

Small Accommodation Development in the Caribbean: An Appraisal

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INTRODUCTION

International tourism in less developed countries has long been a controversial issue. Some radical observers consider tourism as another questionable expression of late-industrial capitalistic lifestyles and, therefore, reject any tourism development in the Third World. Pragmatic voices counter that, for a number of developing countries, particularly many islands in the Caribbean, beautiful beaches and a warm climate constitute ideal resources to generate significant economic and social development. The controversy calls for considerable study. One type of tourism research focuses on the impacts of tourism upon host societies, such as the following: the economic linkages with and leakages from the local or national economy, host-guest contacts, and other economic, social, cultural, and environmental issues. The findings of this "destination-oriented tourism research" generally lead to recommendations on how tourism development can be made to better correspond with overall national development goals.

Most of these recommendations have never been implemented because the host society--the destination--is only one element within the international tourism system. The distant market area from which clients originate is the second major element (Hills and Lundgren 1977). The intermediary function between the two is performed by airlines, tour operators, and hotel chains, which constitute the major elements of the tourist industry. These are usually located in Europe and North America, and their micro-economic interests stand in sharp contrast to the wider societal concern of planning for the overall needs of the host society. To make matters worse, over the past 20 years these tourist interests have determined much of the tourism development in the tourist-receiving area (S. Britton 1982), while showing little consideration for the impact of their activities on the host societies.

Of the numerous studies classified as destination-oriented tourism research, only a few explicitly analyse the relationship between different sizes of accommodations and the impact of tourism (notable exceptions: Rodenburg 1980; Bélilse 1983). This neglect of the significance of accommodations comes as a surprise, because in the context of tourism in the Caribbean, accommodations constitute the single most important tourist service at the destination. Researchers focusing on accommodations specifically, and on the more general impact of tourism, have identified smaller accommodation units as more beneficial to the host community, and consequently have recommended that any further tourism development should pay greater attention to this alternative. Given the tendency of the international tourism system to overlook the needs of the host societies, it is understandable that these findings have been ignored. If destination-oriented tourism research is to have greater influence, it needs to extend the scope of its analysis to the problems associated with small accommodations in the context of the entire international tourism system.

The first part of this paper discusses the ownership structure and employment creation in three different accommodation categories in Tobago. It is a brief, but typical, example of destination-oriented tourism research. Data for this research were collected during fieldwork in 1980 (Haider 1982). The second part combines the author's own research findings from Tobago with those of other researchers. The resulting summary of the advantages and disadvantages of small accommodation development serves as a catalyst for a further discussion of how the international tourism system and small accommodation development can better coexist.

THE ACCOMMODATION SECTOR IN TOBAGO **Tourism Development in Tobago**

In Tobago, modern tourism development started after World War II along Bacolet Beach on the outskirts of the major seaport and city of Scarborough (Figure 1). The advent of jet travel around 1960 improved the island's competitive location vis-a-vis the North American market. The new airport at Crown Point served as a nucleus for further tourism development, leading to the present concentration of tourist facilities in that area, and more dispersed accommodation development along the [end p. 63]

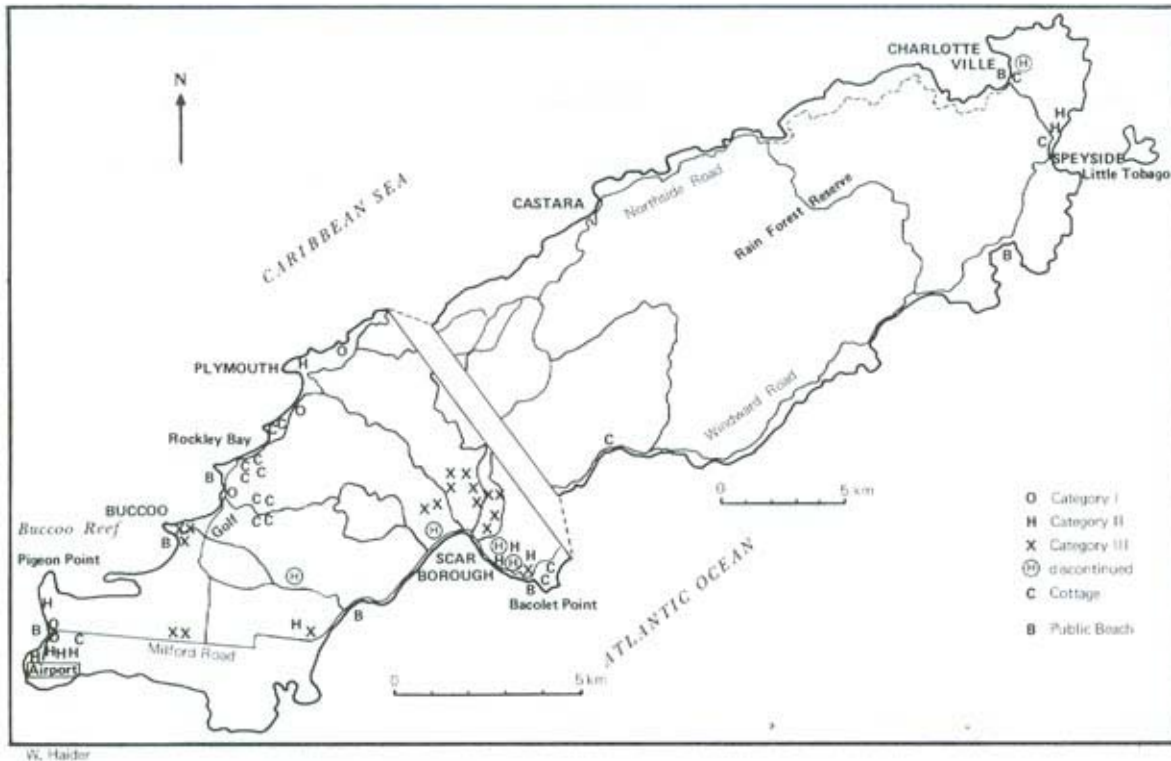


Fig. 1. Tourist facilities in Tobago. (Note the use of two different scales).

beaches of the Caribbean coastline in the lowlands, where the transportation network is best developed.

In 1980, 41 commercial accommodation enterprises offered a total of 850 rooms. Of these, five were classified as international standard hotels (Category I), thirteen as economy standard accommodations (Category II), and twenty-three as small guesthouses (Category III). In Tobago, international standard hotels are smaller than in most other Caribbean islands, but their structure of operation is similar. They are quasi-autonomous complexes, where, with the exception of sightseeing and extensive shopping, the largely international clientele can meet most of its needs on the premises. Category II consists of guesthouses with 14 rooms and small hotels with up to 50 rooms in size. Both guesthouses and small hotels attract international and domestic tourists alike, and both provide meals and rooms equipped with private showers and an option for air conditioning. But they offer fewer amenities on the premises. Small guesthouses of Category III serve food or provide cooking facilities, but their rooms, often accommodating five or more persons, do not have private baths. The almost exclusively Trinidadian clientele of Category III guesthouses is evidence of the emergence of domestic tourism (see Table 1 for a summary of characteristics).

Tobago's beaches are undoubtedly the major attraction of the island. Although all large hotels are located directly on a beach, only three of the 13 Category II establishments boast this advantage. Their average distance to the nearest beach is 680 meters, which still compares favorably to the 1400 meters for Category III establishments.¹ Smaller accommodations are clearly at a disadvantage in their location in relation to the beaches.

Ownership and Management Structures

Data on the national origin of owners and managers of the various categories of accommodations serve as indicators of the locus of control of Tobago's tourist industry. International standard hotels were built by foreign investors during the 1960s and early 1970s, and only recently have three of the five establishments been bought by nationals. Two factors contributed to this change of ownership: the availability of domestic capital after 1973 and the expiration of tax holidays and other incentives that had been granted to hotel investors for the first decade of operation. In spite of increased local ownership, top management still comes from metropolitan countries. In the more heterogeneous Category II, most of the small hotels were built after the international oil crisis of 1973. These small hotels are owned either by a Trinidadian or a group of Trinidadians who regards the enterprise as a form of investment. Consequently, they usually employ a manager who may be related to one of the owners and who takes up residence on the island. Both the upgraded guesthouses of Category II as well as the basic guesthouses comprising Category III are either owned and operated by native Tobagonians, or by persons of other origin who now live on the island as owner-managers.

The replacement of international capital by Trinidadian capital must be regarded as beneficial for the national economy of Trinidad and Tobago. It remains to be seen, however, if Tobagonians will eventually also benefit [end p. 64] from the changing ownership structure. A similar pattern of ownership in small hotels has been observed in Bali, Indonesia, where local investment has replaced non-Balinese national capital (Rodenburg 1980).

Category	Number of Rooms	Origin of Owner	Management Form and Origin	Percentage Domestic Clientele	Percentage Package Visitors	Winter Prices (US\$/Day)	Services Provided
I International Standard Hotels	>30	Foreign or Trinidad	Salaried Foreign or Trinidad	<40	<40	Max. \$131 Min. \$111 Ø \$115	Private Bath Air conditioning Pool Restaurant/s Bar/s Shop/s
II Economy Class	14-50	Trinidad or Tobago	Salaried (Trinidad) Family (Tobago)	40-90	<25	Max. \$75 Min. \$38 Ø \$57	Private Bath Air Conditioning (optional)
III Small Local Guesthouses	<14	Tobago	Family Tobago	>90	0	Max. \$27 Min. \$17 Ø \$24	Almost No Facilities

Table 1. Summary of hotel characteristics.

Employment

Employment creation is the most frequently cited economic benefit associated with tourism development. Large hotels provide more employment opportunities both in absolute numbers and in employment-per-room (hereafter referred to as E/R) than do small hotels. Luxury hotels provide a wider range of services and require a large administrative staff; also, the positions on the unionized labor force are task specific. Between 1974 and 1980 the E/R did not change significantly for Category I or Category III, but decreased for Category II because of a fundamental change in the composition of this category. In 1974 Category II consisted mainly of small hotels, whereas by 1980 it also contained five upgraded guesthouses.

It should be pointed out that the E/R is a rather weak base for a comparison of the total employment effect of specific categories, because it does not consider the possibility of employment creation outside of accommodations, which will differ according to the number of services internalized. A different perspective on the employment issue is gained by including in the analysis the investment-cost-per-room (IIR), and the social cost associated with the particular form of investment, expressed in terms of investment-per-

employee (IIE).² This latter indicator is the most relevant to an evaluation of the benefit to the host community of a particular form of accommodation development, because it relates dollars invested to jobs created. Table 2 shows that the capital requirements (IIR) for the construction of these various establishments increases geometrically with the quality of accommodation, while the E/R increases only arithmetically. Although Trinidad's oil boom enabled the national economy to raise domestic capital to finance hotel projects of any size, it must be questioned whether it is to the advantage of the economy of Trinidad and Tobago to spend double the amount of capital on luxury hotels in order to achieve the same employment effect (IIE) as with smaller accommodations. Actually, Category I accommodations are as capital intensive as manufacturing industries, particularly if the high costs for the tourist-specific infrastructure is added (Bryden 1973, 73; Rodenburg 1980, arrived at similar results).

The actual decision for or against any particular form of accommodation development is more complex than the foregoing analysis of ownership, employment, and investment suggests; in view of the disadvantages to the host society of continuing foreign dependency on luxury hotels, small, accommodations do emerge as more beneficial to the local economy. The analysis fails, however, to indicate a clear preference for a specific type of small accommodation. The basic guesthouse (Category III) constitutes the most indigenous form of accommodation, but it does not provide many employment opportunities and is ill-suited to meet the demands of international tourists. In contrast, the upgraded guesthouse and small hotel provide a number of amenities that international tourists consider essential. A decision in favor of one or the other is a political trade off between labor intensiveness and local--as opposed to national-participation in ownership.

SMALL ACCCOMMODATIONS: ADVANTAGES AND DISADVANTAGES, SUMMARY AND PROSPECTS

The above analysis of Tobago's accommodations focuses on economic issues only. Before taking up the discussion of how small accommodation development could be made viable, it is appropriate to complement the results from Tobago with the findings and recommendations of other destination-oriented tourism research, and to compile a list of the advantages and disadvantages associated with small scale accommodation development. Some of these supposed advantages, particularly the ones relating to marketing, are speculative and remain to be tested. [end p. 65]

Advantages of Small Accommodations

- More local ownership (Rodenburg 1980).
- More jobs per dollar invested (Rodenburg 1980).
- Better keyed to the national and regional economy (Rodenburg 1980; S. Britton 1982), especially in the case of the construction, food, and beverage sectors, which have the greatest potential to provide local linkages (Doxey n.d.; Belisle 1983)
- Two sets of clientele, arriving at complementary times: Caribbean tourists during the summer season and the international clientele during the winter season (Haider 1982, 123).
- Gradual expansion in accordance with the growth of demand and the readiness of the host society.³
- Attract a clientele more sensitive to the local culture and less likely to introduce a set of negative social effects as visitors to large hotels do (R. Britton 1977).
- Need a smaller absolute number of tourists from which to obtain a useful amount of income relative to the local development needs (S. Britton, personal correspondence).
- Maximize the visitor's holiday experience by providing a mystique as hideaways from the pressures of western society (Hiller 1977; R. Britton 1977).

Disadvantages of Small Accommodations

- Employee job satisfaction comparatively low and associated with poor productivity (Seon 1975, 21, whose research was limited to old, small hotels).
- Skilled managers and trained staff lacking.

- Cannot afford professional services for planning, design, construction, and marketing.
- Marketability suffers from a lack of standardization (Seon 1975, 58).
- The clientele, which is a small segment of the total Caribbean tourist market, is difficult to identify.

Overcoming the Weaknesses

Despite all the advantages that destination-oriented tourism research associates with small accommodations, recent developments in the Caribbean do not look too promising for such establishments. Governments in the region continue catering to the foreign interests of the international tourism system. The financial power, expertise, and market connections of international hotel chains, airlines, and tour operators mean that large international hotels have a clear competitive advantage over locally owned small enterprises (S. Britton 1982). This advantage translates into a form of control, because international tourist companies send investments and tourists to the countries with the most compliant governments.⁴ This situation raises the fundamental question of whether tourist-receiving countries must uncritically accept the imperatives of the international tourism system (Jenkins 1982), or whether it is still worth while to consider ways to make small accommodations viable within the framework of the same international tourism system. If the long-term social and cultural disadvantages of large-scale tourism development are considered at least as important as short-term economic gains, the search for alternatives must continue. Any strategy to increase the international marketability of small accommodations should consider how such establishments can simultaneously meet national development needs and the requirements of the international tourism system.

The first step of such a strategy is for the individual establishment to apply sound business practices, conform to the usual demand for cleanliness and courtesy, and be willing to cooperate with the other components of the tourism system.

Secondly, small accommodations should initiate cooperative efforts and receive public sector assistance to compensate for some inherent disadvantages. Though many countries now provide incentives for small business development, these measures often do not meet the specific needs of the small accommodation sector. Tourist boards and hotel associations are reluctant to promote the development of small facilities directly. Hotel and catering school curricula serve the needs of large tourist operations, instead of improving management and staff skills for small accommodations. Assistance should start during the planning and construction phase, because in most cases the prospective entrepreneurs lack in-depth knowledge about the international clientele. Improved room decor or landscaping detail can make all the difference for future customer acceptance. A guesthouse association or a national tourist office could guarantee quality control of participating accommodations and could serve as a vehicle for pooling the marketing tasks of individual establishments.

Category	E/R		I/R**	I/E**
	1980*	1974**	TT \$	TT \$
I	1.42	1.3	57 950	44 577
II	.72	.9	20 150	22 388
III	.35	.5	6 175	12 350

E/R Employment per room

*1980 own investigation

I/R Investment per room in TT \$

**Allahar (1974)

I/E Investment per employee in TT \$

Table 2. Employment and investment.

Where the development of small accommodations is to be started without the prior existence of a tourist industry in the region, the responsibilities for planning and coordinating increase many fold, because the present international tourism system does not allow for gradual development. On the contrary, small accommodation development can only be started successfully if the region can supply accommodations and all infrastructure and support services concomitantly and for a number of tourists sufficient to satisfy the scale demand of the transportation industry. Finally, successful marketing is crucial for the future of small accommodations. Currently the direct marketing influence of national tourist boards, or of the various hotel associations, is rather limited. Internationally, most Caribbean accommodations are [end p. 66] sold as part of a package that includes transportation as its second major component. The package is assembled by tour operators and distributed by travel agents.⁵ Their operations are based on two fundamental principles: profit maximization, achieved mainly by the introduction of economies of scale; and risk aversion, achieved by the standardization and westernization of the various physical elements of their product, especially accommodations. As independently operated small accommodations do not satisfy these principles, the pooling of marketing efforts is fundamental.

It has been suggested that host societies could lessen their dependency on the metropolitan-based tour operators by establishing their own tourist enterprises (Steigenberger Consulting 1980, IV, 163). This would not only require a cooperative effort among several of the small Caribbean nations, but would also lead them into fierce competition with the established tour operators. The three largest countries, Trinidad and Tobago, Barbados, and Jamaica, have the advantage of operating national air carriers that have started to market packages in North America. Third World tourist enterprises like these national air carriers do not necessarily have an interest in promoting small accommodations, as their operations are determined by the same considerations as the metropolitan-based tourist industry.⁶

It is remarkable that research has failed to answer the question: What is the actual demand for small accommodations? The issue has been beyond the usual scope of destination-oriented tourism research, and the tourist industry has simply denied the economic viability of small accommodations without conducting a market analysis. Tour operators, for example, do not undertake much market research, because their product is always intangible and cannot be simulated for product testing in a way that a test batch of a new grocery product formula can be made up" (Riley 1983). It is also difficult to collect realistic data on future behavior, a fundamental problem in behavioral research. Thus for tour operators it is cheaper and less risky to launch a

test market. They simply buy small quantities of the various product components, print a brochure, and make the product available.

For the tourist receiving area, a test market approach is usually neither available nor desirable, because the area cannot alter its product year after year. In addition to the natural resources, a destination environment is composed of the various man-made attractions and tourist services that constitute long-term investments. For a destination, it is more productive to identify as accurately as possible potential markets for its current attractions and services. The results of such market research can be used to convince tour operators of the economic feasibility of small accommodations. The addition of a wider behavioral perspective, such as research on the tourist's attitudes and preferences regarding the destination environment, could assist destination planners to select

those physical elements of a destination that conform to the desires and expectations of one specific segment of the international tourism market and are at the same time the least socially disruptive to the receiving area.⁷ So far this task has not been taken up by any research discipline. It is a legitimate concern for destination-oriented tourism research.

SUMMARY

The analysis of the economic impact of different categories of accommodations in Tobago corresponds with the findings of other studies, in that small hotels and guesthouses have a more beneficial impact than large hotels upon the host community. Small hotels and guesthouses allow for a higher degree of local participation and are more labor intensive, considering capita requirements. Unfortunately, political and economic realities of the international tourism system, upon which developing countries depend for marketing and transportation services, force these countries to ignore the findings of destination-oriented tourism research and to accept large-scale tourism development. If destination-oriented tourism research is to influence tourism development, it must extend its scope of analysis to consider the potential of small accommodations within the context of the international tourism system. Strategies are necessary both to improve small accommodations themselves, and to sell them more effectively. Their improvement depends on the attitude of the individual entrepreneur, who should be supported by a truly committed scheme of guidance and incentives designed by the respective governments. The major purpose of such strategies on the national level is to overcome the inexperience of individual entrepreneurs and the disadvantage of small scale by the provision of support services and by pooling the efforts of small accommodations in marketing.

The argument for small accommodations could gain considerable strength if the market were more clearly defined. Destination-oriented tourism research should also adopt a behavioral research component with its focus on the tourist. Such an approach could produce new insights on destination planning as well as on the marketing potential of small accommodations. Undoubtedly, small accommodations appeal to only a small segment of the market. Nevertheless, the exploitation of this segment to its full potential will enable a number of developing countries to escape from the stereotypical tourism development that has carried with it so many detrimental side effects. [end 67]

NOTES

1. Guesthouses located in urban Scarborough were not included in the calculation for Category III.
2. The discussion is based on 1974 figures (Allabar 1974) because of lack of financial data for 1980. Since 1974, investment requirements expressed in absolute monetary terms have increased substantially, but it can be assumed that the proportions required by the various accommodation categories remained similar, particularly as the E/R in the respective categories has proven stable over time.
3. Under current conditions, a certain threshold in the total number of beds available in one tourist-receiving area must be surpassed in order to warrant the economic operation of all support services.

4. Between 1972 and 1974 the government of St. Vincent went further than any other Caribbean country to encourage small accommodation development. The endeavour was met with considerable scepticism by the international tourist companies and especially foreign-owned hotels. Trinidad and Tobago's policy towards guesthouse development has been inconsistent. During the early 1970s the government seriously considered reserving Milford Bay in Tobago (adjacent to Buccoo Reef) exclusively for guesthouse development (Shankland Cox Partnership 1974). By 1980 there was only talk of constructing one or two 100-room hotels.

5. A recent survey confirmed the influence North American travel agents have in the destination choice of tourists. Of all clients who used such a service for the purchase of a holiday in the South, 49 percent knew precisely their destination at the time of first contact with the agent, while 34 percent had a general idea of whether they preferred to go to the Caribbean or Florida or Hawaii, and 17 percent had no particular idea. The most important factors in influencing the agent's recommendations were hospitality and friendliness of local people, accommodations, safety, ease of air transportation, and cost (Travel and Tourism Consultants International 1982, IV, 6, 16). These findings strengthen Rodenburg's (1980) observation that large-scale accommodations appear guest-oriented, but actually are "customer-oriented and customers of this type of enterprise are primarily retailers of travel, not tourists."

6. The 1984 brochure of BWIA (national carrier of Trinidad and Tobago) indicates a possible reversal of this trend. In their program for Tobago they offer, in addition to the five luxury hotels, four small hotels and three upgraded guesthouses.

7. To the author's knowledge, only one published article, which has not gained wide recognition, proposes a similar extension of the scope of destination-oriented tourism research (Reime and Hawkins 1979). Instead of the usual one-dimensional market study, which only attempts to identify consumer preferences, they call for a three-dimensional market study, which would also consider the interests of the local tourist business operators and the host society at large.

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