

Studies on Tourism Destination Governance from the Perspective of Institutional Economics: Retrospect and Prospect

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Abstract. This paper reviews current research on tourism destination governance (TDG) from the following aspects: the concept of destination governance; the patterns and the dimensions of TDG; the formation and the evolution of destination networks. Then an institutional research agenda is proposed and some core issues needed to be solved in further studies are listed.

Keywords: tourism destination governance, institutional economics, network, partnership, governance structure

1. Introduction

Most of past researches on tourism destination management have focused on how the government managing the public affairs and making appropriate industrial policies. Recently some scholars begin to change their perspectives from management to destination governance, recognizing that stakeholders such as residents, tourists and tourism business are important parts of a destination and have great influences on local social economical development. Taking consideration of stakeholders' rights and interests, the partnership network could be more effective governance model.

However, studies that have applied the institutional approach to the analysis of destination governance are very limited. No theoretical framework has been developed till now. At the same time, the tourism takes a strategic role as one pillar industry in regional economy. Therefore how to increase the competitiveness of tourism destination is the main subject for the government.

This paper reviews current research on tourism destination governance (TDG), explores core issues and concepts in TDG and develops a framework for TDG research from the institutional perspective. The rest of the paper is organized as follows. Part 2 presents an overview of research on the concept of destination governance, the patterns & dimensions of TDG and the formation & evolution of destination networks. Part 3 proposes a new research agenda from the perspective of institutional economics and lists some core issues needed to be solved in further studies. Part 4 is a conclusion.

2. Literature Review

Tourism destination governance is an emerging research subject. Most studies in this area apply the approach of social network analysis to examine the policy networks and their formation, function and influence (Kathryn Pavlovich,2003; Sara Nordin and Bo Svensson,2007; Roger March and Ian Wilkinson, 2009, etc). These studies realize the interaction of vested interest groups, exploring the formation, features, evolution and connectivity of their relationship networks and the corresponding policy effect, and also discussing the roles and effects of various participants. However, such analysis always focus on identifying

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and explaining the specific relationships and networks in scattered cases, lacking of comparison between alternative governance structures.

There are also several researchers attempt to explain the destination governance structures and evolution with the help of the theories in corporate governance and public governance (Pietro Beritelle, Thomas Bieger and Christian Laesser,2007) . Although these studies refer to the topics like the typology of governance structure, the comparative analysis to the performance of several types of governance structure, and the discussion on whether good governance exists, etc., systematic theoretical framework has not been developed and extensive positive research are still limited.

An overview of research on TDM is following presented.

2.1. The concept of destination governance

Taking the definition of the Centre for European Policy Study, Pietro Beritelle, Thomas Bieger and Christian Laesser (2007) point out that governance refers to a whole set of inside and outside mechanism of power, process and control in order to protect the stake-holders. Therefore, destination governance refers to the rules and mechanism for developing policies and business strategies which could combine all the organizations and individuals. Sara Nordin and Bo Svensson (2007) put forward a conceptual framework for studying destination governance. They agree with Rohdes (1996), taking governance as a self-organising inter-organization network. In this network, all the participants are interdependent, exchanging their resources automatically, abiding by the rules which are set up by negotiation, and having the power of autonomy. Tourism destination involving lots of participants has the feature of complexity. In the destination, public sectors and private organizations interact with each other, and they are all interdependent on resources. These three aspects — complexity, public-private relationships and interdependency on resources — could be three dimensions for destination governance research. P.F.J. Eagles (2009) argues that governance is a process by which society or organization decides who take the responsibility to make the choice and who pay the cost. Governance refers to three facets — political, economic and administrative, which involves government, enterprises, non-government organizations and individuals.

2.2. The patterns and dimensions of tourism destination governance

Pietro Beritelle, Thomas Bieger and Christian Laesser (2007) mainly explore two patterns of tourism destination governance: community-based model and corporate-based model. From the perspectives of four corporate governance theories — property rights theory, the agency theory, transaction cost theory and research on alliances and networks — they select six dimensions for characterizing destination governance: transaction cost, power asymmetries, interdependence, trust/control, knowledge and informal, personal connections. In order to operationalize these dimensions, Pietro Beritelle et al. identify the following items: history of the destination and its development, current scale and the performance of the destination, driving forces for development, mutual trust and internal mood. These dimensions and items help in shaping patterns of destination governance. By carrying out case study for twelve destinations in the Swiss Alps, the researchers conclude that the history of the destination, its path of development and current environment determine the circumstance of mutual trust and internal mood, finally affecting the governance structure of the destination and its future.

Sara Nordin and Bo Svensson (2007) choose the complexity of the destination, the interplay of public-private organizations and the resource interdependency as three dimensions for studying destination governance. More specific research include analysis on relative actors, their roles and relationships; finding and understanding the formal and informal rules of game; the formation and operation of policy networks; etc. Although describe the conceptual framework briefly, Nordin and Svensson (2007) only do a single case study of the Swedish ski resort of Are. Through in-depth semi-structured interviews the researchers gather the data over a three-year period and attempt to explore two research focuses: the public-private relationships and its influence on the development of destination. The conclusion reveals that the public-private relationships based on trust, sharing risk, informal structure and strategic consensus have a positive influence on the development of tourism destination.

P.F.J.Eagles (2008) studies the governance models used in parks and protected areas. He outlines three elements of conservation management, namely the ownership of the resources, the sources of income for management and the management body, which could lead to 60 combinations of governance models. Eagles (2009) mainly analyzes 8 models and uses 10 criteria to assess them. He advances the criteria for good governance, realizing that the context of history and culture do play an important role in the choice of governance model. But he neglects the cultural diversity and behavioral differences existed within the geographic border of one country or one area. Valentina Dinica (2009) summarizing the main features recommended by key international organizations for sustainable tourism, argues that ideology influences the institutional arrangement, the choice of governance model and people’s willingness to change the old rules. Questions needed to be discussed further are: Is there any general criterion for good governance? Even adopt all these international criteria, whether the behavior’s willingness and habit ensure the rules are implemented and effective?

2.3. The formation and evolution of destination governance networks

Kathryn Pavlovich (2003) apply the approach of case study to research the process of evolution and transformation of the tourism destination. He analyzes the density and concentration of the network structure, focusing on the dynamics that how the relationship between the organizations evolve into a self-organizing mechanism of destination, illustrating how this process help the destination develop tacit knowledge embedded in the network. There are also other researches explore the formation, function and effect of policy networks.

To sum up, it’s still under development in the field of studying destination governance as an institution.

3. A new research agenda and some critical issues

This part presents a research agenda for destination governance from the perspective of institutional economics and lists some critical issues need to be solved.

3.1. A new research agenda

To facilitate a better understanding of both the critical elements associated with the research of destination governance from the perspective of institutional economics, a framework that provides a coherent view of these fundamentals is provided in fig.1.

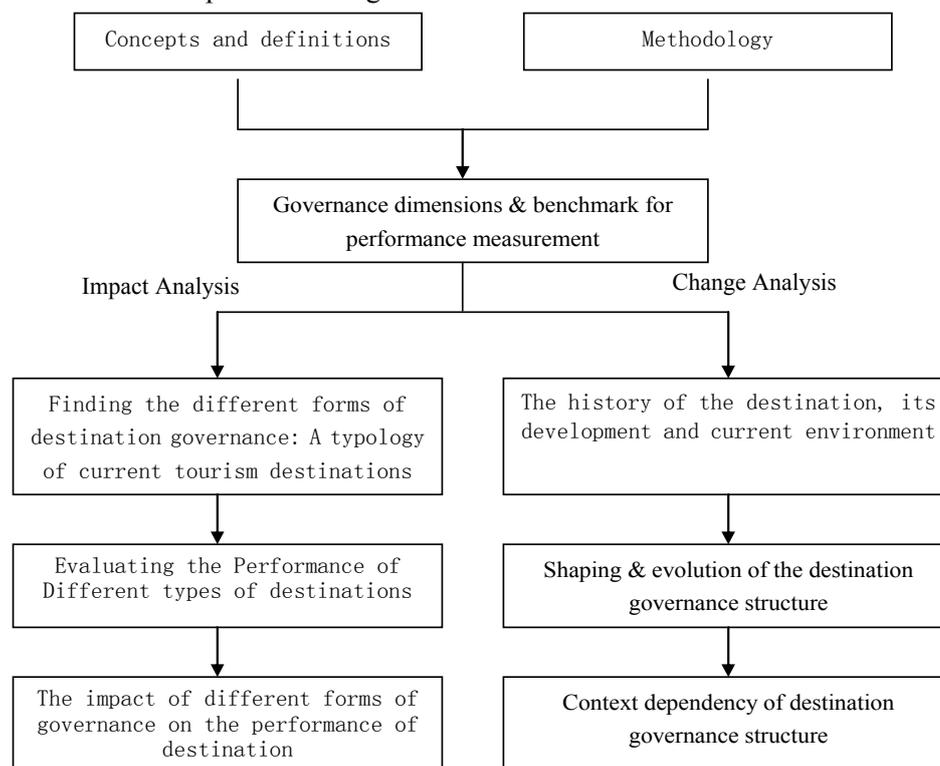


Fig. 1: A research agenda for destination governance from the perspective of institutional economics.

The research agenda evolves from the Situation-Structure-Performance (SSP) framework (Schmid, 2004) in institutional analysis, studying the destination governance from two aspects: first, identify the type of the destination governance and examine its impact and performance under given institutional environment, which could be named as impact analysis; Second, study the formation and evolution of the model of destination governance by historical perspective, which are called change analysis.

- Concepts and definitions: These are the bricks of a research plan. From the previous review, we can get that there are still no consensus on the concepts such as tourism destination, pattern of destination governance, performance of governance, etc. Without these bricks, no theory could be developed.
- Methodology: Conceptual studies, case-oriented studies and quantitative studies. Research using all these three methodologies are needed.
- Identify governance dimensions and establish benchmark for performance measurement, then operationalize them, transforming these index into variables which could be measured directly.
- Doing impact analysis. Through interview and questionnaire, identify the various forms of destination governance structure, evaluating their performance and examining the impact of the governance structure on the performance.
- Doing change analysis. Study the history of the destination, examining the formation and evolution of destination governance structure, and predict the tendency of the structure change. This research is under such hypotheses: The patterns of tourism destination governance adapt to the context. We should examine how the governance model adapt to the context continuously; The destination governance structure should match to the institutional environment; The patterns of destination governance are context dependency. The tourism destinations are embedded in the society, so getting to know the history, culture and custom should be the important parts of change analysis.

3.2. Critical issues

Some critical issues in above framework are as follow.

Identify the dimensions of destination governance, the index system for performance of governance, and operationalize them.

Analyze the relationship between patterns of destination governance and performance;

Find the key factors which influence the governance performance through comparative analysis between various destination.

By historical analysis, understand that tourism destinations are embedded into the social context, so the choice of governance model and its performance will be context dependency.

Acknowledge that the patterns of destination governance are ever changing. There is no one model which is good for all.

4. Conclusion

This paper reviews current research on tourism destination governance (TDG), exploring some key issues and concepts in TDG and developing a framework for TDG research from the institutional perspective. However, this just a starting point for further research.

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