COVID-19 Disruptions Driving Sustainable Tourism: A Case of the Hawaiian Tourism Industry

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Abstract: This study inquires about the COVID-19-generated momentum and how it resulted in transformative opportunities for the hard-hit tourism industry in Hawai‘i. A single embedded case study has been selected to explore the implications of the COVID-19 pandemic-generated momentum for the risk-prevalent industry and identify sustainability-based management strategies within the tourism industry in Hawai‘i’s small island economy. Documentation and archival records analysis paired with direct observations performed during the 2022 Hawai‘i Tourism Conference exposed the pivot taken by the Hawai‘i Tourism Authority and the four island counties, toward rebuilding, redefining, and resetting the tourism industry in accelerating the timeline for sustainable and regenerative tourism. Findings indicate that actors from the tourism industry in Hawai‘i perceived the COVID-19 pandemic as a hulua, or a point of transformation, to reflect and reevaluate the tourism industry’s responsibility and shift toward a recovery focused on sustainability. This research confirms that the pandemic-driven momentum accelerated opportunities for changing and transforming traditional business models and indicators of progress within the tourism industry in Hawai‘i and it revealed that the Hawai‘i Tourism Authority and the four island counties adopted new management and collaborative approaches and measures of success to rebuild, redefine, and reset the directions of tourism. Further research may explore additional Pacific Island countries to gain a deeper understanding of the problem within the region’s context.

Keywords: COVID-19 Pandemic, Green Economy, Hawai‘i, Resilience, Shared Value, Sustainable Tourism.

1. Introduction

The global pandemic has been a supreme transformer; it has severely disrupted socio-economic systems worldwide and could mark a turning point for a transition and a transformation toward a green, resilient, and sustainable future (Bodenheimer and Leidenberger 2020). The tourism industry represents one of these industries where the calls for action and transformation of traditional business models have been echoed and widely discussed. There is an extensive range of literature on sustainable tourism and the nexus between sustainable tourism and the COVID-19 pandemic (Gössling et al. 2020; Haywood 2020; Sigala 2020). However, there is limited research on the recovery strategies available for the industry post-pandemic (Prideaux et al. 2020) or on the long-term impacts of the pandemic on tourism in the Pacific Islands (Bright and Abbott 2021; Shen 2020) and more specifically in Hawai‘i (Yong et al. 2021). The purpose of this exploratory embedded case study is (a) to discover how the COVID-19 pandemic has generated momentum to rethink and transform traditional business models within the risk-prevalent tourism industry in Hawai‘i and (b) to identify sustainability-based recovery strategies for navigating the uncertainty within the tourism industry in Hawai‘i’s small island economy. The results of this study may contribute to the existing literature by providing empirical evidence on the business opportunities that emerged from the momentum and transition to a resilient, sustainable, and green economy.

1.1 Conceptual Framework

This study is grounded in Michael Porter and Mark Kramer’s (2011) shared value model and presents the potential applicability of the shared value model in the global and post-pandemic crises in the Hawaiian tourism industry. The shared value model focuses on transforming the capitalist economic system and revisiting the role of corporate actors in society. Porter and Kramer (2011) argued that shared value could result from (a) reconceiving customer needs, products, and markets, (b) redefining productivity in the value chain, and (c) enabling local cluster development (p. 5). The COVID-19-generated forced pause in the tourism industry accentuated the mixed feelings about the industry and its impacts on local communities’ ways of life and well-being, inclusive of and beyond economic development (Riley et al. 2021; Wianecki n.d.). Many actors realized the necessity of putting communities first (Haywood 2020) and shifting from traditional business models towards new economic and business models that would meet the needs of society with products and services that respond to social and environmental issues (Riley et al. 2021). Shared value-based tourism models have the potential to achieve this shift and present an opportunity to review how the tourism industry, and DMOs especially, should focus on cluster-based managerial approaches (Haywood 2020).
2. Literature Review

2.1 The COVID-19 Pandemic-Driven Momentum

The global pandemic and the forced pause imposed by a slower pace of economic and social activities have also generated a window of opportunity to change direction, shift away from traditional business models, create a new sustainable normal, and prevent future crises (Bodenheimer and Leidenberger 2020). For many (IMF n.d.; OECD 2021), the new sustainable normal translates into a green recovery as a preamble to a green economy. Unlike traditional pro-growth normalized economic models, the green economy emphasizes integrating social and environmental considerations into our economic system to measure progress and reduce risks (Cigu et al. 2020). While some critics are questioning whether the pandemic will generate short-lived changes or global and long-term course corrections for the industry (Hall et al. 2020). The literature suggests that many scholars (Gössling et al. 2020; Prideaux et al. 2020; Rowen 2020) support the latter. Many travelers now look for products and experiences that align with their social values and lifestyles (Sigala 2020). While on the supply side, DMOs and the travel industry understand the need to align their focus on sustainable and responsible tourism options (Rowen 2020).

2.2 Tourism Industry in Small Island Economies and Hawai‘i

A significant proportion of small island economies highly depends on the tourism industry’s contribution to the GDP, local economy, and employment (Armstrong and Read 2021). The Hawaiian archipelago is no exception. The archipelago is known for being among the top sought-after destinations in the USA (Yong et al. 2021), and tourism is an essential economic driver in Hawai‘i, representing approximately 25% of the local economy (Wiamecki n.d.) and 17% of its GDP (HTA 2020b). Tourism revenues are the primary source of private capital for the state’s economy (HTA, 2019b), where visitors’ spending accounted for $17.84 billion and directly supported 216,000 jobs in 2019 (HTA 2019a). The archipelago of 1,441,553 population (Hawaii 2021a) welcomed over 10.3 million visitors in 2019 (HTA 2019a).

2.3 The Impacts of COVID-19 on the Hawaiian Tourism Industry

Tourism has been among the most impacted industries by the COVID-19 pandemic in Hawai‘i and elsewhere. The following travel restrictions, successive lockdowns, and quarantine requirements have virtually halted almost all tourist activities worldwide. According to the World Travel Tourism Council (2020), the travel restrictions have resulted in a net reduction of 197 million jobs worldwide in the industry. While the overall long-term impacts on the industry remain unclear, it can be asserted that the previously sustained Hawaiian tourism growth has been halted drastically and is expected to stay low for 2021 and 2022 despite some rebound (HTA 2021). In the first ten months of 2020, tourists visiting Hawai‘i have declined by 73.4% compared to the year before (HTA 2020a). The Hawaii Department of Business Economic Development and Tourism (2021b) estimated that unemployment in Hawai‘i increased tenfold due to the global pandemic, from 2% to 10%, representing one of the highest in the USA in 2020 compared to the previous year. The Economic Research Organization at the University of Hawai‘i (2020) highlighted that due to Hawai‘i’s heavy reliance on tourism, which Nevada only surpasses, the state performed poorly in economic performance during the pandemic.

3. Method

Based on its revelatory nature, a single embedded case study has been chosen to conduct this research (Rowley 2002; Yin 2018). As suggested by Yin (2018), this research method is adequate for understanding topics using how and why questions when the researchers have little or no control over the events and when the approach focuses on contemporary events. Additionally, the case study design is appropriate for researchers seeking to perform a study involving a limited number of organizations (Rowley 2002) while looking for a rich description of the phenomenon under investigation and a thick interpretation of the topic (Tracy 2010). The state-funded organization mandated to oversee tourism management in Hawai‘i has been selected for this study. The Hawai‘i Tourism Authority (HTA) was established in 1998 and acts as the destination management organization (DMO) for the state (HTA 2023b); its role is to sustainably manage tourism activities while reconciling the values, needs, and goals of all stakeholders involved. The embedded units under study are the four island counties (a) Kaua‘i; (b) Maui Nui; (c) Island of Hawai‘i; and (d) O‘ahu (sub-units) and the business strategies developed in partnership with the HTA (main unit) following the global pandemic.
3.1 Population and Sample

A purposeful sampling method has been selected for identifying and selecting data sources for this case study. Consequently, 69 official documents from the Hawai‘i Tourism Authority spanning three years and published from January 2019 to December 2021 have been selected for their potential to describe the DMO’s approach to tourism both before and during the global pandemic. Additionally, 15.5 hours of direct observations were performed during the first in-person 2-day annual conference at the 2022 Hawai‘i Tourism Conference in Honolulu to increase the representativeness of the population under study and the sources of evidence used (Rowley 2022). The data collection process was performed until no new evidence challenged the description of the phenomenon or potential learnings related to the research questions (Polkinghorne 2005). An additional 19 documents were analysed to ensure sufficient information had been collected before and after the start of the pandemic to reach saturation.

3.2 Materials /Instrumentation

A case study protocol has been developed to standardize, centralize, and support the data collection process. A case study protocol also helps bring focus to the topic under study and increase the reliability of the case study (Yin 2018) and external validity (Rowley 2002). As part of the case study protocol, an observation protocol has been developed to guide and record the observation process. Direct observations have been selected for this study to allow for the appreciation of the phenomenon as it unfolds in its natural setting (Centers for Disease Control and Prevention [CDC] 2018; Creswell 2018), resulting in a rich interpretation of the phenomenon (Kumar 1996). A combined approach has been selected to perform the observations using both a structured and unstructured method to optimize the observation of elements that have been anticipated and those that have not (Cottage Health n.d.).

3.3 Data Collection and Analysis

Data collection has been performed in examining Hawai‘i Tourism Authority’s actions before and after the global pandemic. It has also analysed if the latter has influenced the general business directions taken by the HTA and its partners. Multiple sources of evidence have supported the analysis; document and archival records analysis (Creswell 2018; Yin 2018) and direct observations (Kumar 1996; Morgan et al. 2017) have played an essential role in developing this case study. Firstly, the document analysis of official and publicly available files and archival records spanning over three years have been collected. HTA’s board and committees’ meetings’ minutes, annual reports, special resolutions, memorandums, strategic plans, action plans, budgets, survey data, and service records have provided insights into organizations under study to relate the data and the findings to the proper unit of analysis or the organization (Gray 2014). Key constructs related to the phenomenon under study, the conceptual framework, and the research questions have been selected to structure the content analysis process. Documents and archival records have been manually analysed and scanned for keywords related to competitiveness, corporate social responsibility, social responsibility, green economy, green recovery, innovation, resilience, responsible tourism, sustainability, sustainable tourism, and transformation. Secondly, opportunities for direct observations have been leveraged during the 2022 Hawai‘i Tourism Conference in Honolulu at the Hawai‘i Conference Centre on December 8 and 9, 2022.

3.4 Ethical Assurance

Reflective comments have been listed and examined during the study process to allow for enhanced internal validity and reliability (Creswell 2018; Shenton 2004). The case study and observation protocols have also been used to standardize the data collection process and mitigate the possibility of researcher bias and its influence on the data collection process. Finally, permissions were granted before the Conference and during the event to perform research, take notes, and take pictures of the event and participants.

4. Findings and Results

Actors from the tourism industry perceived the COVID-19 pandemic as an opportunity to reflect and reevaluate the tourism industry’s responsibility and shift toward a recovery focused on sustainability. The Hawaiian term huliau meaning a point of transformation or a time of change has been used by several actors from the industry both in documents and archival records analysed and during the annual Conference to describe the role of the pandemic in generating momentum to transform business models within the tourism industry. The latter has been seen as accelerating the timeline and discussions related to the pivot of the tourism industry in a more
sustainable direction rather than instigating these discussions. To illustrate the role of the pandemic in accelerating sustainability-based discussions and initiatives, a keyword analysis has been performed. Across the 18 documents scanned from 2019, 45 keywords related to the phenomenon under study, the conceptual framework, and the research questions have been identified, compared to 132 keywords noted within the 21 documents reviewed from 2020 and 506 keywords recorded from the 30 documents from 2021, as shown in the table below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Documents</th>
<th>Keywords Identified</th>
<th>Keywords Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>18 documents</td>
<td>45 related keywords</td>
<td>2.5</td>
</tr>
<tr>
<td>2020</td>
<td>21 documents</td>
<td>132 related keywords</td>
<td>6.29</td>
</tr>
<tr>
<td>2021</td>
<td>30 documents</td>
<td>506 related keywords</td>
<td>16.87</td>
</tr>
</tbody>
</table>

### 4.1 Sustainability-Based Recovery Strategies to Navigate Uncertainty

Building on existing initiatives, several recovery strategies suggest developing and collecting extra-financial metrics and data to report and disclose on existing marketing or sustainability-based programs, including the Aloha + Challenge, the annual resident sentiment survey, or local buying programs such as the Kaua‘i Made program. A second category describes sustainability and resilience-based recovery strategies is the Mālama Hawai‘i Program and its focus on regenerative tourism. The Hawaiian word Mālama signifies to give back, it has been introduced within the RESOLUTION 2021-2-1 RE: Realignment and Reorganization of HTA Strategic Plan and Operations and marked a milestone in the adoption of sustainability and resilience-based recovery strategies (HTA 2021c).

The third sustainability and resilience-based category includes the Destination Management Plans (DMAPs) and their focus on the four interacting pillars of HTA’s 2020-2025 Strategic Plan: Natural Resources, Hawaiian Culture, Community, and Brand Marketing. The DMAPs were created during a collaborative and multi-stakeholder consultation process that included tourism actors and partners, local communities, academics, local and national governments and tailored specifically for each of the four counties, including Kaua‘i, Maui Nui (Maui, Moloka‘i, and Lāna‘i), O‘ahu and Hawai‘i Island.

Lastly, the need for creating collaborative initiatives and engaging the entire tourism ecosystem has been repeatedly discussed and is perceived as critical for sustainability and resilience-based recovery strategies. This could be done by building and expanding communities of practices and networks to share success stories and best practices around regenerative tourism and enable collaborative actions between actors from the industry. Such collaboration and discussions should include academics, outreach types of research, public-private partnerships, as well as local communities and residents.

### 5. Evaluation of the Findings

#### 5.1 Reconceiving Customer Needs, Products, and Markets

The document and archival records analysis and direct observations suggest that the global COVID-19 pandemic accelerated the adoption of new tourism management approaches for the Hawai‘i Tourism Authority (HTA) and the four island counties. The Mālama Hawai‘i Program and the concept of regenerative tourism have been introduced in 2021. It marked a milestone in adopting new products and services that consider the needs of visitors, the local community, and other stakeholders. For instance, local stewardship programs support visitors’ safety and awareness of the local culture. At the same time, park reservation management systems for non-residents alleviate the pressure on natural areas and reduce traffic in residential areas while increasing ease of access to popular tourist areas for Hawaiian residents. Furthermore, visitors’ and residents’ satisfaction are key performance indicators (KPIs) adopted to measure progress in the HTA’s 2020-2025 Strategic Plan.

#### 5.2 Redefining Productivity in the Value Chain

The findings indicate that the HTA executed several measures related to the realignment of its budget, operations, communications, and strategic plan that influenced components of its value chain such as
procurement policies and procedures, organizational structure, and employee training and development. This strategic realignment was perceived as necessary to adapt to the disruptions generated by the COVID-19 pandemic and the need to operate in a changing business environment (HTA 2021c). Furthermore, HTA’s adoption of an updated Strategic Communications Plan in 2021 indicated the desire to proactively deliver messages to key stakeholders from the tourism industry and inform them about the recovery strategies (HTA 2021a). Lastly, direct observations highlighted the desire to amplify partnerships with local colleges and universities to support technology and knowledge development, recovery strategies, and new business approaches for the tourism industry.

5.3 Enabling Local Cluster Development

The data analysis stipulates that the Hawai‘i Tourism Authority carried out several initiatives to improve the tourism industry's business environment. Among others, the HTA provided various funding to local organizations to support tourism initiatives or strengthen tourism actors’ sustainability skills, namely, the Community Enrichment Program and the Certification Program. Furthermore, adopting and implementing the four Destination Management Plans (DMAPs) in collaboration with multiple stakeholders such as residents, representatives from the local communities, the business sector, and nonprofit organizations demonstrated the aspiration to co-create supporting initiatives conducive to collaboration between interconnected actors from the industry.

6. Limitations of the Study

The case focused on the archipelago of Hawai‘i as a destination-specific case study, therefore, the applicability of this research to other regions or industries may be limited. Other potential directions could include a broader research scope as part of a multiple-case studies design requiring extensive resources and time (Yin 2018) or longitudinal research (Gray 2014). This research could be extended by exploring the perspectives of additional actors in the tourism ecosystems, such as academic researchers, city councillors, services providers, tourists, travel agents, etc., about the impacts of the pandemic and the adoption of different recovery strategies. Finally, this study is not exhaustive in terms of implications and strategies used or valued across the tourism industry's stakeholders, and it does not represent the perspectives of the industry uniformly as a group.

7. Conclusion

This study confirmed previous research that suggested the COVID-19-driven opportunities provided a time to reflect on the industry’s vulnerabilities, innovate, and transform (Gössling et al. 2020; Haywood 2020; Prideaux et al. 2020; Rowen 2020; Sigala 2020). Additionally, this crisis and post-crisis situated research provided an occasion to revisit the shared value model, reinforce its applicability in the context of a changing reality, and validate the transformative potential of integrating social and environmental considerations into business strategies (Porter 2011). Finally, this research contributed to filling a gap in the academic literature on destination-specific, sustainable, and responsible tourism (Mathew and Thankachan 2019) and the role of the tourism ecosystem in generating positive impacts on the destination (Moscardo 2021). It would be interesting to explore other Pacific Island nations’ recovery strategies to understand better the pandemic’s impacts on the region’s tourism industry. It is challenging to predict when global crises will happen. However, the ongoing turbulence of the worldwide context suggests that DMOs can prepare, anticipate, and mitigate the impacts of such events by adapting their business models and strategies toward proactive and resilient-based ones that can generate successful outcomes for all stakeholders.

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References
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