a holiday. It does not include the parts needed that the tourist books from home, in this case the lump sum they pay for the trip to Shoestring. In other cases, it can only be a flight, a few nights of accommodation, or an all-inclusive holiday. Frequently occurring categories of discretionary spending include food and beverages, day trips or excursions, transport, and souvenirs.

Collecting data on tourist expenditure is often done through one of two ways, these are a recall method, either through a survey or an interview, or through a diary survey (Breen, Bull & Walo, 2001). A drawback of recall surveys is that they are administered after the trip or event has finished. A problem that can occur is that the responses often suffer from recall bias (Wilton & Nickerson, 2006), which means that data can be unreliable because memory is imperfect. Breen et al. (2001) did a comparative study in which they found that the recall interviews result in lower reported expenditures than the diary method does. This confirms earlier findings that underreporting happens when the recall method is used (see f.e. Frechtling, 1994; Howard, Lankforth & Havitz, 1991). Wilton and Nickerson conclude that *“Visitor spending, when collected from the visitor with an onsite diary method or other methodology that minimized recall bias, can produce detailed accounts of individual spending patterns and daily expenditures that can be analysed further and used for policy and marketing.”* (2006, 24).

Another reported drawback of the diary method is that it can lead to a low response rate, which might lead to response bias (Breen, Bull & Walo, 2001). To generate responses an incentive was offered in the form of one Albelli gift voucher of 50 euros, which could be used to print a photo album, canvas, or phone case with travel pictures. The gift voucher was sent to all the participants after the trip. It was helpful that the researchers participated in two of the tours, because we could observe several expenditures and see if the reported spending seemed realistic. Therefore, we also kept track of our own expenditures in the categories that were measured in the diary. Since we were a part of the tour we also reminded the respondents to fill out their diaries every once in a while, especially if it appeared to be forgotten. The regular tour group had couples or people that travel in groups, to make filling out the diary every day less of a hassle for them, they could fill in expenditures per couple and we simply divided the expenditures up based on the number of people in the group. Two couples in the regular group opted to report their spending this way, so we divided their expenditures in half and separated them into two respondents for analysis.

The tour operator has two main types of group tours, the regular and the solo traveller groups. We compared spending patterns of both groups to see if there were significant differences in the spending of the two groups. This helped us calculate averages for the group spending and to extrapolate these data to calculate how much money is approximately spent by Shoestring tourists per year. To do so we needed additional data in the form of exact numbers of participants throughout the year and seasonal changes in prices. The local agent has provided visitor numbers up till the end of November 2015 and Shoestring has provided the total number of participants in this itinerary.

There were two other groups that took the tour of Northern India while we are in the field. The first one left while we were underway, however the second started in Delhi on the 23<sup>rd</sup> of November 2015. We have also handed out spending diaries to this group, which we hoped would generate extra responses. An envelope with postage to send the filled in diaries back to the researchers after the tour had finished was included with the diaries. This mail-back approach has also been successfully used by Breen et al. (2001). Although they did report low response rates, no significant differences were found between diaries that were returned on site and those that were mailed back after the respondents had returned home. Sadly, we have only received back one (n=15) of the diaries that was to be send back to the researchers. Of this diary only the first day was filled out, the rest of the diary was left blank.

In total we handed out 23 booklets in the single travellers group, of which 20 were returned. One of these had too many missing values to be included in the data set, so 19 viable responses were generated. In the regular group 13 diaries were handed out, of which 12 were returned filled in. Two of the couples in the group recorded their expenditures together, so we have divided their booklets into two, leading to 14 respondents. This puts the response rate for the expenditure diaries at 84 %.

As previously discussed the diary method is a tested measure of discretionary spending. Although problems with under- and over-reporting can be found, the researchers were in a unique position to assess the reliability of the generated data. From the diaries we received

back we could check most days to see if the spending at least approached what we observed. Some of the places we visited were on the way from one place to another, so everyone or almost everyone visited these. This means that most people should have reported the entrance fee to the tourist site in their booklet. The researchers checked the diaries day by day to see if most people reported said entrance fee, since we recorded all our expenditures too, we knew how much the diary entries should be. Aside from small missing numbers we found one large missing value in quite a few of the diaries. On the day before the last day of the trip, a tip for the tour leader, the driver, and the driver's helper were collected, however only four out of 19 respondents in the single group reported the tip money in the expenditure diary. We have thus also experienced the reported drawback of getting back incomplete data. The most notable expenditures that were forgotten were two big expenses that took place at the beginning and end of the trip, the money for the communal jar and the tip for the tour leader, drivers, and his helper was often forgotten. Another limitation in the method is that only spending that occurs in India is taken into account. The results do therefore not include any discretionary spending directly related to the trip that was done at home. This means that expenses such as parking at the airport, transport to the airport, or buying trip-specific items such as mosquito spray or extra camera batteries were not included.

To compare differences in spending patterns for the single and the regular group tour, the total spending per respondent was entered into IBM SPSS Statistics. To see if there were significant differences in spending between the groups an independent-samples t-test was used to compare means between two different groups. I reduced the discretionary spending data to eight variables, seven for total spending in each category and one for the total spending. Missing values were excluded case-wise. Normality of the data was detected using a P-P plot. Outliers were found through use of a boxplot. Homogeneity of variances has been checked for when running the t-test through Levene's test. I used the same approach to see if there were significant differences in spending in different categories.

This data collection technique can also be replicated in other groups by using the expenditure diaries, as found in the appendix. However, if replicating this method, it is



advisable as researcher to go along with the trip. Informal conversations with our fellow travellers indicated they filled out the booklets because they knew us, we talked about our research and they wanted us to succeed with our thesis research. This can also be a reason why only one of the mail-back diaries was returned, the subjects did not meet the researchers and we have not discussed the extent and purpose of our study with them, leading to less incentive to fill out the expenditure diary. Since this is an exploratory study, validity of this method is hard to assess. Randomization of sample groups in a classical sense was not possible due to the timing and the required number of respondents in the group. We followed these two particular groups because they were quite large, which was necessary to generate enough responses, but group size might have influenced spending patterns. Our own influence as researchers could have been controlled for by the mail-back group, but since no fully filled in diaries were returned this is impossible. A mail-back diary might therefore not be a feasible approach for this type of research.

For this research a selected sample was used. This was due to the fact that we were going along on a trip and in order to get enough respondents it was paramount that there were sufficient participants in the groups. We were fortunate that two groups left at the same time that had a large number of participants, thus a non-probability sample was used.

### 3.3 Value Chain Analysis

For the value chain analysis, we have referred back to the ACT project (Appelman et al.). During the project the Shoestring told us how money from the lump sum that tourists pay to Shoestring was spent. We have also gotten this for the Northern India trip that we went on. The cost-structure document for the trip is not shared as an appendix due to privacy reasons. The local agent has also provided us with details on how the overland package amounts are divided between the following categories: accommodation, transport, guide, tax and others. In combination with the average spending numbers that can be deduced from the discretionary spending diaries we calculated how much money was spent in total on the whole trip. Then we estimated how much money was spent in India as a part of this trip. Multiplying those amount with the number of tourists that go on this trip each year gave us an estimate of how much money flows directly into the Indian economy because of

this particular itinerary each year. We also estimated how much money flows into the different sectors associated with the tourism industry in India. This enabled us to see which sectors benefit the most from tourism. All this data helped us to detect the financial flows in the value chain. These results have been compared with other research into tourism value chains.

All the gathered financial data was entered into Microsoft Office Excel for analysis. Total spending per category and for the whole trip was entered into IBM SPSS Statistics for analysis.

## Chapter 4: Economic Impact Results and analysis

In this chapter I will discuss the findings relating to the direct economic impact. This includes results from the discretionary spending diaries and the value chain analysis. Both will be described and discussed below.

### 4.1 Discretionary Spending

As discussed in paragraph 3.1.1, 33 expenditure booklets were gathered as a dataset. From the mail-back diaries, only one was returned but this one contained too many missing values to be of use.

The 33 diaries that were collected back from the trips we joined, were entered into Microsoft Office Excel for analysis. We noticed that most of the booklets had missing values. Although the data looked plausible, once we looked into more detail we noticed missing entry fees and in the single group a lot of the tip money on day fourteen and quite a few in both groups missed the money for the collective jar on day one. The amount put in the jar was 2500 rupees per person, this was the same in both groups. Therefore, we decided to go through all the days one by one and check our notes to see what else might be missing. In our field notes we recorded who went on which excursion and if these entrance fees were included in the diary. We went through each category of each day for every participant and added the values that we agreed on to be missing. This led to a second data set that we believe to more accurately represent the actual spending. I think the adapted data set is fairly accurate when it comes to the activities that were done as a group. For these activities we kept records of the prices, and when we were in doubt we confirmed with the tour leader who was present and what the costs were. However, when participants did not join for dinner, or spend their free time roaming around in smaller groups, neither one of us nor the tour leader was there to observe their expenditures. Although I believe these numbers are fairly accurate, in reality people may still have spent more than we accounted for in the dataset.

The table below shows the average spending per group per category in Indian rupees and in euros for the duration of the trip. The average exchange rate during the trip was 70 rupees for 1 euro. Therefore, I used this exchange rate to convert rupees that were spent.

Expenditures	Regular group (n=14)			Single group (n=19)		
	Average	Average in €	Percentage	Average	Average in €	Percentage
Food	₹ 15.663,07	€ 223,76	49%	₹ 13.015,58	€ 185,94	44%
Excursions	₹ 7.374,36	€ 105,35	23%	₹ 5.677,42	€ 81,11	19%
Transport	₹ 1.031,43	€ 14,73	3%	₹ 314,74	€ 4,50	1%
Souvenirs	₹ 1.973,21	€ 28,19	6%	₹ 2.233,68	€ 31,91	8%
Collective jar	₹ 2.500,00	€ 35,71	8%	₹ 2.500,00	€ 35,71	8%
Tips	₹ 1.900,00	€ 27,14	6%	₹ 2.000,00	€ 28,57	7%
Other	₹ 1.766,29	€ 25,23	5%	₹ 3.778,68	€ 53,98	13%
Total	₹ 32.208,36	€ 460,12	100%	₹ 29.520,10	€ 421,72	100%

*Table 2 Average expenditure per group member*

The food category includes lunch and dinner out and breakfast in some of the hotels, sometimes we had breakfast in the bus. This was paid for from the collective jar that was collected in the beginning, it is therefore included in the category ‘collective jar’. Excursions included the entrance fees to the monuments etcetera. Transport related spendings were fairly small, which is probably because transport from place to place and to most of the excursions were included in the package. The only extra spending on transport was to use rickshaws to get to optional excursions or restaurants for dinner. Souvenirs include all kinds of memorabilia that were bought on the trip. This ranged from block printed tablecloths and bed sheets to brightly coloured umbrella’s and traditional clothing. Before adapting the data, the category ‘other’ was quite large because it included two large expenses. These were the money for the collective jar (2500 rupees) and the tips for the tour leader, driver, and his helper (approximately 2000 rupees). I have subtracted these amounts from the other category and added them in the tips and collective jar category. In the future it might be advisable to include a category for tips in the expenditure booklet or ask respondents to specify the expenditures reported in the other category. Another thing to note is that quite a few respondents missed the tip and the collective jar in their diary. This could be because it was spent at the very beginning and at the very end of the trip, so people might still have to get used to reporting their spending or forgot because they were nearly finished with the

trip. However, it is interesting because these were also the highest individual amounts spend for most respondents. The money for the collective jar was collected by the tour leader, both of them verified that everyone had paid this amount. The tips were collected by members of the group, they also confirmed that 2000 rupees was the average amount everyone on the tour gave.

From table 2 we can also see that almost half of the discretionary spending went towards food and drinks, making this the highest expenditure after booking the trip. Relatively high spending on food can be positive because the agricultural sector forms an important linkage between the local economy and the tourism industry. Consuming locally produced food and beverages provides farmers with supplementary income and might increase employment (Mitchell & Ashley, 2010). Both groups also spend about a fifth of their money on excursions. Transport and souvenirs take up a relatively small amount of discretionary spending. Especially the spending on souvenirs seems fairly low. However, an interesting pattern was found in the diaries. Some people reported very high amounts of spending on souvenirs, up to 6800 rupees (almost € 100) whereas seven respondents reported not spending any money on souvenirs. These extreme differences in spending can explain why it makes up a small portion of total spending on average. It also suggests that how much is spent on souvenirs is a highly individual decision, as opposed to for example having dinner, which was often done as a group.

From the table it can be seen that the participants in the regular group spent 460 € and participants in the single group spent 420 € of pocket money on average. Shoestring does provide a guideline on how much extra expenses can be expected in the tour information package. This guideline estimated that around 150 – 200 € per week should be expected, for this two-week trip that would amount to 300 – 400 €. Although this guideline excludes souvenirs both of the groups still spent in the upper range of the guideline. Excluding the souvenirs, the regular group still spent more than 400 € on average and the single group spent slightly less than that. It is interesting to note that in both group some travellers commented that they thought they were spending much more than the Shoestring guideline.

Shoestring also recommends an amount to tip the tour leader, the bus driver and his helper. The recommendation is that the tour leader receives around 1 € (= 70 rupees) each day and the driver and his helper receive 0,50 € (= 35 rupees) together. In both groups there was a discussion on how much rupees the tips should be and how it should be split between the tour leader, driver, and helper. In the regular group the total tip everyone gave was 1900 rupees, which included 1000 rupees for the tour leader, 600 for the driver and 300 for his helper. In the single group the tour leader received 1000 rupees as well and the driver and his helper received 500 rupees each. Comparing this to the advice, for a tour of 14 days the tour leader should receive 980 rupees per person, the driver and the helper 500 together. This adds up to around 1500 rupees. Both of the groups tipped more than the guideline to the driver and his helper than what was recommended. In the single group the argument was made that it was very little money for us as tourists and that they deserved a little more.

For further analysis of the expenditures, I used IBM SPSS Statistics to see if there were significant differences in the total spending of the regular and single group. A boxplot of the data revealed that there was one outlier in the regular group, so this case was removed from the dataset in SPSS. It was kept for description and in the table above because it did represent a valid response. The person whose diary was an outlier had a suit made by a tailor, which was a major expense no one else had. The diary is only excluded here to improve the stability of the statistical tests. Therefore, slightly different means will be reported below. After removing the outlier, the boxplot showed no more outliers. The boxplots before and after removing the outlier can be found in Appendix B.

The P-P plot shows that all scores are close to the diagonal line, therefore normality of the data can be assumed. No obvious skewness or kurtosis can be detected in the total spending data, thus we can assume that the total spending of the sample is normally distributed.

Levene's test is insignificant at .064 ( $p > .05$ ), so we can assume that the variance in the data are equally distributed. The P-P plot can be found in Appendix B.

I found that on average, participants in the regular group ( $M = 31777$ ) did not spend more or less money than participants in the single group tour ( $M = 29464$ ). This difference ( $-2313$ ), was not significant  $t(29) = .98, p = .334$ ; however, it did represent a small effect size,  $r = 0.18$ .

Since no significant difference was found for either group we can use the average of all respondents' spending to estimate how much was spent in India during all trips made in Northern India executed by Shoestring in 2015. According to Shoestring 130 people participated in the trips in the year 2015. The average total spending per participant was 30990 Rupees, therefore we can estimate that total spending was  $130 \times 30990 = 4,028,700$  Rupees. This equals approximately 57,500 euros.

This might seem like a small amount over the course of a whole year, especially considering the enormity of the Indian economy. However, in a country where a meal on the street can be bought for around € 0,50, this is still a considerable amount. Also taking into consideration that this only evaluates one Indian itinerary out of the 11 itineraries that Shoestring offers, this still adds up to a significant amount annually. The spending data we collected might be partially representative for other Shoestring itineraries. The so-called "golden triangle", which consists of the cities Delhi, Jaipur, and Agra, is included in 8 out of the 11 offered itineraries. Spending on certain categories such as entrance fees and food might be similar on those days. However, discretionary spending can be influenced by so many other factors, including trip length or partaking in one of the "on a budget" trips, thus we cannot assume our results are representative for other itineraries. It is also important to keep in mind that prices might change throughout the year and that the sample is not necessarily representative for the whole population. However, this is the closest to proper representation of tourist spending we can get at this point in time.

To see if there were significant differences between spending patterns of the different groups, I also ran t-tests to find differences in spending on the different categories between the single and regular group. The P-P plots for this data showed slight hints of skewness and kurtosis, which could be because of actual skewness and kurtosis in the data, or it can be a

misrepresentation in the plot because the sample size is quite small. Skewness measures the symmetry of a frequency distribution, a positive skew means that there are more frequent scores at the lower end. When the scores are more frequently at the higher end, there is a negative skew in the data. Kurtosis is a measure for the degree of scores that are at the tail ends of a frequency distribution. Although the tables showed only slight hints of both skewness and kurtosis, it is advisable to use the bootstrapping option in order to calculate more robust confidence intervals for the t-test statistics (Field, 2013).

Running the independent samples t-test showed significant differences in mean spending in the categories food, excursions, transport and others. The test could not be run on the categories other and communal jar because every participant spent the same. The difference in mean spending on souvenirs was not significant.

On average, participants in the regular group ( $M = 16968.40$ ,  $SE = 567.44$ ) spent more on food than participants in the single group ( $M = 13172.87$ ,  $SE = 607.54$ ). This difference, 3795.53, BCa 95 % CI [2222.35, 5403.75] was significant  $t(23) = 4.32$ ,  $p = .000$ ; this represents a large effect size,  $r = .67$ .

In the excursions category the regular group ( $M = 7754$ ,  $SE = 571.17$ ) spent more than the single group ( $M = 5530$ ,  $SE = 516.86$ ). The difference 2223.93, BCa 95 % CI [596.00, 3851.86] was significant  $t(23) = 2.82$ ,  $p = .01$ ; this represents a large effect size  $r = 0.51$ .

In the transport category the regular group ( $M = 1139$ ,  $SE = 204.85$ ) spent more on average than the single group ( $M = 364.67$ ,  $SE = 69.35$ ). The difference, 774.33 BCa 95 % CI [377.87, 1186.58], was significant  $t(11.09) = 3.58$ ,  $p = .004$ ; this represents a large effect size  $r = 0.73$ .

The regular group ( $M = 2017$ ,  $SE = 704.19$ ) also spent more on souvenirs than the single group ( $M = 1795$ ,  $SE = 498.3$ ). This difference of 221.66, BCa 95 % CI [-1510.64, 1953.98] was not significant. The confidence interval ranges from negative to positive, which also indicates that the effect of group on spending on souvenirs could be positive, negative or



zero (Field, 2013). This means that there is no significant difference between groups for expenditures in the souvenir category.

The category other expenses is the only category where the regular group ( $M = 1312$ ,  $SE = 361.09$ ) on average spent less than the single group ( $M = 4772$ ,  $SE = 1428.64$ ). This difference,  $-3460$  BCa 95 % CI  $[-6587.91, -332.09]$ , was significant  $t(15.75) = -2.35$ ,  $p = .03$ , it represents a large effect size,  $r = 0.51$ .

As we have seen the group the respondents travelled in affected their spending in the categories food, excursions, transport, and other. The categories collective jar and tip were not included in the analysis because in both the regular and the single group everyone has spent the exact same amount on this. This leads to a standard deviation of 0 in both groups, thereby making it impossible to run a t-test in SPSS.

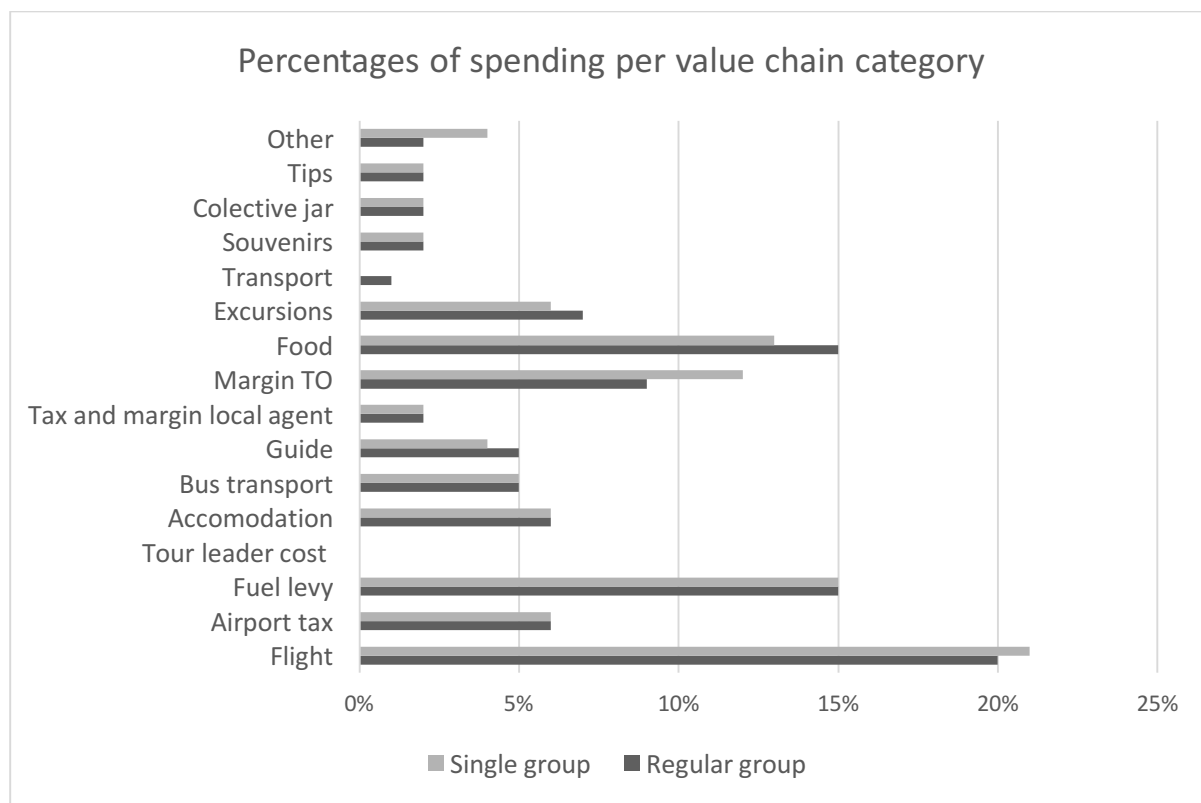
Although we did find significant differences in spending, it is impossible to attribute causes to these differences. From what I heard from the other researcher, the regular group did frequent more expensive restaurants than the single group, but we are not sure if this because of preferences of the guide, because of the group, or simply a coincidence. The difference in transport and excursions spending could be because of how the programme was structured, the regular group seemed to have more free time. This is not necessarily due to scheduling by the guides but the single group was larger and thus overall slower, leaving less time to go out and explore on their own. Therefore, the single group may have spent less money on transport and excursions outside of the itinerary. The only category in which the single group spent more than the regular group was the other category. This might be due to the fact that the single group visited a tailor. Several individuals made relatively large purchases here, which increased their reported expenses in the other category. The regular group did not visit the tailor, which might explain the difference in this category.

## 4.2 Value chain analysis

The average total spending on the whole trip, which includes the package booked from the Netherlands and personal expenditures, was € 1421 for the single travellers group and € 1459 for the regular group. These numbers enabled me to calculate how much of the total spending reaches the destination and how much money ends up in the country of origin or other places. For the single travellers group 46 % of total spending on the trip reached India. Of the regular groups spending 50 % reached India.

These percentages are similar to the averages found in other studies. For example, Anyago, Van der Duim & Peters (2013) found that local expenses ranged from 33.54 to 47.85 % for several African itineraries that were arranged by another Dutch tour operator. It is noteworthy that these itineraries were vastly different from the one we were on and took place in an entirely different continent. Still it is striking that we find similar percentages as to how much of the money reaches the host country.

I have adapted the value chain proposed in the ACT project (Appelman et al. 2015) into categories to show which part of the total expenditure is spent where. The spending per category was calculated as a percentage of the total spending, so this includes expenses in The Netherlands and India done by the tourists, the tour operator and the local agent. The diagram below shows how the total spending is split up between different actors in the value chain. As you can see there is very little difference between the two groups. Spending in The Netherlands makes up about half of total spending and includes the flight, airport tax, fuel levy, and the tour operator margin. Some of this money might also flow elsewhere, for example if a non-Dutch airline is used. Shoestring uses different airlines for different trips, depending on availability, preferred airport to depart from, and price. The groups that we joined in India arrived on different times and with different flights. All other categories of spending happened in India.



*Table 3 Average spending per category*

As table 3 shows the food industry benefitted the most. We ate Indian food in local restaurants and drank Indian beer and rum. For the regular group food and beverages took up 15 % of the total spending and for the single group this amounted to 13 %. The linkage between the agricultural and food production industry and tourism is seen as an important one due to the labour-intensive nature of this industry (Mitchell & Ashley, 2010). Licensed tour guides were used at several of the excursions, this added up to 5 and 4 % for the regular and the single group respectively. The 7 and 6 % of spending on entrance tickets to the sites we visited, spending on excursion was the next largest category. Both of these categories have an impact on labour, it not only provides work for the tour guides but also for staff at the sites. 6% of total spending for both groups reaches the accommodation sector. Although this is only a small part, it is still an important direct economic impact. Especially because we have found in our survey amongst hotel managers that most of the employees are Indians and all of the hotel owners are Indian as well. Tourism is also a low-skilled and labour-intensive industry, thus creating jobs for low-educated locals. This

suggests that leakages for the accommodations sector are minimal and there might be a significant induced impact related to the accommodation industry.

Spending on souvenirs was fairly low, consisting of only 2 % of spending in both groups. This is unfortunate because Mitchell & Ashley (2010) identify the craft supply chain as an important linkage between benefits and earnings of poor people to tourism. Transport constitutes 5 % in both groups, this includes work for the driver and his helper during the tour, fuel and costs associated with owning or renting the vehicle. The local agent explained that they do own several of the busses that are used, but they rent extra busses during the high season.

In 5 tourism value chains in Africa that Ashley and Mitchell (2010) have compared, they found that the flights made up a large part of spending, anywhere from 25 to 50 %. The flight, airport tax and fuel levy in our itineraries add up to around 40 %, similar to the African itineraries. There is a distinct difference in spending on accommodation, which is at least double for the African itineraries, this could be explained by the fact that the data Ashley & Mitchell used are from a high-end tour operator and therefore includes more expensive hotels than our itinerary did. Spending on food and beverages was lower in the African itinerary than in our trip in India and transport was a larger part of expenses in Africa. In summary some industries take up a larger part of the total expenditures than others and this appears highly dependent on the destination, the type of trip and the purpose of the trip.

## Chapter 5: Social Impact Methods

### 5.1 Working conditions

Regarding the work circumstances, the following sub-questions were formulated:

- What are the working conditions of hotel employees?
- How do hotel employees perceive the impacts of tourism?

To answer these questions, we used two separate methods as well. The first was a survey we set out amongst hotel employees and managers that worked in the hotels that the groups frequented on the trip. The second was by using observation sheets that were filled out by the researchers for each hotel. I will explain the surveys and their analysis below.

### 5.2 Employee and Manager Surveys

To gain insight into the work situation of the hotel managers and employees we constructed a questionnaire for both the employees and the managers.

The employee questionnaire can be found in appendix C. It included a cover letter to explain that we are two postgraduate students doing research into the impact of tourism and guaranteeing anonymity. The questionnaire started with a 5 point Likert-type scale that measures the perceived impact of tourism with statements such as “Tourism has created more jobs for your community” and “Tourism has increased the crime rate”. These were asked to be rated from 1 = strongly disagree to 5 = strongly agree.

The ‘perceived tourism impact scale’ had been adapted from Yoon, Gursoy & Chen (2001). They theorize that the different dimensions of tourism impacts include economic, social, cultural, and environmental impacts. These dimensions influence the host’s reaction to tourism development. We used an adapted version of the scale to assess how hotel employees and managers perceive the impact of tourism on these different dimensions.

In addition, we asked general questions. These included work related question, which were in which city the employee worked, how far they had to travel from home to work, what

their function in the hotel was, and how many hours they work in a week. The demographical questions were at the very end, and included gender, age, place of birth, how many adults and children were included in their household, and the highest level of education the employee completed.

The general questions were constructed to give us an idea of what the population of hotel employees looked like. I have used descriptive statistics to be able to describe the average age, male-female ratio, how much time they travelled to work, and the highest level of education that was completed by the respondent. The questions relating to demographical information were put at the end of the survey to ascertain that the questions would not influence the answers to the perceived impact scale.

The questionnaire for managers differed from the employee survey; it included an extra page with questions about the hotel and its' employees. The manager version of the questionnaire can be found in appendix D.

The extra questions were:

- Which countries are the hotel employees from?
- How many beds does the hotel have?
- What is the yearly occupancy rate of the hotel?
- What percentage of guests travels with Shoestring?
- Where is the owner of the hotel from?
- Do all employees have a contract?

These questions were formulated to get some more background information on the hotels. We were interested in finding out whether the Indian tourism sector used labour from other countries and if the owners of the hotels were local or international. We also asked about the amount of beds, yearly occupancy rate, and percentage of Shoestring guests, in order to gain an understanding of how dependent these hotels are on the Shoestring clientele. We wondered if all employees had an employment contract, since this is not always the case in India. This last question could be a sensitive one, which is why we were hesitant to put it in.

However, we reasoned that using the anonymity of a questionnaire might give more reliable answers than asking the managers this question directly.

We printed and distributed questionnaires for the manager survey and the employee survey for each of the hotels that were used on the two trips. The hotels we used included three hotels that had not been used before by Shoestring and three hotels that are normally used for Koning Aap trips. The hotels that are used for Koning Aap trips are higher-end. Whereas Shoestring generally uses two star hotels, the Koning Aap accommodations are usually three star hotels. These hotels are generally used when there are no or not enough rooms available in the Shoestring hotels, or there is no suitable two-star accommodation in an area frequented on the trip. I choose to include the Koning Aap hotels in the study because our trip frequented them and they were thus a part of the two itineraries. Before we left, the main office of the local agent told us which hotels they normally used, which were new, and which were three-star Koning Aap accommodations. There were only two hotels that they normally used for the itinerary that were not included in our trip. We also approached these hotels to fill out our surveys after the trip had finished, so all of the hotels that are used for this North India itinerary are included in the survey results.

To distribute the surveys, we approached the managers and explained to them who we were and what we were doing. Then we asked if they could hand out the surveys to a variety of staff and fill out the manager questionnaire themselves. We also asked if they could anonymously collect the questionnaires of employees. Most of the managers were helpful and gave us back at least a few fully filled in questionnaire before we departed. However, at the first hotels did not receive a lot of completed questionnaires. Luckily we returned to New Delhi at the end of the trip and thus managed to approach one more hotel and hand them out in one other hotel again. Therefore, we still have responses from hotels in New Delhi. Since we did not receive many completed questionnaires in Delhi, we asked the tour leaders for advice. The tour leaders suspected that, although the hotel managers agreed to hand out the questionnaires, they did not fully understand what we asked of them. Therefore, the tour leaders explained to the hotel managers who we were and what we were doing at the hotels in the local language. This may have been helpful because we

were under the impressions that sometimes the managers did not fully understand who we were and what we wanted to achieve. There were several hotels where we did receive back all the questionnaires, but only the demographical questions were answered. We have chosen to include these for analysis because they did provide valid descriptive data about the employees. The collected responses were part of a non-probability sample, because respondents were approached by the hotel manager. This could have led to different types of bias in the data, however we were unable to approach employees directly to ask them to fill out our questionnaire, mainly due to the language problem. It was simply impossible to explain to a lot of the employees what we aimed to do in a way that they understood.

The language was a major limitation during the fieldwork, especially for the surveys. Although the managers and employees all work in the tourism industry, a lot of them were not fluent in English, which was unexpected. This meant that in some hotels, the managers translated the statements for the employees and recorded their responses. Not all of the questionnaires were thus filled out individually. This could have influenced the way the respondents reacted to the statements, since their manager was the one administering it. Even though we had a tour leader with us that helped with translations, he told me that since there are a multitude of official languages and countless local dialects it can be difficult for Indians to communicate with other Indians effectively. To my knowledge this was the first time that this particular scale was administered outside of the United States. It could be that a survey based on interviews with the community yields different impacts that are found to be important in India but are currently excluded from the questionnaire.

We handed out a total of 150 employee questionnaires and 16 manager questionnaires, so 166 questionnaires in total. Of these we received 108 questionnaires back, leading to a response rate of 65,1 %. When we only received a few completed questionnaires back, we asked the managers for an explanation. One of the main reasons given was that there had not been enough time to fill them out, this happened in some hotels where we stayed for only one night where we had arrived late in the evening and left early the morning after. On the other hand, there was also a newly-built hotel that was used for the first time by Shoestring, that saw the questionnaire as an opportunity to make a good impression. Here



the manager handed back 10 completely filled in employee questionnaire and a manager questionnaire including a kind note. Due to the method and the support from the tour leaders and the local office, I expected a fairly high response rate before we entered the field. Although 65,1 % is lower than I hoped for, it is still a fair response rate.

The additional data provided by the hotel managers was entered into Microsoft Office Excel. Although we collected 16 manager questionnaire, most of them contained some missing values. While we were still in India, I reached out to several of the hotels to ask for specific missing values, for example the amount of beds. This led to some additional data, which I included in the Excel document. In the result section I will describe the range of hotels we visited based on the characteristics we asked about during the survey. To give an idea about the size of the hotels we have included the amount of beds and the number of employees. We could assume that there is a direct relation between the number of guests that visit a hotel and the number of employees. Then we could argue that the percentage of guests in the hotel that is there with Shoestring, is responsible for an equal percentage of employees. We thus assume a direct relation between the number of hotel guests and the number of employees. This allows me to calculate approximately how many jobs exist in individual hotels, due to the fact that these are used by Shoestring. Although this crude calculation leaves out the fact that some jobs will be necessary even without any guests (think for example of reception and security) and that there might be all sorts of linkages that lead to additional jobs, it does serve as an illustration of the impact of Shoestring tourism on the amount of jobs.

Since the area we visited borders Pakistan and is fairly close to Nepal, we also included a question about the nationality of the employees. This question was included to assess if foreign labour was used in the hotels. We also included a question about the nationality of the owner of the hotel. Both foreign ownership and using immigrant labour could be an anecdotal illustration of possible financial leakages. We also asked if all employees had a contract, because the Kuoni report (Kuoni, 2014) described problems with sub-contracted labour. Additionally, we asked for the occupancy rates of the hotels and the percentage of guests that travelled with Shoestring. These last two numbers, combined with the number

of employees, were used to calculate a rough estimate of how many jobs were created due to the visiting Shoestring tourists. The data provided by the hotel manager is used as background information and helps us identify additional characteristics of the hotels used for this itinerary, it thus provides context for the perceived impact scale.

All of the gathered survey responses were then entered into IBM SPSS Statistics for analysis. For the demographic questions I used frequencies to get an idea of our average respondent. This gave us insight into general characteristics of the labour pool that works in the hotels.

### 5.3 Exploratory Factor Analysis

The next step was to run an exploratory factor analysis, which can be used to identify groups of variables that point towards an underlying dimension. The variables that can be grouped together are a factor. In the case of questionnaires or scales the factors consist of different statements or questions that refer to the same underlying construct. Although SPSS statistics groups factor analysis and principal component analysis together in the program, they are different in several ways. Here I have chosen to use an exploratory factor analysis instead of a principal component analysis because we are were interested in the underlying real-world factors. Factor analysis and principal component analysis differ because of the assumptions they are based on. Factor analysis assumes that the factors we find, point towards a real life construct of dimension. We can then figure out a name for this dimension by looking at the common theme of the statements that are part of the factor.

There are several criteria to determine how many factors should be kept for analysis, this is called factor extraction. One of the ways to determine how many factors to extract is by looking at the eigenvalues associated with the different factors. The eigenvalue gives an indication of how important a factor is, thus it makes sense to keep the factors that have a high eigenvalue and dismiss factors with a low score. Kaiser's criterion suggests that we keep all factors with an eigenvalue greater than 1. On the other hand, Jolliffe argues that this is too strict and suggests to extract all factors with an eigenvalue larger than 0.7 (Field, 2013).

Another method that is often used to determine the amount of factors is by looking at the scree plot. The scree plot shows the eigenvalue plotted against the factor it is associated with. Since there are a lot of factors with a low eigenvalue score and a few with a higher score, the plot usually shows a steep decline. The point where this decline stops and the line suddenly becomes much flatter, is called a point of inflection. All the factors that score higher than the point of inflection are extracted. Generally, the factor associated with the point of inflection is not included, because it is argued to be an error factor (Field, 2013). It also has quite a low eigenvalue score when compared to the other factors, so it makes sense to exclude it from the analysis.

After deciding how many factors to extract, we can also apply a type of rotation to the analysis. Rotations are used to simplify the interpretation of the data. After the factors are extracted, it is possible to calculate how much each variable loads onto each factor. In general, each variable should have a high loading on the most important factor and much smaller loadings on all of the other factors (Field, 2013). However, the sheer amount of numbers makes it difficult to interpret these loadings. In order to differentiate between the factors, a rotation can be applied. Field explains how rotation works visually saying that “if we visualise our factors as an axis along which variables can be plotted, then factor rotation effectively rotates these axes such that variables are loaded maximally to only one factor.” (2013: 679).

There are several types of rotation, which can be categorized into either orthogonal and oblique rotation. The main difference between the categories is that orthogonal rotation assumes that there is no relation between the different factors, whereas in oblique rotation factors can have an underlying relationship (Field, 2013). The choice between oblique and orthogonal rotation is thus up to the researcher. For my study an oblique rotation makes more sense, because the different factors might be related to each other. All of the items on the scale relate to the perceived impact of tourism, so for example how environmental and social impacts of tourism are perceived, can definitely be related. Therefore, I have selected the direct oblimin rotation, an oblique rotation which Field (2013) advises to use for factors

that can theoretically correlate. Promax is the other option for oblique rotation, but it is usually applied to much larger datasets than the one I have collected.

To assess the reliability of the perceived tourism impact scale, I ran a reliability test. A Cronbach's Alpha score of higher than .75, indicates a reliable scale (Swanborn, 2010). Field (2013) accepts Alpha scores upwards of .7, with .8 indicating a good reliability. So after the initial reliability analysis I ran the same test again, but this time I used the 'scale if item deleted' option in the reliability analysis. This shows us if excluding certain items would improve the reliability of the scale.

## Chapter 6: Social Impact Results and Analysis

Aside from economic impact, this thesis also deals with some of the social impacts. I have severely limited the amount of issues relating to social impact that are discussed in this thesis. Why and how I have chosen to do so, is described in the first chapter. Here I will look at the labour circumstances in the hotels and I will discuss the results of the tourism impact scale that we asked hotel managers and employees to fill out.

### 6.1 The accommodation sector

The hotels that were included in the itinerary ranged from quite small to medium-sized. The number of beds ranged from 24 to 110, with an average of 72 beds per hotel. Occupancy rates of the hotels ranged from 20 to 98 %. The lowest occupancy rate was reported in Shekawati, which was also the smallest place that we visited. The other hotel that was used in Shekawati had a 50 % occupancy rate. The highest occupancy rate was, unsurprisingly, reported in Delhi, where the other two hotels reported 85 % and 92 % occupancy rates. The second-highest occupancy rates were reported from Agra. The average occupancy rate per place in the itinerary can be found in the table below, they are reported from the highest to the lowest score.

Place	Occupancy rate	Percentage of Shoestring clients
Delhi	92,20%	54,30%
Agra	80,50%	38,00%
Udaipur	61,50%	4% *
Jaipur	58,50%	75% *
Bikaner	57,50%	57,50%
Pushkar	46,00%	68,00%
Jodhpur	44,50%	
Nawalgarh	35,00%	20,50%

*Table 4 Hotel occupancy rates and shoestring guests*

As we can see from the different occupancy rates in the table above, tourism is not spread evenly throughout Rajasthan and the surrounding area. Delhi, as the capital city, and Agra, the home of the Taj Mahal, have the highest occupancy rates. This makes sense because most people that are visiting India fly in to the Delhi international airport and the Taj Mahal is the most famous site in India. The percentage of Shoestring guests in hotels varies widely.

It is striking that the highest and lowest reported percentages are both based in places where only one of the hotels reported this number. The low 4 % reported by Udaipur can be explained because this hotel is not generally used. Since there were two trips at the same time, the usual hotels did not have enough free rooms to accommodate the guests. This could explain the comparatively low percentage of Shoestring guests. Aside from that, we can see that all of the hotels get a significant part of their business from the fact that Shoestring uses these hotels during their trips. It is hard to assess how accurate these percentages are. There was a fair amount of managers that did not fill out these questions, suggesting they did not know or had no access to these numbers.

Seven of the hotels provided both the number of employees and the percentage of guests that travelled to their hotel with Shoestring. For simplification I assumed that if Shoestring did not use these hotels, then the rooms would have stayed empty. Then we also need to assume that the number of jobs in the hotel, is directly related to the number of guests of the hotel<sup>1</sup>. If we accept both of these assumptions, we can calculate the number of jobs that results from the usage of these hotels. For example, the first hotel in the table below has 126 employees and reported that 38 % of their guests travelled with Shoestring. If the number of staff relates directly to this percentage, we can multiply the number of employees by the percentage of Shoestring tourists. This leads to  $126 * ,38 = 47,88$ , so approximately 48 jobs exist due to the tourism that Shoestring brings to this particular hotel. I have done this same calculation for the other 6 hotels that provided the necessary numbers. An overview of the result can be seen in the table below.

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<sup>1</sup> Other factors, such as outsourcing, 24-hour room service, having a pool and pool staff, all day restaurants etc., influence the number of jobs in a hotel as well, but these could not be measured in the research and are thus left out of the calculation.

Hotel	No. Of Employees	Percentage of Shoestring Guests	Number of staff due to Shoestring guests
1	126	38%	47,9
2	45	4%	1,8
3	80	40%	32,0
4	25	35%	8,8
5	40	6%	2,4
6	28	23%	7,8
7	70	85%	59,5
Totals	414		160,2

*Table 5 Staff due to Shoestring guests*

It is important to note that these hotels are also used for other Shoestring itineraries that visit these places, so these jobs do not exist because of the itinerary that we followed, but also due to all the other Shoestring itineraries that use these hotels. The smallest number of jobs found was 2 and the largest was 60 jobs per hotel. The wide range of numbers is not only related to the percentage of guests from Shoestring, but also to the amount of employees. In a hotel with more employees, more jobs can be attributed to Shoestring tourism than in a hotel with fewer employees, even if the percentage of Shoestring tourists is the same.

We have found striking differences in numbers of employees per hotel. The highest amount of employees was reported by a hotel in Agra, which had 126 employees for a hotel with 82 beds, leading to 1,5 job per bed. On the other side of the spectrum we found two hotels, one in Jodhpur and one in Nawalgarh, with only 25 employees. In both of these there were only around 0,4 employees per bed. Thus there is a large variance in the amount of employees used to operate these hotels. There could be several reasons for this variance, for example some hotels might just serve breakfast but not operate a restaurant, thus having fewer employees. It could also be the case that they outsource a part of their operation. Kuoni (2014) reported that security and laundry are sometimes outsourced to other businesses. However, we have found no proof that either of this is the case. On the other hand, both Ellen van Lieshout and I have observed that in some of the hotels and in some of the restaurants we frequented, there seemed to be a much higher number of staff

than we would have expected. In some restaurants there was one server for one or two tables and in some hotels there were three people behind the reception.

All of the managers reported that the hotel owners were Indian, usually from the immediately surrounding area. Local ownership can be seen as a positive because it leads to less leakages than international ownership or being part of a hotel chain. These franchises or international chains generally have operations elsewhere that will require spending of revenue outside of India. In this sense local ownership can be a positive thing.

6 out of 15 managers reported that not all employees had a contract. One manager left the questions blank. This is troublesome because informal workers are generally less protected by rules and regulations. This lack of contracts was also reported in the earlier Kuoni (2014) report and our surveys have confirmed this. Reducing informal labour relations and ensuring all workers have a contract and are thus better protected, could be an action point for both Shoestring and the local agent.

Aside from the general information on the hotels that we collected from the hotel managers, we have also included general questions about the employees and the work that they do. These will be discussed next.

## 6.2 Labour circumstances in the accommodation sector

All of the 108 returned questionnaires were entered into an SPSS database for further analysis. Of these respondents 92.2 percent was male ( $n = 94$ ) and 7.8 percent was female ( $n = 8$ ). The average age of respondents was 30 years old. The lowest reported age was 18 and the oldest respondent was 55 years old. The average amount of weekly work hours reported was 59 hours a week. The lowest amount of weekly hours was 8 and the highest was 84 hours a week. This means that the person that reported the most hours, worked 12 hours per day, 7 days a week.

The highest degree of schooling completed by the respondents varied a great deal. 11 respondents (10.9 %) reported that they only completed primary school. 37 respondents



(36.6 %) completed secondary school, this was also the largest group. On the other end of the spectrum nearly a quarter of the participants completed a postgraduate degree and 16 individuals (15.8 %) reported finishing an undergraduate degree. The smallest groups reported finishing either a technical school or vocational training, with 6.9 and 5.0 percent respectively. These frequencies show that a large percentage of our respondents is highly-educated. This makes sense because our survey includes hotel managers and we could assume that highly-educated individuals have a higher level of English and were thus asked to fill out a survey. It also shows that the accommodation sector provides employment for a large number of low-educated workers, since more than half of the respondents reported finishing no higher education than secondary school.

Employees from all kinds of different positions in the hotels were asked to fill out the survey. The largest groups of respondents were made up of staff from the reception, housekeeping, waiters and management. 20 respondents worked in reception (19.2 %) and 18 worked in housekeeping (17.3 %). There were also 18 respondents that worked as a waiter and 18 managers that filled out the questionnaire. These groups were followed by kitchen (9.6 %) and security staff (7.7 %) and a few really small groups with only 2 or 3 respondents that worked as bar staff, technical staff, bellboys, accountants and several other supporting roles.

The respondents all worked in hotels along the itinerary that we followed with the Shoestring trip. Almost 20 percent of the respondents worked in hotels in Agra (n = 21). 17 responses were generated from hotel personnel in both Udaipur and Jodhpur (15.7 % each) and 16 in Delhi. Employees from hotels in Bikaner generated 13 percent (n = 14) of responses and 12 respondents worked in accommodations in Shekhawati (11.1 %). In Pushkar both of the groups were staying in the same hotel, here 8 employees filled out the questionnaire (7.4 %). The smallest amount of responses was gathered in Jaipur, where only 3 responses were generated (2.8 %). Most of the staff lived close to the accommodation, 30.1 % travelled less than 10 minutes to work and more than half of the respondents travelled less than 20 minutes to the hotels. 16.5 % of the respondents reported needing 20 – 30 minutes to travel to work, whereas 15.5 % lived 30 – 60 minutes away from work. 12.6

% of the respondents reported travelling more than 60 minutes to get to work. This shows that the majority of respondents lived fairly close to their place of employment.

In some places most of the hotel employees were born in the same city as they were employed in. For example, in Agra 18 out of the 21 respondents were born in Agra and in Udaipur 14 of the 17 employees were born in Udaipur. On the other hand, in the capital city Delhi only 5 out of the 16 employees were actually born in Delhi, which might indicate that respondents moved to Delhi to find employment. Only one of the respondents from Delhi indicated traveling longer than 60 minutes to work. Given the sheer size of Delhi the respondents must live in the city, so it makes sense that they moved to Delhi for employment opportunities. Overall 3 out of 4 respondents were born in the same city they worked in.

As we have seen, the average worker is male, around 30 years of age and live fairly close to work. He is either university educated or has only finished primary or high school. There is also a 75 percent chance he was born in the same city he was employed in. He also works around 60 hours a week.

Only a few females responded to our survey. This is consistent with our observations; we have only seen a few females working in the accommodation sector. The tour leaders confirmed in their interviews that the accommodation sector is not generally seen as a suitable employer for females. The local agent and the tour leaders also mentioned that there are very few female tour leaders, they do exist but are an exception to the rule. The tour leaders explained to us why the life of a tour leader is deemed unsuitable for most females, saying that: *“all overnight trips to stay away from home for many days, if she is married than children are at home. She has responsibilities of taking care of children and parents and all. I think this is the main reason they cannot stay away from home for long time”*.

Low female employment numbers are not specific to the tourism industry in India. According to key economic and labour indicators recently released by the ILO (2016) the

female labour participation rate in India was only 31.1 % in 2013-2014. This participation rate has actually declined over a quarter over the years. Back in 2004-2005 the female participation rate was 42.7 %. For males the labour participation rate is 75.7 % in 2013-2014, indicating that a substantial gender gap still remains. According to the ILO the employment rate for women only increases 0.3 % annually, whereas the male employment rate grows nearly 2 % yearly.

In this way India contrasts with the view of the tourism industry and hospitality sector being mostly work for females. There are many studies that not that most of the jobs in the tourism industry are held by females, especially when it comes to lower-paid, seasonal, and part-time positions. On the other hand, most managerial positions are held by men (Wall & Mathieson, 2006). One of the tour leaders summarized the situation in an interview, saying that: *“Practically I would say that there is not much role of women in tourism industry. Like as long as I have seen mostly Indian economy is man-dominated economy whether you go in the market, when you see the shops is very rare to see a woman running a shop or maybe riding a car or a motorbike is mostly the man.”*

### 6.3 Perceived Tourism Impacts

To calculate the overall perceived impacts of tourism I have recoded the negatively worded After the recoding a high score means that the respondents perceive impacts of tourism positively and a low score means they perceive impacts negatively. I will discuss the means for the statements to see if there are any really high or low scoring statements, these means have not been recoded, so a low score on a negatively worded statement meant that the respondent disagreed with the statement. The average score for the whole scale will also be discussed.

The overall mean score on the scale was 3.59, indicating that respondents had a positive overall view of tourism impacts. This positive view was mostly due to the economic impacts of tourism. The highest scoring statement on the scale was “Tourism has created more jobs for your community” (M = 4.09), which makes sense since all of our respondents were employed by the tourism industry. The respondents also agreed that tourism has attracted

investment ( $M = 4.01$ ) and spending ( $3.36$ ) in their community. Tourism is also seen to increase the standard of living ( $M = 3.63$ ). The idea that high spending tourists negatively affected their way of life was disagreed with ( $M = 2.55$ ).

The respondents also agreed that meeting tourists helps them understand their culture and society ( $M = 3.76$ ), leads to cultural exchange ( $M = 3.56$ ), positively affects their cultural identity ( $M = 3.53$ ) and encourages a variety of cultural activities by local residents ( $M = 3.56$ ). On the other hand, the statement that tourism has changed their precious traditional culture was disagreed with ( $M = 2.37$ ). Respondents disagreed that tourism resulted in traffic congestions, noise, and pollution ( $M = 2.41$ ) and did not think that tourism construction destroyed the natural environment ( $M = 2.48$ ). Tourism is also not thought to have increased the crime rate ( $M = 2.24$ ).

Overall it is striking that the economic and cultural benefits are clearly agreed with, the negative impacts are generally disagreed with. The respondents seem to have a tendency to recognize the benefits and overlook the negative impacts. Other research suggests that individuals that work in the tourism industry are generally more positive about the industry. For example, Milman & Pizam (1988) found that residents that work in the tourism industry or that are related to those who work in the tourism industry report higher levels of support for the tourism industry than those who fall in neither of the categories. Employment in the industry could explain why the respondents do not seem to clearly recognize the negative impacts. It would be interesting to compare a group of employees to a group of residents that live in the area but work in business not directly related to tourism. Haralambopoulos & Pizam (1996) found that residents of the Greek island Samos that were directly involved in the tourism industry also were significantly more supportive of the tourism industry.

To explore the factors that might be in the questionnaire, I have used an exploratory factor analysis. If we find any clear factors, these factors will allow me to create new variables for further analysis and thereby reduce the amount of data to analyze. To see if our sample is large enough, I have used the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. This score needs to be higher than .5, ours is .802, this means that my sample size is large enough to use a factor analysis. Output for the KMO test can be found in appendix E.

There are several ways to identify the factors, these include using a cut-off point for eigenvalues and looking at a scree plot of the data.

Using Kaiser's criterion, components are identified by eigenvalues larger than 1. The eigenvalues of the separate components can be found in appendix E. Here we can see that three components are identified using Kaiser's criterion. However, "Jolliffe (1972, 1986) reports that Kaiser's criterion is too strict and suggests the third option of retaining all factors with eigenvalues more than 0.7." (Field, 2013, 677). If we use Jolliffe's suggestions, we could extract 7 components from the dataset instead of 3. The table showing the initial eigenvalues can be found in Appendix E.

The third option for identifying factors is using the scree plot's point of inflection as a cutoff point. The scree plot for our data only indicated two factors in the scale, since the point of inflection is excluded from the amount of components (Field, 2013). The scree plot can be found in appendix E.

However, I encountered a problem with the analysis. Generally, it is assumed that the factors can point towards an underlying construct but I did not see a clear connection between the statements included in the different factors. The first factor that was found also included all but two of the statements included in the scale. Since no underlying factors that made sense with regard to the content of the questions were found, I have decided not to extract any factors to create new variables. It seems odd that I have found no apparent underlying theme for the different factors. However, it should be noted that the scale we adapted ours from, was used in the United States of America. Yoon, Chen & Gürsoy (1999) found factors that they labeled things such as 'social costs' and 'cultural enrichment'. Our research was conducted in India, where culture and religion differ from the United States and there are differences in how social life is structured in India and the United States. There might have been an underlying logic to the factors, but I was unable to identify this logic. It could have also been that scale should have been adapted to a more local context.

I decided that the next step would be to reverse code negatively phrased statements and calculate Cronbach's alpha for the entire scale. I have waited with recoding because recoding is not necessary for factor analysis. I used Cronbach's Alpha as a measure of scale or construct reliability. A score higher than .7 means that the scale is reliable. The complete scale has a Cronbach's Alpha of .692, which is not too bad. To see if the reliability score could be improved, I have run the Cronbach's analysis again. This time to see if excluding any of the statements would improve scale reliability. I found that excluding statement number 5 ("The prices of goods and services have increased because of tourism.") improved Cronbach's alpha score up to .746. This made me decide to exclude statement number 5 from further analysis.

## Chapter 7: Discussion and Conclusion

### 7.1 The Findings

The main research question I have tried to answer was: **What are the economic and social impacts of a 16-day group trip in North India?** Regarding the economic impact, I examined the discretionary spending patterns of tourists on a 16-day group trip in North India and the distribution of the total expenditures in the supply chain. I assessed the social impacts by examining several of the working conditions in hotels and conducting a survey among employees to determine how they perceive the impact of tourism. In addition, this thesis has a methodological objective, which is to evaluate the methods that were used to measure the impact of tourism. I will now first present my main conclusions.

#### 7.1.1 Discretionary Spending Patterns

In this research we followed two tour groups in Northern India. In total we collected 33 expenditure diaries. I have estimated that tourists that participate in either the single or the group tour spend 30,990 Rupees (= € 443) on average during the trip. Shoestring reported that 130 people went on this particular itinerary in 2015. Hence the direct economic impacts of this itinerary in 2015 can be estimated to equal  $130 \times 30,990 = 4,028,700$  Rupees. Using the average exchange rate of November 2015 (1 Euro equalled 70 Rupees), approximately 58,000 Euro was spent in India by tourists participating in this particular trip in India.

From the total discretionary spending of almost 31,000 Rupees per tourist, 50% was spent on food and about 20 % was spent on excursions. The average expenditure on transport was very low, as transport from place to place and to the main tourist attractions was included in the package booked with Shoestring. Spending on souvenirs was also low; it constituted 6 % and 8 % of discretionary spending of the regular group and single group tourists respectively. Souvenirs were fairly cheap and most tourists do not buy a lot of souvenirs. We did see a wide range of spending in the souvenir category, from individuals reporting not buying any souvenirs all the way up to spending almost a 100 € on memorabilia, suggesting that souvenir spending is a highly individual decision.

Spending patterns in the single and group tour group were almost identical. Significant differences in spending could be found in the categories of food, transport and others. On average participants in the group tour spent more on food and on transport than participants in the single group. The single group spent significantly more money in the 'other' category than the group tour. However, there was no significant difference in total spending between the two groups.

#### 7.1.2 Value Chain Analysis

The value chain analysis showed that almost half of the total amount that tourists spent on the two-week trip to North India ended up in India. The rest of the total spending did not reach the destination country. The single travellers group spent a total of € 1421 on average and of this 46 % reached India. The average participant in the regular group trip spent € 1459 and of this 50 % reached India. The finding that approximately half of tourism spending reaches the destination country is similar to that of other studies. Anyango, Van der Duim & Peters (2013) found that across several different itineraries in eastern Africa the expenditures that were non-local averaged around 50 %.

In the value chain analysis, we have seen that for both of the groups 6 % of total spending was used to pay for accommodation and both groups spend around 2 % on souvenirs. Around 16 % of the regular groups expenditures and 13 % of the single groups expenditures was on food and beverages. Both the guides and the transport sector received an average of 5 % across both groups. Excursions took up 7 % and 6 % of the regular and single group respectively. As we have seen the food and beverages sector is the largest profiting sector on the destination level. Accommodation, transport, guides and excursions all make up around 5 – 7 % of the total expenses for both groups.

When it comes to the expenditures of the lump sum that is paid for the trip, 41 % of the total expenses is spent on the flight. Of this 20 % goes to the airline, 15 % is the fuel levy on the flight and 6 % is airport tax. The countries this money ends up depends on the airline and point of departure, since flying from Belgium or Germany is also possible. The tour operator takes around 15 % of the total spending and 17 % goes to the local agent. The local



agent reported that this 17 % is made up of 2 % taxes and profits, 6 % for the accommodations, 5 % for local transport and 4 % for the guides.

Ashley and Mitchell (2010) roughly compared the value chains of 5 12-day itineraries in Africa. These trips all started in London and took place during the high season. The categories that were used to compare the discretionary spending were; food and beverages, activities and shopping, accommodation, in-country transport, and air ticket from London. In all of the analysed itineraries the air ticket was also the largest expense, ranging from 25 - 50 %. For all of the itineraries accommodation or transport were the next largest expenditures and spending on food and beverages ranged from 6 - 16 %, much lower than what we found for the Indian itinerary. Although these are striking differences, it should be kept in mind that these are categories that are broader than the ones I used. These trips also took place on different continents and in different years. It also included a high-end tour-operator for several of the analysed trips, whereas Shoestring competes mainly on price.

#### 7.1.3 Working Conditions in the Accommodation Sector

In this research 108 manager and employee questionnaires were collected among employees of the hotels used on the two trips. The average employee was a 30-year old male that lives fairly close to work. He is either university educated or has only finished high or primary school. The education data thus shows a double bell curve, indicating that few respondents finished a technical school or vocational training. Around 75 % of the respondents were born in the same city they were currently employed in. In addition, the employees work long hours and the number of female employees in the accommodation sector is low. These findings are concurrent with the findings of the Kuoni report (2014).

Working hours averaged at 60 hours a week, the reported working hours ranged from 8 to 85. Legislation on working time in India regards working more than 9 hours a day or more than 48 hours a week as overtime, although there is no limitation on the performance of overtime (ILO, 2016). The average reported working hours of nearly 59 hours a week suggest that working overtime is a normal occurrence for hotel employees. This is

concurrent with the earlier Kuoni report, which identified long working hours as a labour-related risk (Kuoni, 2014). The report also mentioned that overtime was not always compensated and a weekly day off was not guaranteed in the peak season, however we have not been able to confirm or contradict these statements. In addition, six of the 15 hotel managers indicated that not all employees have a contract. This is alarming because the Kuoni (2014) report notes that casual workers often have worse working conditions and regularly lack access to pensions or other social benefits. These informal labour relations without social security or employment benefits are widespread throughout India (ILO, 2016) and are neither exclusive to the tourism industry nor to the used hotels.

A striking feature of the accommodation sector is that hotels mainly employ males. Although tourism is generally seen as an industry that employs many women, this is not the case in India. The interviews we conducted with several tour leaders that work for the local agent, revealed several reasons why women were less prevalent in several parts of the tourism industry. They identified being away from home for a long time as the main reason there are only very few female tour leaders. Several mentioned that tourism occupations were often seen as unsuitable jobs for females, both as tour leader and in the hotels. Some mentioned the working hours as a limiting factor, including that it was unwise or unsafe for females to travel to or from work alone at night. It seems that it is also a product of the culture in India. Many families still uphold the more traditional division of labour, where the male is responsible for earning a wage and the female is the homemaker.

This low labour participation of women is not specific for the tourism industry in India. Females are also more often employed in marginal jobs. This is confirmed by the Kuoni (2014) report as well, which states that women are often employed in low-skilled and low-paying tourism jobs like housekeeping, reception, front desk, catering, and the laundry services. Our observations in the hotels partially confirm this, as we have only observed women working in the reception or the front desk and in catering. All of the hotel managers we have met and filled out our manager survey were also, indeed, male.

#### 7.1.4 Perceived Impact of Tourism

The employees seem to have a fairly positive view of tourism impacts. The highest scoring statements were: "Tourism has created more jobs for your community" (M = 4.09), "Tourism has attracted more investment to your community" (M = 4.01) and "Tourism has given economic benefits to local people and small businesses" (M = 3.87).

Overall there was some disagreement with the statements regarding the negative impacts. Tourism was not seen to have increased the crime rate (M = 2.24) or have caused suffering for the residents living in a tourism destination area (M = 2.35). The respondents also somewhat disagreed that construction of hotels and tourist facilities destroyed the natural environment (M = 2.48) or resulted in traffic congestions, noise, and pollution (M = 2.41).

The average score on the perceived impact scale per respondent was 3.59, showing that the respondents agreed that tourism had a positive impact overall.

In sum, the staff in the accommodation sector clearly recognizes the positive economic effects of tourism, they do not clearly perceive the negative impacts of tourism. The idea that tourism is mainly a 'good thing' might prevail because they are all employed by the industry. Milman & Pizam (1988) found that those employed in the tourism industry and those who were related to employees in the tourism industry had a higher level of support for the tourism industry than those who were neither. Further research into the perceived impact of tourism should aim to get a more representative sample of the Indian population in the area and include both individuals employed in the tourism industry and respondents that work elsewhere. A comparison of the perceived impacts between these groups could show if employment affects the recognition of positive and negative impacts of tourism.

#### 7.1.5 Social and Economic Impacts of a Trip

As we have seen throughout this thesis it is very hard to give a comprehensive view about the total social and economic impacts of tourism. Even if we get a clearer picture, it still is difficult to attribute these impacts to a particular group of tourists or tourists that travel with a specific tour operator.

Nevertheless, with regards to the direct economic impact I have estimated that approximately € 58,000 entered the Indian economy because of the tourists that took this specific trip with Shoestring. Although I could not calculate the secondary and induced impact of this money, it should be kept in mind that these increase the actual economic impact of this money. The sector that benefitted the most from tourist spending was the food and beverages sector.

When it comes to social impact, I pointed at the long working hours, lack of contracts, informal labour relations and the position of females within the labour market. However, these impacts are not attributable to the tourists that travel with Shoestring or that use Sita as local agent alone. These are structural issues that are widespread in the Indian society. Although these issues are way too complicated to be dealt with by Shoestring and Sita, I will give a few recommendations on how they can still do their part, (see 7.3). I have roughly estimated that the 130 tourists that go on this itinerary lead to 160 jobs in the accommodation sector, although this is a very crude estimation. In addition, the employees in the accommodation sector acknowledge the positive economic effects of tourism, but do not clearly recognize the negative effects of tourism.

Our research also revealed the influence of the tour leader on the tourists' experience as he interacts intensively and directly with the tourists. The tour leader is an interesting actor because he both has a large impact on the trip and is directly impacted by the tourists and tourism as well. In her research van Lieshout (2016) concluded that the tour leaders influence the behaviour of tourists and thereby the impact they have. For example, they give recommendations about restaurant choices and optional excursion and we have observed that tourists often follow their advice. The tour leader also explained about local culture and behavioural norms, thereby influencing the social interactions and impacts between the tourists and the hosts.

## 7.2 Discussion

In this research we used different methods and some of the limitations were addressed in the method and result sections as well. One of the main research tools that I used to measure economic impact were the expenditure diaries. The fact that people still missed significant amounts of their discretionary spending even if we were there to remind them, suggests that the method is not very reliable. It seems that keeping track of a budget or expenditures and vacationing might not mix well. On the other hand, including the researcher in the tour group seems to guarantee that responses are gathered.

From the mail-back diaries only one was returned and it only had the expenses of the first day reported. The mail-back approach thus seems inappropriate for this type of research. However, the necessity of having the researchers on the scene makes it a very time-consuming and expensive method. A more reliable method could be to follow tourists around for a whole day, however doing this for a longer period of time is time-consuming and expensive as well. It is also hard to imagine tourists allowing a researcher to follow them for a whole day or an entire trip. It might work to track expenditures for a single day, but this data might not be representative for a longer trip. It seems clear that the perfect method to track tourist expenditures does not exist (yet). A question that I was asked several times by the tourists in my group was why I had not build a mobile application in which they could track their expenses for the duration of this trip. The feasibility and reliability of using an application to track travel expenditures might be worth exploring in the future. An application could also send notifications towards the end of the day to remind participants to fill out their expense diaries. If the tour operator decides to develop this application, it could be used to communicate information about the trip and the destination as well. This would ensure that not only useful information about the expenditures is gathered, but the application is useful for the tourist as well.

This type of expenditure research can add to the growing body of tourist expenditure literature and give insight into the direct economic impact of tourists. It was impossible to calculate indirect and induced impact of this spending. Calculating multipliers for both the destination and the type of tourism could give a more complete picture of the total

economic impact. In addition, I have attempted to identify which industries benefit financially the most from the itinerary we have participated in. Identifying these is a first step, a following step could be the conducting of a pro-poor value chain analysis of the three pathways (Mitchell & Ashley, 2010). A more extensive value chain analysis could aid in identifying the role of tourism in inclusive economic growth, one of the focus areas of the 2017 International Year of Sustainable Tourism for Development (UNWTO, 2016). Opportunities for improving this impact can then also be sought.

A limitation of my study that should be kept in mind is that I have only been able to compare two groups on this itinerary. The study is therefore not representative for other travellers, regardless of whether they travel with the same company and follow the same itinerary. There might also be numerable other factors that influence the amount of expenditure. Individual determinants could include income, age, gender etc. In addition, there might also be external determinants, including the exchange rate, the weather, the tour leader etc. In that sense this research only includes the reported and observed expenditure and has no predictive power.

The perceived tourism impact survey we have used, was only handed out among employees in the accommodation industry. It should be kept in mind that these respondents are financially dependent on the tourism industry and thus may give biased answers when compared to other residents. Further research into how residents perceive the impact of tourism in India should be done to gain a more comprehensive view. An interesting location to do so could be Agra, which has a high density of both national and international visitors. This line of research could also be strengthened by conducting qualitative research. In the semi-structured interviews that we have conducted with the tour leaders (see van Lieshout, 2016) much richer data was gathered and the tour leaders could explain the reasons behind their statements. This might help explain why some impacts are seen as more important than others and ensure continuing support for tourism by the local residents (Deery, Jago & Fredline, 2012).

This research has shown that even with limited time and resources it is possible to give an indication of the direct economic impact of tourists on a packaged itinerary. Gathering additional data also makes it possible to estimate how many jobs are dependent on Shoestring tourists. Further research could focus on different destinations and different types of tourism. This will undoubtedly reveal different spending patterns and different industry linkages. Additional qualitative research into social impacts can reveal other salient impacts and help identify underlying mechanisms. These will remain hidden as long as the quantitative list of impacts is the exclusively used measurement instrument.

### 7.3 Recommendations for Measuring Impact and Future Research

My main recommendation when it comes to assessing the impact of tourism is to focus on the important impacts at the destination level instead of trying to cover every possible impact of tourism, with countless issues which might be irrelevant for many places. Long checklists that include items ranging from inflation and waste management to gender inequality can provide some clarity. However, gender inequality might be an issue in India, but not in other countries. Trying to quantify whole lists of these impacts into numbers that somehow relate to one another is also ambiguous. Quantifying impacts that are qualitative and individual in nature gives the illusions that these impacts are measurable and comparable instead of local, individual and flexible. In addition, what is an important benefit for one person or a group of people might be regarded as a cost by others.

Although it is tempting to compare and contrast a score given on an impact variable, impacts that are perceived to be important by the local community and the hosts, are the impacts that will influence how a destination will react to tourism and tourists. One of the earliest studies on the social impacts of tourism was conducted in central Florida and in their conclusion the researchers argue that “tourism impacts are never universal. Rather, the intensity and direction of the impacts are a function of tourism activities, the cultural and economic distance between tourists and hosts, and the rapidity and intensity of tourism growth.” (Milman & Pizam, 1988, 203). Thus in my opinion a one-size-fits-all approach to measuring impact will hold little value on a local level. Future research should aim to identify important impacts of tourism on a local level. There are several sources that could

give information about impacts that are worth researching. Reports by large international organizations such as the ILO and the UNWTO can give insight into important topics in certain countries and areas. In addition, there are organizations such as WWF that work on different conservation and wildlife issues in many areas of the world and can provide information on salient issues as well. The issues that organization such as these identify can be a starting point for further research.

Another way of identifying important impacts could be by using a variation of a perceived impact scale among the residents in area's that many tourists frequent. This scale could include a range of tourism impacts, including social, economic, and environmental topics. A more extensive scale could ask residents to rate how important they find impacts of tourism, ranging from global warming and increasing prices of goods and services to better cross-cultural understanding. I have discussed a few examples of similar types of research in the literature review. Although in this way the impacts are not measured directly, it does give important insight into the issues that local residents find important. Tourism impact issues that residents find important could provide focal points for local policy makers and tourism planners. These impacts are also useful for tour operators, mitigating the most salient negative impacts for locals, could ensure that tourists will be welcomed in the area.

An interesting research technique could be that of action research. In action research an issue or topic is identified, and then steps are taken to resolve or improve the situation and evaluate the results. An example related to our trip regards using wild animals for tourism purposes. At the Amber Fort near Jaipur, it is possible for tourists to either ride an elephant or to walk up to the top of the fort. Shoestring does not support excursions that use wild animals and these are not included in the programme. However, we observed a striking difference between the two tour groups that we joined. In one group the tour leader explained that Shoestring did not support using wild animals and why, but tourists were free to take the elephant ride to the top. In the other group the tour leader only mentioned that the elephant ride was possible and what the costs were. The group that received an explanation about why these elephant rides were objectionable, all walked up to the top. On the other hand of the group that only received the practical information, almost half



used the elephant ride to get to the top of the fort. This shows that providing different information to the tourists could lead to different impacts. This type of research could be done by the tour leader, simply by asking them to either explain why these types of activities are not supported or only giving the practical information and then letting them count how many of the tourists actually use the elephant ride. This could also be done for other activities, such as swimming with captive dolphins or taking pictures with monkeys on a leash. Letting the tour leader give different explanations or types of information and then counting how many tourists follow the advice or desired behaviour, can be a simple and cost-effective way to implement action research as a strategy for influencing tourism impacts.

If different methods are tried to mitigate a certain impact, this could help identify the best practices. For me the beauty of action research is that is not only about trying to find out what important tourism impacts or issues are, but also how these impacts can be influenced. It is thus not only about identifying impact, but about actually mitigating them.

#### 7.4 Recommendations for Shoestring and the Local Agent

This research was commissioned by the Dutch tour operator Shoestring as an exploration of their responsibility regarding the impact of their tourists. My most salient recommendation for them is to focus on the local and find ways to uncover which issues are important to the workers and communities that come into contact with their tourists. There are two approaches that Shoestring can employ to find out about important impacts of tourism at the destination level. The first one is to enlist the help of the local agent. Since the local agent arranges the past of the trip that happens in the destination, they are positioned between the destinations and Shoestring. In order to guarantee the help of the local agent and their subsidiaries it is important to emphasize that reporting issues will have no negative consequences for them but is encouraged. As researchers we have noticed that both employees at the local agent and the tour leaders are aware of several important issues. However, we have not seen a clear and simple way to report those issues in a way that they reach Shoestring. A simple way to report issues and suggestions to improve the tourism impact and the tourist experience might be helpful. A way to do so anonymously

might be useful, considering the freelance position of tour leaders and drivers they might feel that creating too much fuss or critiquing business practices could endanger their position.

Another recommendation is using more defined goals when it comes to suppliers. For example, using more sustainable accommodation if it is similarly priced as other accommodations is one of the key points of the code of conduct that is signed by the local agents. Accommodations that use an internationally recognized certification scheme, such as the Travelife system, are preferred. In order to improve the effects of the code of conduct it would be advisable to attach quantified performance goals after deliberation with the local agent. An example of such a goal could be to see how many of the currently used accommodation have Travelife certification and set a goal percentage to reach in the next few years. This should encourage both the local agent and the accommodations to pursue such a certification. Using set goals and evaluating them can make the code of conduct more effective. Communicating these goals and the results towards customers could also be a useful marketing tool.

Another recommendation is to conduct desk research. A practical step to identify important issues could be doing desk research. Organizations such as the ILO and the UNWTO publish reports on all kind of issues relating to both issues in the tourism industry and labour in India. Actively keeping track of the issues organizations such as these report and considering how these issues can be influenced by Shoestring and the local agent is another way in which their impact can be mitigated. After identifying issues that are important to the destinations, Shoestring and their clients, ways can be sought to exercise influence over these issues. The action that is taken afterwards can range from supporting new local projects to working closely with the local agent to for example ensure a higher percentage of formal employment at key suppliers, such as in the hotels. A focus on human resource development could also be valuable. Hotel staff especially could benefit from additional language training. This will aid in their personal development but also improve the customer experience. Several of the tourists and both the researchers were surprised by how little English was spoken, even by reception staff. Working together with organizations such as

MVO Nederland can be helpful in order to mitigate tourism impacts. Brainstorming and collaborating with other tour operators on issues that are relevant for the entire industry can help shape Shoestring policy. Using a tool such as the Green Destinations standard can help identify strong and weak points on a destination level. This might indicate issues that Shoestring, the local agents and other suppliers should focus on in specific destinations.

Another proposition for Shoestring could be to encourage longer trips. Although this might seem counterintuitive, this might enhance the overall impact of tourism. The flight takes up a major part of the cost of the packaged trip and it has the largest environmental cost. In addition, both the food industry and the accommodation industry are labour-intensive, so if the amount of nights' increase, this might have a positive effect on the number of tourism-related jobs. If we compare the overall impacts, a 7 day-trip might score lower than a longer itinerary.

A last practical step can be giving clearer instructions to the tour leader on what kind of behaviours should be encouraged or discouraged. Practical recommendations could relate to donating to charity and beggars, giving advice about where to buy souvenirs, whether to ride the elephants at the Amber Fort or not, or advising which street food carts are safe to eat at. Sometimes mitigating a tourism impact can be as simple as encouraging or discouraging certain behaviours and explaining why.

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## Appendices

### Appendix A: Expenditure booklets

# Een onderzoek naar de Impact van Shoestring in India

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Beste reiziger,

Wij zijn Ellen en Sandra, twee masterstudenten toerisme en duurzaamheid aan de universiteit van Wageningen.

Shoestring heeft ons gevraagd om onderzoek te doen naar de impact van haar reizen. Daarom gaan we de komende twee weken met jullie mee op reis door India. Een deel van ons onderzoek gaat over jullie uitgaven. Daarom vragen we jullie de komende twee weken dit uitgavenboekje bij te houden.

We begrijpen dat jullie hier lekker op vakantie zijn, daarom verloten we onder alle ingevulde dagboekjes een Albelli cadeaubon van 50 €, dan kun je na afloop van de reis alle foto's verwerken in een mooi fotoboek, afdrukken op canvas of een telefoonhoesje laten maken.

Daarnaast willen we jullie ervan verzekeren dat we jullie privacy zullen respecteren en dat onderzoeksresultaten anoniem gepubliceerd worden. Je kunt ten alle tijden je deelname aan het onderzoek terugtrekken.

Mocht je vragen hebben over ons onderzoek of nieuwsgierig zijn naar wat we verder onderzoeken, dan praten we daar graag over.

Goede reis!

Ellen en Sandra

Hierbij verleen ik toestemming de gegevens in de bijgevoegde vragenlijst te gebruiken voor het onderzoek:

Man/vrouw

Leeftijd

Groepsgrootte

Voor elke reisdag hebben we een klein tabelletje gemaakt om de uitgaven in te vullen per categorie. Bedragen zijn in Indiase Rupees.

Zondag 1 Nov Delhi	Bedrag
Eten en drinken	
Excursies	
Transport	
Souvenirs	
Opmerkingen	

Maandag 2 Nov Delhi - Agra	Bedrag
Eten en drinken	
Excursies	
Transport	
Souvenirs	
Opmerkingen	

Dinsdag 3 Nov Agra	Bedrag
Eten en drinken	
Excursies	
Transport	
Souvenirs	
Opmerkingen	

Woensdag 4 Nov Agra - Fatehpur Sikri - Jaipur	Bedrag
Eten en drinken	
Excursies	
Transport	
Souvenirs	
Opmerkingen	

Donderdag 5 Nov Jaipur	Bedrag
Eten en drinken	
Excursies	

Transport	
Souvenirs	
Opmerkingen	

Vrijdag 6 Nov Jaipur - Pushkar	Bedrag
Eten en drinken	
Excursies	
Transport	
Souvenirs	
Opmerkingen	

Zaterdag 7 Nov Pushkar - Udaipur	Bedrag
Eten en drinken	
Excursies	
Transport	
Souvenirs	
Opmerkingen	

Zondag 8 Nov Udaipur	Bedrag
Eten en drinken	
Excursies	
Transport	
Souvenirs	
Opmerkingen	

Maandag 9 Nov Udaipur - Ranakpur - Jodhpur	Bedrag
Eten en drinken	
Excursies	
Transport	
Souvenirs	

Opmerkingen	

Dinsdag 10 Nov Jodhpur	Bedrag
Eten en drinken	
Excursies	
Transport	
Souvenirs	
Opmerkingen	

Woensdag 11 Nov Jodhpur - Bikaner	Bedrag
Eten en drinken	
Excursies	
Transport	
Souvenirs	
Opmerkingen	

Donderdag 12 Nov Bikaner	Bedrag
Eten en drinken	
Excursies	
Transport	
Souvenirs	
Opmerkingen	

Vrijdag 13 Nov Bikaner - Shekhawati	Bedrag
Eten en drinken	
Excursies	
Transport	
Souvenirs	
Opmerkingen	

Zaterdag 14 Nov Shekhawati - Delhi	Bedrag
Eten en drinken	
Excursies	
Transport	
Souvenirs	
Opmerkingen	

Hartelijk bedankt voor je hulp!



## Appendix B: Outliers and P-P plot for expenditure data

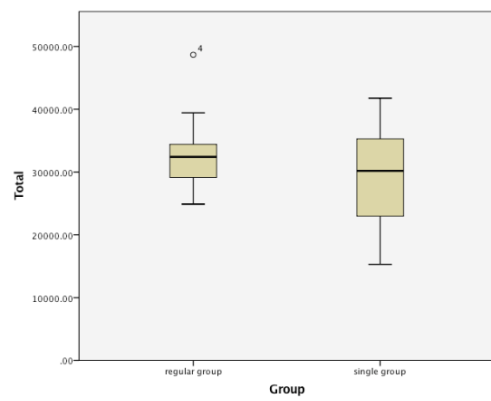


Figure 4 Boxplot showing case 4 as outlier

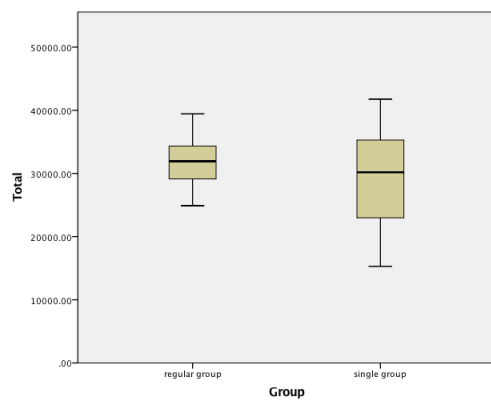


Figure 5 Boxplot after removing the outlier

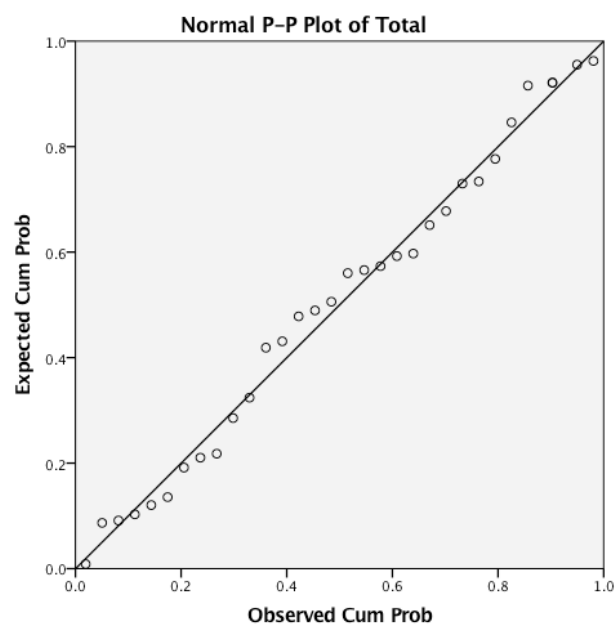


Figure 6 P-P plot of total expenditures

## Appendix C: Employee Survey

### Survey

Dear employee,

I am a graduate students in Leisure, Tourism and Environment at the University of Wageningen in The Netherlands and currently working on my thesis on the subject of social impacts of tourism in India, focussing on the places which get visited during the trip of a Dutch tour company.

I would like to ask you to help me out by answering the attached questionnaire which is about the impacts of tourism on your life and career. All information will be used strictly confidential and participation will be anonymous. You are allowed to skip any question you don't feel comfortable with when answering, though answering all questions would be extremely appreciated.

Completed surveys can be handed over to me or can be dropped in the post box of room .....

Thank you very much for your participation and time.

Ellen van Lieshout / Sandra van der Lee

1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree

	Tourism Statements	1	2	3	4	5
1	Tourism has created more jobs for your community.	0	0	0	0	0
2	Tourism has attracted more investment to your community.	0	0	0	0	0
3	Tourism has lead to more spending in your community.	0	0	0	0	0
4	The standard of living has increased considerably because of tourism.	0	0	0	0	0
5	The prices of goods and services have increased because of tourism.	0	0	0	0	0
6	Tourism has given economic benefits to local people and small businesses.	0	0	0	0	0
7	Tourism revenues are more important than revenues from the other industries for local government.	0	0	0	0	0
8	The costs of developing public tourist facilities are too much.	0	0	0	0	0
9	Meeting tourists from other regions is a valuable experience to better understand their culture and society.	0	0	0	0	0
10	Tourism has encouraged a variety of cultural activities by the local residents.	0	0	0	0	0
11	Tourism has resulted in more cultural exchange between tourists and residents	0	0	0	0	0
12	Tourism has resulted in positive impacts on the cultural identity of our community.	0	0	0	0	0
13	High spending tourists have negatively affected our way of life	0	0	0	0	0
14	Local residents have suffered from living in a tourism destination area	0	0	0	0	0
15	Tourism has changed our precious traditional culture	0	0	0	0	0
16	Tourism has increased the crime rate	0	0	0	0	0
17	Construction of hotels and other tourist facilities have destroyed the natural environment	0	0	0	0	0
18	Tourism has resulted in traffic congestion, noise, and pollution	0	0	0	0	0
	<b>General questions</b>					
	In which city do you work? <ul style="list-style-type: none"> <li><input type="radio"/> Delhi</li> <li><input type="radio"/> Agra</li> <li><input type="radio"/> Jaipur</li> <li><input type="radio"/> Pushkar</li> <li><input type="radio"/> Udaipur</li> <li><input type="radio"/> Jodhpur</li> <li><input type="radio"/> Bikaner</li> <li><input type="radio"/> Shekhawati</li> </ul> How far do you travel from home to work?					



## Appendix D: Manager Survey

Dear manager,

We are two postgraduate students in Leisure, Tourism and Environment at the University of Wageningen in The Netherlands. We are currently working on a thesis project on the subject of social impacts of tourism in India, focussing on the places that get visited during the two-week Northern India trip of Dutch tour operator Shoestring.

We would appreciate if you would help us out by answering the attached questionnaire about the impacts of tourism on your life and career. All information will be used strictly confidential and participation will be anonymous. You are allowed to skip any question you don't feel comfortable with answering, though answering all questions would be extremely appreciated. You can withdraw your participation at any moment.

Completed surveys can be folded to cover the answers and handed in into the binder at reception, or you can complete them and hand them to us. We will not disclose which survey results were collected at which hotel. The survey answers will not have any influence over use of the hotel in the future.

Thank you very much for your participation and time.

Ellen van Lieshout and Sandra van der Lee

First we would like to ask you some questions about how the tourism industry affects you and your community. Please check the appropriate box.

**1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree**

	<b>Tourism Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>1</b>	Tourism has created more jobs for your community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>2</b>	Tourism has attracted more investment to your community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>3</b>	Tourism has led to more spending in your community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>4</b>	The standard of living has increased considerably because of tourism.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>5</b>	The prices of goods and services have increased because of tourism.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>6</b>	Tourism has given economic benefits to local people and small businesses.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>7</b>	Tourism revenues are more important than revenues from the other industries for local government.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>8</b>	The costs of developing public tourist facilities are too much.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>9</b>	Meeting tourists from other regions is a valuable experience to better understand their culture and society.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>10</b>	Tourism has encouraged a variety of cultural activities by the local residents.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>11</b>	Tourism has resulted in more cultural exchange between tourists and residents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>12</b>	Tourism has resulted in positive impacts on the cultural identity of our community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>13</b>	High spending tourists have negatively affected our way of life	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>14</b>	Local residents have suffered from living in a tourism destination area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>15</b>	Tourism has changed our precious traditional culture	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>16</b>	Tourism has increased the crime rate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>17</b>	Construction of hotels and other tourist facilities have destroyed the natural environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>18</b>	Tourism has resulted in traffic congestion, noise, and pollution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### **Questions about the hotel**

Which countries are the hotel employees from?

---

How many beds does the hotel have?

---

What is the yearly occupancy rate of the hotel?

---

Which percentage of guests travels with Shoestring?

---

Where is the owner of the hotel from?

---

Do all employees have a contract?

---

## General questions

In which city do you work?

- ☐ Delhi
- ☐ Agra
- ☐ Jaipur
- ☐ Pushkar
- ☐ Udaipur
- ☐ Jodhpur
- ☐ Bikaner
- ☐ Shekhawati

How far do you travel from home to work?

- ☐ < 10 minutes
- ☐ 10 - 20 minutes
- ☐ 20 - 30 minutes
- ☐ 30 - 60 minutes
- ☐ > one hour

How many hours do you work in a week?

\_\_\_\_\_

What is your gender?

Male / Female

What is your age?

\_\_\_\_\_

Where were you born?

\_\_\_\_\_

Of how many people does your household exist?

\_\_\_\_\_ Adults

\_\_\_\_\_ Children

What is the highest degree or level of school you have completed?

- ☐ No schooling
- ☐ Primary school (until 8<sup>th</sup> grade)
- ☐ Secondary school
- ☐ Technical school
- ☐ Vocational training
- ☐ Undergraduate degree
- ☐ Postgraduate degree
- ☐ Other: \_\_\_\_\_

Do you have any additional remarks?

Thank you for your help! Please hand in the completed survey at reception or give it to one of us.



Appendix E: Statistical output for the perceived tourism impact scale

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.802
Bartlett's Test of Sphericity	Approx. Chi-Square	831.078
	df	153
	Sig.	.000

*Table 6 KMO measure of sampling adequacy*

Factor	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	6.868	38.156	38.156
2	2.961	16.450	54.606
3	1.221	6.784	61.390
4	.980	5.442	66.832
5	.849	4.715	71.547
6	.767	4.261	75.808
7	.706	3.924	79.733
8	.616	3.424	83.157
9	.585	3.248	86.405
10	.519	2.884	89.290
11	.412	2.291	91.581
12	.345	1.919	93.500
13	.269	1.497	94.997
14	.259	1.441	96.437
15	.222	1.232	97.670
16	.185	1.026	98.696
17	.128	.709	99.405
18	.107	.595	100.000

*Table 7 Initial eigenvalues*

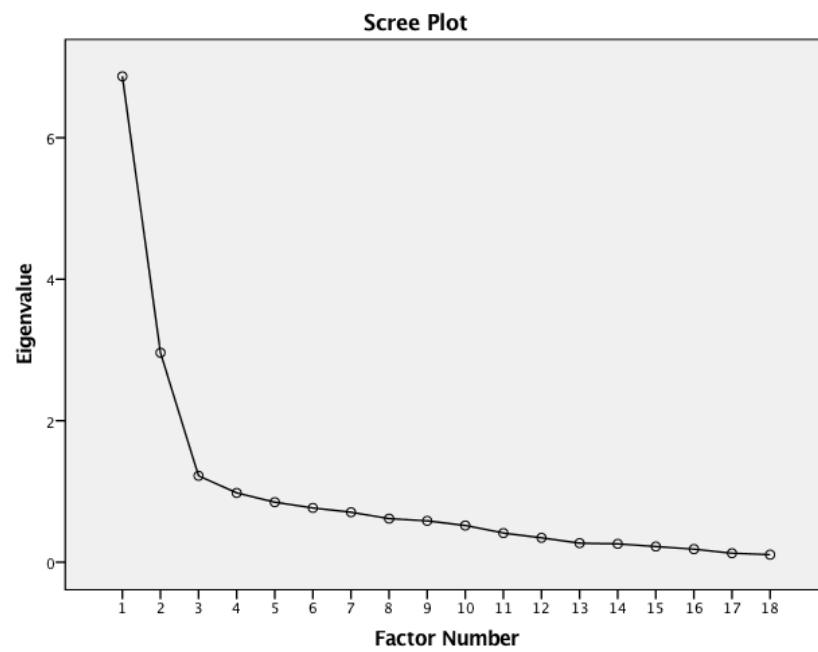


Figure 7 Scree plot of eigenvalues and factors

#### Reliability Statistics

Cronbach's Alpha	N of Items
.692	18

Table 8 Scale reliability test

#### Reliability Statistics

Cronbach's Alpha	N of Items
.746	17

Table 9 Scale reliability after removing one item