

Revitalizing Communities: A Literature Review on the Economic Impact of Rural Tourism Development

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ABSTRACT

Rural tourism development offers communities a potential pathway for economic revitalization, especially in regions facing population decline and industrial restructuring. This literature review explores the economic impacts of rural tourism by examining current research on infrastructure investment, job creation, small business development, and local revenue generation. Using a systematic search of peer-reviewed articles from databases such as ProQuest and Scopus, the authors identified and analyzed recent scholarship published between 2015 and 2024. The review finds that while tourism can significantly contribute to local economies, successful outcomes depend on strategic planning, community engagement, and the integration of cultural assets. This paper synthesizes findings into key economic themes and proposes a framework for future research and community practice. The study offers theoretical insight into rural development strategies and practical guidance for policymakers and tourism planners.

Keywords: Economic development, tourism infrastructure, sustainable tourism, local economics, small business development

INTRODUCTION

Rural communities across the United States are facing increasing economic pressures due to shifts in industry, population decline, and reduced access to traditional development resources. As these communities seek alternative pathways for revitalization, rural tourism has emerged as a promising strategy to stimulate local economies. Rural tourism, broadly defined, includes travel and visitor experiences centered in small towns or countryside areas, often emphasizing natural, historical, or cultural assets. It represents an opportunity to attract external revenue, support small businesses, create employment, and encourage investment in infrastructure and public services.

In the wake of shifting population patterns and post-pandemic economic recovery efforts, rural communities are increasingly exploring tourism as a tool for long-term

sustainability. However, despite growing interest, there remains a need for a clearer understanding of how, and to what extent, tourism development contributes to measurable economic outcomes. This includes impacts on job creation, business growth, public revenues, and infrastructure investment. While rural tourism offers significant opportunities, it has challenges, including seasonality, income variability, and potential overdependence on a single sector. Understanding these dynamics is essential for planning and managing tourism in ways that truly benefit host communities.

This literature review responds to these needs by synthesizing recent research on the economic impacts of rural tourism. It is particularly relevant for economic development professionals, tourism planners, nonprofit leaders, and local government officials seeking to ground their decision-making in evidence-based insights. Drawing on a structured review of peer-reviewed literature published between 2000 and 2024, the paper identifies key themes and frameworks that shape current understanding of rural tourism's economic role. The following sections provide a review of relevant literature, an analysis of core economic themes, practical and theoretical implications, and recommendations for future research.

METHODOLOGY

This paper employs a structured literature review methodology to synthesize existing research on the economic impacts of rural tourism development. The authors conducted a comprehensive search of peer-reviewed academic journals using databases including ProQuest, Scopus, and Google Scholar. Keywords used in the search included "rural tourism development," "economic impact," "rural revitalization," "tourism infrastructure," and "community economic growth."

The review focused on literature published between 2000 and 2024, with a particular emphasis on studies from the last decade to capture recent trends and emerging perspectives. Only English-language, peer-reviewed articles were included. An initial pool of sources was refined based on relevance to rural settings and economic outcomes, resulting in the inclusion of 27 articles. These sources were analyzed thematically, focusing on tourism's influence on job creation, infrastructure investment, small business development, and local revenue generation.

This review approach allows for the identification of key economic themes and practical considerations for policymakers and community leaders seeking to leverage tourism for rural development.

LITERATURE REVIEW

Tourism's potential to stimulate rural economies has been well-documented across several decades of research. Early work (e.g., Fredrick, 1993; Wilson, Fesenmaier, Fesenmaier, & Van Es, 2001) established a foundation for understanding tourism as a tool for small business growth, infrastructure investment, and job creation in rural settings. More recent scholarship (e.g., He et al., 2021; Khasawneh et al., 2023; da Mota et al., 2024) builds upon this foundation by examining the nuanced economic

mechanisms through which rural tourism contributes to community development and resilience.

Infrastructure and Investment

A frequently cited benefit of rural tourism development is the investment it draws into local infrastructure. This includes roads, transportation systems, utility improvements, broadband access, signage, and recreational spaces (Shi & Fan, 2022). Rural areas often struggle to secure such improvements through traditional funding mechanisms; however, tourism provides a rationale for investment from public and private entities. For example, Wilson et al. (2001) found that towns investing in clean streets, flower displays, and wayfinding signage improved visitor satisfaction and encouraged return tourism. Similarly, Khasawneh et al. (2023) identified infrastructure upgrades, such as renovated historic buildings and improved telecommunication systems, as key drivers of tourist attractions in rural Jordan.

Moreover, infrastructure improvements often benefit residents as much as tourists. Upgraded roads, water systems, and broadband access improve quality of life and can lead to secondary economic benefits such as attracting new residents or businesses (Camilleri, 2018; Kumar, Valeri, & Shekhar, 2022).

Employment and Labor Markets

Tourism is often framed as a job generator for rural communities, particularly in hospitality, retail, food service, and recreation sectors. Fredrick (1993) noted early on that rural tourism could create jobs, though many were seasonal or part-time. More recent studies, such as those by Stolarick et al. (2010) and Wijijayanti et al. (2020), affirm that job creation remains a central economic driver but suggest that communities must focus on fostering entrepreneurship and permanent employment opportunities to maximize long-term benefits. For example, the development of heritage-based tourism in Prince Edward County, Canada, led to the expansion of tourism-related services and supported year-round employment through cultural programming and event coordination (Stolarick et al., 2010). Similarly, rural communities in Indonesia observed job growth extended beyond tourism-specific roles to include secondary sectors such as transportation, agriculture, and retail (Wijijayanti et al., 2020).

However, several authors caution that relying solely on tourism for employment can reinforce income volatility. Camilleri (2018) and Dogan (1989) emphasize employment gains must be accompanied by workforce development efforts to ensure jobs are stable, adequately paid, and socially sustainable.

Entrepreneurship and Small Business Growth

Tourism often supports the growth of small and micro-businesses in rural communities. These include lodging facilities (e.g., bed and breakfasts, cabins), guided experiences (e.g., fishing, hiking, or historical tours), artisan markets, cafes, and gift shops. MacDonald and Jolliffe (2003) and da Mota et al. (2024) argue that rural

tourism's most transformative potential lies in its ability to spark local entrepreneurship and strengthen community identity through place-based businesses.

Case examples include Mirandela, Portugal, where gastronomy tourism revitalized small farms and food producers (da Mota et al., 2024), and Fort Boonesborough State Park in Kentucky, where historical reenactments and heritage-based programming support not only cultural preservation but also local vendor and service economies (Kentucky State Parks, n.d.).

He et al. (2021) further show that sustainable tourism can strengthen community institutions and stimulate intergenerational investment when residents feel empowered to launch and lead tourism enterprises.

Public Revenue and Fiscal Impact

Several studies highlight the role of tourism in generating new streams of public revenue. Tourism contributes directly through lodging and sales taxes, park entrance fees, special event permits, and indirectly by revitalizing districts that increase property values and reduce vacancy rates (Zhu et al., 2024). In rural China, for instance, tourism development in agricultural resorts increased local government revenue while decreasing reliance on subsidized farming (Zhu et al., 2024).

In the U.S. context, rural communities often use tax revenue from tourism to reinvest in public services, education, and community beautification projects (Wilson et al., 2001; Moraru, Bodescu, & Şumovschi, 2023). These reinvestments reinforce the tourism economy in a positive feedback loop while supporting residents' quality of life. However, researchers like Lieberthal et al. (2024) caution that tourism revenue is highly sensitive to global economic and health events, such as the COVID-19 pandemic, underscoring the need for diversified fiscal strategies within tourism planning.

The reviewed literature reveals that rural tourism has the potential to stimulate economic development through multiple channels, including infrastructure investment, job creation, entrepreneurship, and public revenue generation. However, the magnitude and sustainability of these impacts depend on thoughtful planning, local leadership, and inclusive economic strategies. Across recent studies show a clear shift from tourism as a static revenue source to tourism as a dynamic economic development system, where success depends on empowering communities to shape and benefit from tourism in ways that align with their long-term goals.

MAJOR THEMES IN RURAL TOURISM'S ECONOMIC IMPACT

The literature reveals a set of recurring themes that illustrate the complex, layered nature of rural tourism's economic impact. These themes reflect the opportunities and the structural conditions that shape whether tourism becomes a catalyst for local revitalization or a missed opportunity. The following synthesis presents four interrelated themes that can guide future research and practice in rural tourism development.

Tourism as a Strategy for Economic Diversification

Rural economies that once relied on agriculture, mining, or manufacturing increasingly use tourism to diversify their economic base. This shift allows communities to reduce dependence on declining industries while tapping into visitor spending and cultural heritage assets. As Wilson et al. (2001) and Sidali et al. (2015) noted, the most resilient rural economies embrace tourism not as a replacement industry but as part of a broader diversification strategy, incorporating food tourism, outdoor recreation, and cultural experiences. Communities integrating tourism with existing sectors (e.g., agritourism on family farms or nature tourism in conservation areas) create more durable economic ecosystems.

Empowering Local Ownership and Entrepreneurship

A consistent theme in recent literature is the importance of local ownership in determining whether tourism benefits the community or external investors. Locally owned small businesses, such as guesthouses, guide services, and local food providers, not only keep profits circulating within the community but also promote authentic experiences that differentiate rural destinations (MacDonald & Jolliffe, 2003; He et al., 2021; da Mota et al., 2024). These businesses often reflect cultural values and regional identity, creating a deeper connection between visitors and host communities. Entrepreneurial training and support are critical to help residents navigate business development in a tourism economy.

Readiness through Infrastructure and Institutional Capacity

Successful rural tourism requires more than attractive landscapes or historic sites; it demands readiness in terms of infrastructure, public services, and local institutions. Communities that lack reliable transportation networks, accommodations, or clear zoning policies often struggle to scale tourism effectively. Khasawneh et al. (2023) and Shi & Fan (2022) emphasize that infrastructure readiness, including broadband, road access, and signage, plays a pivotal role in attracting and retaining visitors. Equally important is institutional capacity: local governments, tourism boards, and development organizations must be equipped to manage growth, coordinate stakeholders, and secure funding.

Strategic Investment and Policy Support

Public policy and financial investment, at the local, state, or national level, are critical in shaping the trajectory of rural tourism development. Fiscal tools such as tourism improvement districts, grant funding, and small business incentives can encourage private-sector engagement while ensuring public benefits. Research by Zhu et al. (2024) and Kumar et al. (2022) suggests that communities with proactive tourism strategies, rooted in data, stakeholder input, and long-term vision, are more likely to realize sustained economic benefits. Furthermore, the involvement of community members in shaping tourism policy increases the legitimacy, inclusivity, and success of tourism initiatives (Durkin et al., 2017).

Synthesizing these themes suggests a conceptual framework in which tourism serves as an economic development tool only when certain conditions are met: diversification is intentional, local ownership is prioritized, infrastructure is in place, and policy support is strong. These themes reinforce that tourism is not a plug-and-play solution but a community-based process that unfolds over time. Future research and practice should explore how these dimensions intersect across rural contexts and how community readiness can be systematically assessed before pursuing tourism development.

LIMITATIONS AND FUTURE DIRECTIONS

While this review provides a synthesized understanding of the economic impacts of rural tourism, it is not without limitations. First, the scope of the analysis was limited to peer-reviewed English-language literature, which may exclude valuable insights from non-English or practice-based sources such as regional development reports, community plans, or gray literature. Additionally, although care was taken to emphasize recent scholarship, several foundational studies cited predate 2010, reflecting the relatively slower pace of research dissemination in rural development contexts.

Another limitation lies in the diversity of rural communities themselves. The term “rural” encompasses a wide range of geographies, cultures, and economic realities. This review does not attempt to account for every contextual variation, so its findings should be interpreted as broadly informative rather than universally prescriptive. There is also a need for more comparative studies that assess tourism’s economic impact across rural regions with differing resource levels, population sizes, or proximity to urban markets.

Future research should explore the development of standardized metrics for assessing tourism’s economic outcomes in rural areas, including long-term impacts on income inequality, housing, and labor market stability. Additionally, empirical studies are needed to evaluate the success of specific policy interventions, such as tax incentives, grant programs, and tourism zoning ordinances, to support rural tourism development. Mixed-methods research, including participatory action studies with local stakeholders, may also offer deeper insights into the lived realities of tourism-driven change in rural communities.

Finally, future work would benefit from stronger interdisciplinary approaches integrating economics, sociology, planning, and environmental science. This would support more holistic and context-sensitive planning frameworks that can help rural communities attract tourism and ensure it contributes meaningfully to long-term vitality and resilience.

CONCLUSION

Rural tourism offers a promising, but complex, pathway for economic revitalization in communities facing structural decline and limited development options. As this literature review demonstrates, tourism can stimulate local economies by creating jobs, encouraging entrepreneurship, supporting infrastructure investment, and

generating public revenue. However, these benefits are not guaranteed. Their realization depends on thoughtful planning, inclusive governance, adequate infrastructure, and policies prioritizing local ownership and long-term sustainability.

This review contributes to the growing body of knowledge that positions rural tourism as an industry vehicle for economic diversification and community empowerment. This paper provides a conceptual framework that can inform future research and practical decision-making by focusing on key economic dimensions, including diversification strategies, entrepreneurship, infrastructure readiness, and policy support. The themes identified herein underscore the importance of local context, community engagement, and a systems-oriented approach to development.

To move from potential to practice, rural communities must develop strategies rooted in evidence, sensitive to local values, and adaptable to changing conditions. Policymakers and planners should consider tourism not as an end but as part of a broader, integrated approach to rural economic development. With the right vision, investment, and community involvement, rural tourism can be a powerful tool to support visitor experiences, resident well-being, and long-term community resilience.

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