

ECOTOURISM: AN FUNDAMENTAL ANALYSIS BY EXTERNALITY

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ABSTRACT: Ecotourism has been widely documented as one of the promising alternative strategies to achieve sustainable development. The paper uses content analysis method for reviewing published literature, with the aims to advance the understanding of fundamental elements of ecotourism, providing an analysis by the externalities. It certifies ecotourism is a form of nature-based tourism focused on commodifying the environment for economic gain. Ecotourism offers a series of external benefits to local community. However, it may also create problems of its own with external costs. Ecotourism cannot solve all ecologic resources issues. How to balance ecotourism development and conservation is the core issue of ecotourism sustainable development. In this process, we stress the proper environmental policy and management is necessary.

KEY WORDS: Ecotourism- Impact- Externality

1. INTRODUCTION

The proliferation of ecotourism has generated interest from a multitude of stakeholders because it attempts to satisfy conservation and tourism development ends (Weaver, 2005; Wight, 1993). However, it presents a doubt, why the popularity (and therefore profitability) of ecotourism increases the incentive to conservation but also leads to an increase in the occurrence of negative impacts including the damage to environment. They questioned ecotourism "Panacea or Pandora's box?" (Krüger, 2005; Kinnaird, & O'Brien, 1996; Das, & Chatterjee, 2015). In fact, ecotourism is a real industry that seeks to take advantage of market trends (Wood, 2002), it benefits in the form of enhanced competitiveness from the protection of quality natural resources while the conservation of natural resources is increasingly valued because these resources are realized as the foundation of the ecotourism industry and the driver of all economic benefits associated with ecotourism (Boley & Green, 2016). Ecotourism does have the external benefits to

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help protect biodiversity and a series positive impacts to local community by bringing strong economic incentives for conservation that outweigh the opportunity costs of land conversion for other consumptive uses. However, establishing a market for ecotourism is limited. These limits are inherent to the operation of ecotourism as a proxy market, which makes itself may contain external costs—imposed on others and ignored in the operation of market exchange (Isaacs, 2000). When such costs are excluded or ignored, the production and consumption of market goods and the accompanying environmental deterioration will be excessive (Krutilla 1967, Pearce and Moran 1994), then it could result negative impacts to local communities on environment, socio-culture and economy.

The paper uses content analysis method for reviewing published literature, with the aims to advance the understanding of fundamental elements of ecotourism, providing an evaluation of definition of ecotourism and an analysis by the externalities.

2. ANALYSIS BY EXTERNALITY

Ecotourism is difficult to define because it tries to describe an activity, to establish a philosophy and to expose a model of development” (Karen Ziffer, 1989). ‘Variability’ is declared as a distinguishing feature of the ecotourism definitional literature (Donohoe & Needham, 2006). The particularity of ecotourism lies not only to conserve environment but also to ensure development with a sustainable manner.

Tired of mass tourism, more and more people want to spend their vacations in pristine natural surroundings, often enhanced in appeal by a distinctive local culture (Lindberg, & Lindberg, 1991). Ecotourism is a real industry that seeks to take advantage of market trends (Wood, 2002), which concerns external benefits and costs (Candela et al., 2008; Meleddu, 2014), including three broad categories: economic, environmental and sociocultural (Del Reguero Oxinalde, 1994; Wearing & Neil, 2000; Das & Chatterjee, 2015). In order to understand the process, and hence the approach of policy correction, an analysis by externality is particularly important.

2.1 THEORETICAL UNDERPINNINGS OF EXTERNALITY

As pointed out earlier (Von Mises, 1949), the term “externality” is divided into two types: external costs and external economies. the theory of “external costs” is an economic theory that examines cases where some of the costs of activities "spill over" onto third parties. The example of external costs always refers the “no-man’s property” (Von Mises, 1949) or namely common resources (Garret Hardin, 1968), which are not owned by anyone but are used by everyone (Melville Saayman, et al., 2015), with two basic characteristics– non-excludability and sub

tractability – are the main reasons for the degradation of resources. Such as the land not owned by anybody, is utilized without any regard to the disadvantages resulting the erosion of the soil, the depletion of the exhaustible resources and other impairments of the future utilization (Von Mises, 1949). In addition to, that regenerate at a slower rate than people can harvest them (e.g. endangered species) are more likely to be exhausted (Van Tonder et al., 2013). Hardin (1968) emphasized that, given these characteristics, overexploitation will eventually lead to the tragic loss of resources for the community (Feeny et al., 1990:2). However, the cost of this pollution is not paid for by private companies or individuals, rather, it is a social cost borne by society (Melville Saayman, et al., 2015; Van Tonder, Saayman, & Krugell, 2013).

However, if an actor’s action benefits not only himself but also provides external benefits to other people, then we can call it “external economies” (Von Mises, 1949), he mentioned tow possible alternatives:

1. “The planning actor considers the advantages he expects for himself so important that he is prepared to defray all the costs required. The fact that his project also benefits other people will not prevent him from accomplishing what promotes his own well-being. When a railroad company erects dikes to protect its tracks against snowslides and avalanches, it also protects the houses on adjacent grounds. But the benefits its neighbors will derive will not hinder the company from embarking upon an expenditure that it deems expedient”.
2. “The costs incurred by a project are so great that none of those whom it will benefit is ready to expend them in full. The project can be realized only if a sufficient number of those interested in it share in the costs”.

2.2 ANALYSIS OF ECOTOURISM BY EXTERNALITY

The development of ecotourism is a process to develop a market for the benefits of natural-area preservation, i.e., recreation by creating an efficient market for tourist services, where ecotourism is a proxy market designed to align consumers' preferences for recreation with the protection of environmental assets (Isaacs, 2000). From the point of view of the acting individuals or firms (Von Mises, 1949), the ecotourism market itself may contain negative externalities- costs imposed on others and ignored in the operation of market exchange (Isaacs, 2000; Krüger, 2005; Bookbinder et al., 1998), however some externalities exert a positive impact (Vázquez & Injoque, 2014; Silva, 2014; Madhumita Das, et al, 2015; Li, 2004; Wood, 2002)

On the one hand, the external impacts of ecotourism to benefit social, sociocultural and environmental local systems is evident. Ecotourism could create market-based incentives that favor conservation by bringing strong economic incentives for conservation that outweigh the opportunity costs of land conversion for other consumptive uses, which has been particularly

successful in attracting private investments for the establishment of privately-owned natural parks and nature reserves (Neto, 2003) by the rate of return. As the return from this service, the investors achieve interests by protecting "nature capital" (Gössling, 1999; Collins, 1999). In addition to, it could contribute directly and indirectly to local community, among them: The economy and employment originated in ecotourism have been relatively prosperous for the areas and have had a major impact on local development (Seetanah, 2011). Ecotourism stands as an interesting tool to improve the livelihoods of people in protected areas through job creation, new business opportunities and skills development (IUCN, 2012). These jobs would be generated mainly in the services sector such as souvenir shops, eco-lodges, campsites, accommodation at home, transport or guide services (Mustika et al., 2012; Reimer & Walter, 2013). From an economic point of view, ecotourism is a better alternative if we compare it with livestock or agriculture if we want to take advantage of the land and generate income (Vasquez & Injoque, 2014). In addition, ecotourism becomes a means to socio-politically empower the local population by improving their standard of living, fostering respect for different cultures and improving human rights (Madhumita Das, et al, 2015). There are several positive social impacts for local residents. According to Ross and Wall (1999), Agüera (2014: 55) summarizes these impacts, including two parts:

“benefits in infrastructure: access to goods, services (health, education) and improvement of communications and transport, and social welfare benefits: an indirect benefit as a result of improved infrastructure and socio-economic status, environmental conditions, Intercultural recognition and the strengthening of the pride of the cultural heritage of destiny”.

In the part of the environment, ecotourism is an activity that improves the conservation of natural areas, which plays an important role in improving the quality of the environment (Wunder, 2000). Ecotourism reflects the principles of sustainable tourism (Zambrano et al., 2010), representing one of the most ecological alternatives for the economic use of natural resources (Li, 2004; Wood, 2002). Ecotourism destinations have the strong economic incentive to protect natural resources (Boley & Green, 2016). Ecotourism is likely to be less damaging to the environment than some industries (Poirier, 1997). The main cause of biodiversity loss is land conversion, is the conversion from one land use to sustainable management systems or even doing nothing with the land at all (Pearce & Moran, 1994). When land-use of nature is changing to agricultural, urban, or other use, part of the opportunity cost includes the loss of a number of ecological functions, and the external costs of land-use practices have been considerable, including dwindling habitat, declining wildlife populations, and increasing rates of extinctions (Steinfeld et al., 2006; Tomich, 2004; Isaacs, 2000).

On the other hand, if little or no change is required or expected, the potential ecotourism project is not a conservation project (Kiss, 2004). Because establishing a market for ecotourism is limited. These limits are inherent to the operation of ecotourism as a proxy market. The ecotourism market itself may contain negative externalities—costs imposed on others and ignored in the operation of market exchange (Isaacs, 2000). In the field of tourism, the environmental repercussions of tourism represent external costs (Palmer & Riera, 2002), using natural resources as an input or by using the 'clean' environment as a sink for pollution (Pretty, et al., 2000). When such costs are excluded or ignored, the production and consumption of market goods and the accompanying environmental deterioration will be excessive (Krutilla 1967; Pearce and Moran 1994). leading to excessive tourists in eco-scenic spots and vandalism increasing, that results in the destruction of ecotourism environment (Jing & Fucai, 2011). As a result, initial optimism has given way to criticism. It results a series of negative impacts on local community (Orams, 2000; Martin, 2007; Steven, Pickering, & Castley, 2011; Kreiner, Malikinson, Labinger, and Shtainvarz, 2013; Hasler & Ott, 2008; Gordillo et al., 2008; Roupheal & Inglis, 2001; Heltberg, Channing, & Sekhar, 2000) also including environment, economy and socio-culture. That could be the damage to the environment and ecologic resources that ecotourism is intended to protect. For example, environmental contamination (Buckley, 2004), climate change (Dawson et al, 2010), modification of flora and fauna (Orams, 2000, Martin, 2007, Steven, Pickering, & Castley, 2011, Kreiner, Malikinson, Labinger, And Shtainvarz, 2013, Hasler & Ott, 2008, Roupheal & Inglis, 2001, Heltberg, Channing, & Sekhar, 2000). In addition, the increase in prices of goods, services, land and housing in local (Michael M. Cernea et al., 2006), the degradation of cultural resources, increased crime, and sometimes violence among stakeholders (de Oliveira, 2003).

But this is not the outcome of alleged deficiencies inherent in the system of private ownership of the means of production. In an environment without legal or moral restraints, it is economically rational for an individual to impose costs on a third party when it is in his or her own self-interest (Isaacs, 2000). The economic-utilitarian approach has a major function to conservation which is better than any other approach (Pearce & moran, 1994). Economic incentives are imperative for nature conservation, particularly in remote and ill-monitored regions (Wunder, 2000). In fact, sustainable ecotourism is in many ways a type of balancing act between conservation and development (Wearing, & McDonald, 2002), where a range of players is involved with varying perspectives and values. There is a need for more than a balance between conservation and profit-making perspectives (Weight, 1993). For keeping this relationship balance, the role of government has been repeatedly emphasized (Wearing & Neil, 2009; Jones, 2005; Bhuiyan, et al., 2011). Government interventions should form an effective incentive structure to help organize the different actors including host communities,

governments, nongovernmental organizations and the industry in the tourism sector to avoid unintended longer-term negative impacts (Wunder, 2000; de Oliveira, 2003; Weight, 1993), which could play these roles through environmental planning, regulation, and provision of infrastructure and financing, that could be (Luttenberger, Lidija Runko et al, 2016; Mastny 2001; de Oliveira, 2003; Andriotis and Vaughan, 2003):

- Building institutional capacity: Governments create governmental environmental organizations, train and educate government officials in environmental issues, and enforce environmental regulations.
- Building legal framework. Developing regulatory and policy frameworks that support key environmental and social goals, without stifling incentives for investment is one way the governments can help move tourism in a better direction.
- Investments in environmental projects: Governments invest in environmental infrastructure and institutional projects such as sanitation and water supply, environmental education to groups outside the government, and environmental restoration such as reforestation and pollution clean-ups.
- Empowering host communities to participate in the development and planning process, and their attitudes and perceptions must be continually evaluated.
- Control of development and tourist flow: Government can impose and enforce development rights, restrict public financing to certain environmentally sensitive areas and control the flow of tourists in protected areas.
- Creation of protected areas: Governments are responsible for creating protected areas, for enforcing environmental zoning, and for providing incentives for private actions towards environmental protection.

3. CONCLUSION

‘Variability’ is declared as a distinguishing feature of the ecotourism definitional literature. Ecotourism is not a homogeneous phenomenon but instead, it has become accepted as a complex and synergistic collection of social, its ecological and economic dimensions. Ecotourism is one component of sustainable tourism and reflect the basic principle of sustainable development, for this reason, ecotourism satisfies conservation and community development.

When turning the theoretical objective of ecotourism into practice, it causes a controversy: are ecosystems better off with or without the presence of ecotourism? The answer may not be a simple yes or no, on the one hand, without ecotourism natural resources may not have enough intrinsic value for protection. Ecotourism does have the more external benefits to preserve ecologic environment and resources than others industries. The health of an ecotourism

destination and the health of its ecosystem go together since they coalesce to place a higher economic value on natural landscapes and a series external positive impacts on local communities than may be represented through land converted to other uses (Boley, & Green, 2016). On the other hand, natural resources face external costs with ecotourism. Ecotourism hasn't developed a market that would reflect all the values of the environmental resources it may support or supplant, neither would be able to solve many of the environmental problems its proponents believe it can. Ecotourism is an economic agent providing tourism reserve basing on ecologic resources, it may create problems of its own with external costs (Isaacs, 2000). Further, if these external costs are ignored, ecotourism could make the damage including environment, economy and social-culture to local people. In fact, ecotourism is a type of balancing act between conservation and development (Wearing, & McDonald, 2002). Both sustainable ecotourism industry and conservation depend upon the health of the other for success. Thus, how it could balance conservation and ecotourism development is a major aspect of the debate over whether ecotourism can achieve sustainable development through the development of tourism-based economy. If society elects to conserve sufficient resources for ecosystem protection, the host nation must have the (political) will to protect its natural areas. It hinges on the ability for those in control to take a long-term view of success where cumulative profits, resident quality of life, and ecosystem health are valued over short-term economic gains (Fennell & Smale, 1992).

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