

A-1511

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TOURISM DEVELOPMENT IN POLAND
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INTERACTION IN TOURISM
AND THE NEED FOR CO-OPERATION

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**Paper for the conference on
"Enhancing Tourism Attractiveness"
organised by the Union of
Small Cities in Poland, Karpacz,
10 -12 September 1993**

by

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Warsaw, September 1993

A-1511

BIBLIOTEKA IV
Archiwum Instytutu
Naukowo-Badawczych

Paper for the conference on
"Enhancing Tourism Attractiveness"
organized by the Union of
Small Cities in Poland, Kraków,
16-17 September 1993

by
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Warsaw, September 1993

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INTERACTION IN TOURISM AND THE NEED FOR CO-OPERATION

As an economic sector, tourism is neither standard nor homogeneous. Unlike agriculture or construction for example, which have boundaries which are clear to both the public at large and policy-makers, and which are recorded as separate sectors in national economic accounting, tourism as an economic "sector" transcends the accepted international standard classification of economic activities. Tourism consists of many sub-sectors or branches of economic activity. It is an amalgam of activities scattered over many economic sectors.

Interaction

From a business point of view the tourism sector can be defined as "the aggregate of all businesses that directly provide goods or services to facilitate business, pleasure and leisure activities away from the home environment" (Smith, 1988). Such businesses comprise commercially operated attractions, entertainment, transport, accommodation and catering, travel trade, tourist shops and information services. The common denominator by which these are to be considered as an economic sector is to be found in the fact that all these sub-sectors or branches produce goods or services to be consumed by visitors or travellers. As such they are "units in the economy that share a common function" (Baum & Tolbert, 1985), even though the nature of their output is quite heterogeneous and not confined to the exclusive consumption by visitors or travellers. Part of the output of tourist businesses is consumed by residents. This fact makes the delineation of the tourism sector as to the coverage of supply components somewhat ambiguous. What should be done with those units of production, such as restaurants, which provide services both to tourists and to local residents? The most logical solution is to take a pro rata approach, implying that if a

restaurant derives 30 % of its revenue from tourists it is to be considered part of the tourism sector for those activities generating this 30 %. Taking the pro rata approach implies that a considerable number of businesses is involved in tourism, some of them even unknowingly. Tourism is a pervasive business!

From a national economic point of view the provision and subsequent use of infrastructure (roads, railways, airports, telecommunication) and the availability of given resources (natural amenities and national heritage) have to be added to the business activities outlined above. Although the use of these goes largely unpriced both infrastructure and given resources are essential elements of the product in tourism. Infrastructure enables access to both attractions and facilities. Facilities are those elements in the tourist product (other than infrastructure) which do not normally themselves provide the motivation for tourist flows but the absence of which may deter the tourist from travelling to enjoy the attractions (Medlik & Middleton, 1975). Thus the demand for transport and accommodation services is a complementary demand, which is derived from the demand for attractions. Normally the output of the business segments of the tourism sector constitutes only a means to an end. It is the attractions, the maintenance, preservation and enhancement of which are primarily a government concern, which must entice the tourist to travel to a destination.

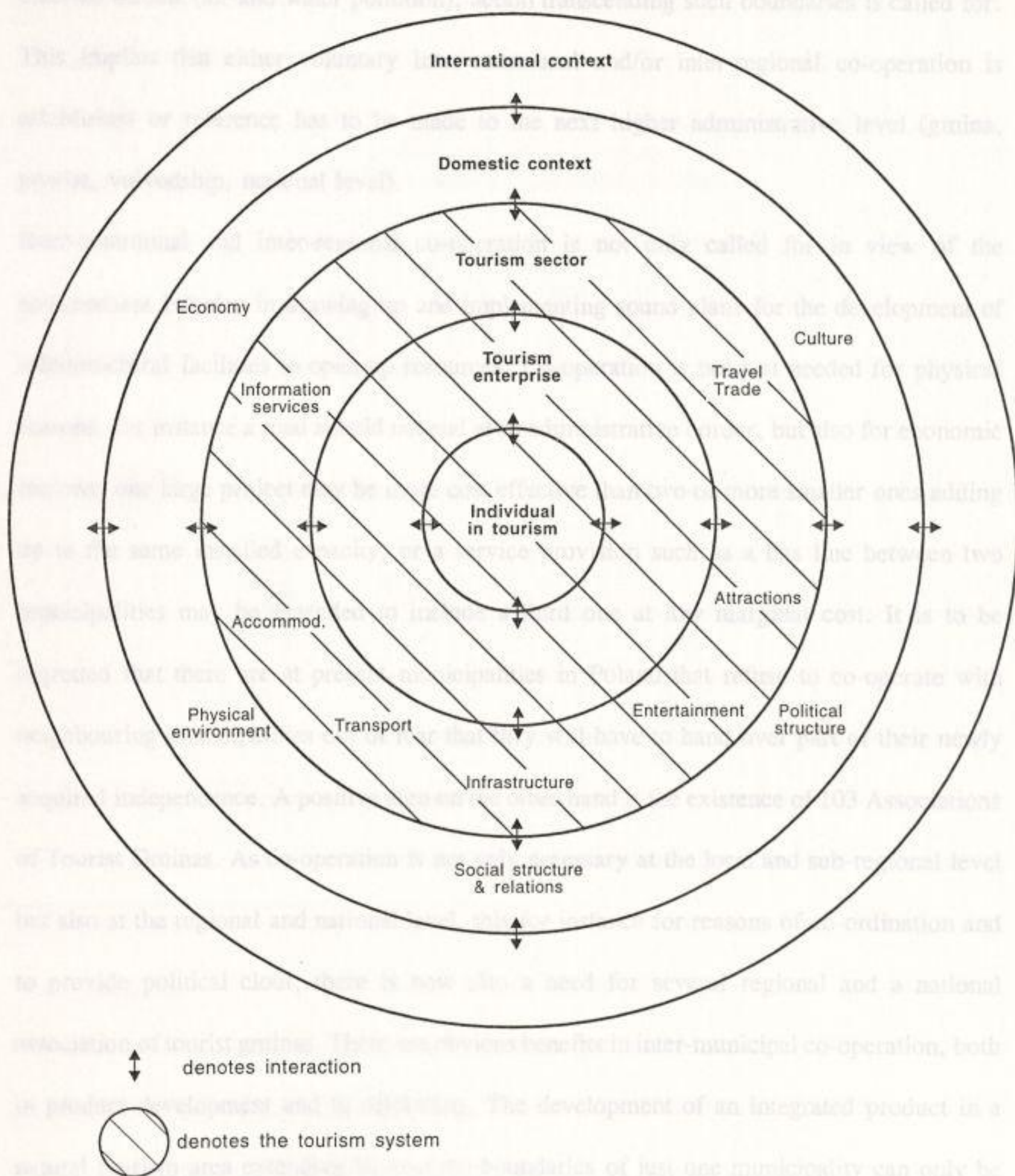
The product in tourism is a composite one consisting of several components of unequal importance. The main elements consist of transport facilities, food and lodging, and attractions. The various travel vendors, even if they are neatly separated into travel agents, tour operators, transportation carriers, hotel firms and so on, function increasingly within a chain of economic transactions which forms the lifeline for each of the separate activities. The success or failure of one segment impacts on the others. This implies that an integrated sectoral approach has to be pursued. Tourism sector activity, moreover, does not function

in isolation, but is influenced by, and influences, the wider economic, social, cultural, ecological and political environment at local (gmina), sub-regional (powiat), regional (voivod), national and international level. The resultant inter-dependent system can graphically be depicted by way of a number of concentric circles (Figure 1). From this it is clear that all business segments are for their success dependent on positive government action as to the provision of infrastructure and the opening-up and preservation of given resources, which, leaving apart purpose built attractions, constitute the "attraction value" of a destination. The majority of given resources are public goods, which implies that access to them is free. For access to some of them a charge is levied, although this rarely covers the cost of maintenance and preservation, let alone that of enhancement. An example of this latter category is to be found in the many museums in Poland charging nominal entrance fees of 10,000 to 20,000 ZŁ. The inherent risk in a free or below cost provision of access to given resources is that it may entail an undervaluation of those elements of tourism supply which constitute the core of tourism supply. However, nothing can in the long run be more deceiving than the neglect of a destination's attraction value incorporated in its given resources. Loss of attraction value may be a slow process, but it irrevocably leads to lower returns on investment in tourism, both public and private.

Need for co-operation

Since the whole sector will be affected by a loss of attraction value, all sub-sectors or branches involved in tourism should be equally interested in preventing the deterioration of the natural environment and man-made non-purpose built attractions. Although the preservation and enhancement of given resources is primarily a government concern private tourism businesses should frame and implement policies conducive to this task. Voluntary

Figure 1. The tourism system and its environment



Source: Based on Lorsch & Morse, 1974

trade associations may be helpful in the process of framing such policies for self-regulation. Since many natural attractions extend beyond administrative boundaries or are subject to external threats (air-and water pollution), action transcending such boundaries is called for. This implies that either voluntary inter-communal and/or inter-regional co-operation is established or reference has to be made to the next higher administrative level (gmina, powiat, voivodship, national level).

Inter-communal and inter-regional co-operation is not only called for in view of the environment but also in drawing up and implementing sound plans for the development of infrastructural facilities to open-up resources. Co-operation is not just needed for physical reasons, for instance a road should not end at an administrative border, but also for economic reasons: one large project may be more cost effective than two or more smaller ones adding up to the same installed capacity, or a service provision such as a bus line between two municipalities may be extended to include a third one at low marginal cost. It is to be regretted that there are at present municipalities in Poland that refuse to co-operate with neighbouring municipalities out of fear that they will have to hand over part of their newly acquired independence. A positive sign on the other hand is the existence of 103 Associations of Tourist Gminas. As co-operation is not only necessary at the local and sub-regional level but also at the regional and national level, this for instance for reasons of co-ordination and to provide political clout, there is now also a need for several regional and a national association of tourist gminas. There are obvious benefits in inter-municipal co-operation, both in product development and in marketing. The development of an integrated product in a natural tourism area extending beyond the boundaries of just one municipality can only be successfully achieved by inter-municipal co-operation. A marketing campaign initiated by just one municipality may be too expensive to afford and may be less effective than a joint effort

by several related municipalities presenting a full sub-regional offer. An important reason for co-operation is also that the joining of forces provides political influence with respect to decision-making at higher administrative levels. To be most effective such joining of forces should not be confined to the public sector only but should include the private sector as well. In order to be able to do so effectively the private sector should unite its interests and create representative trade associations at various administrative levels.

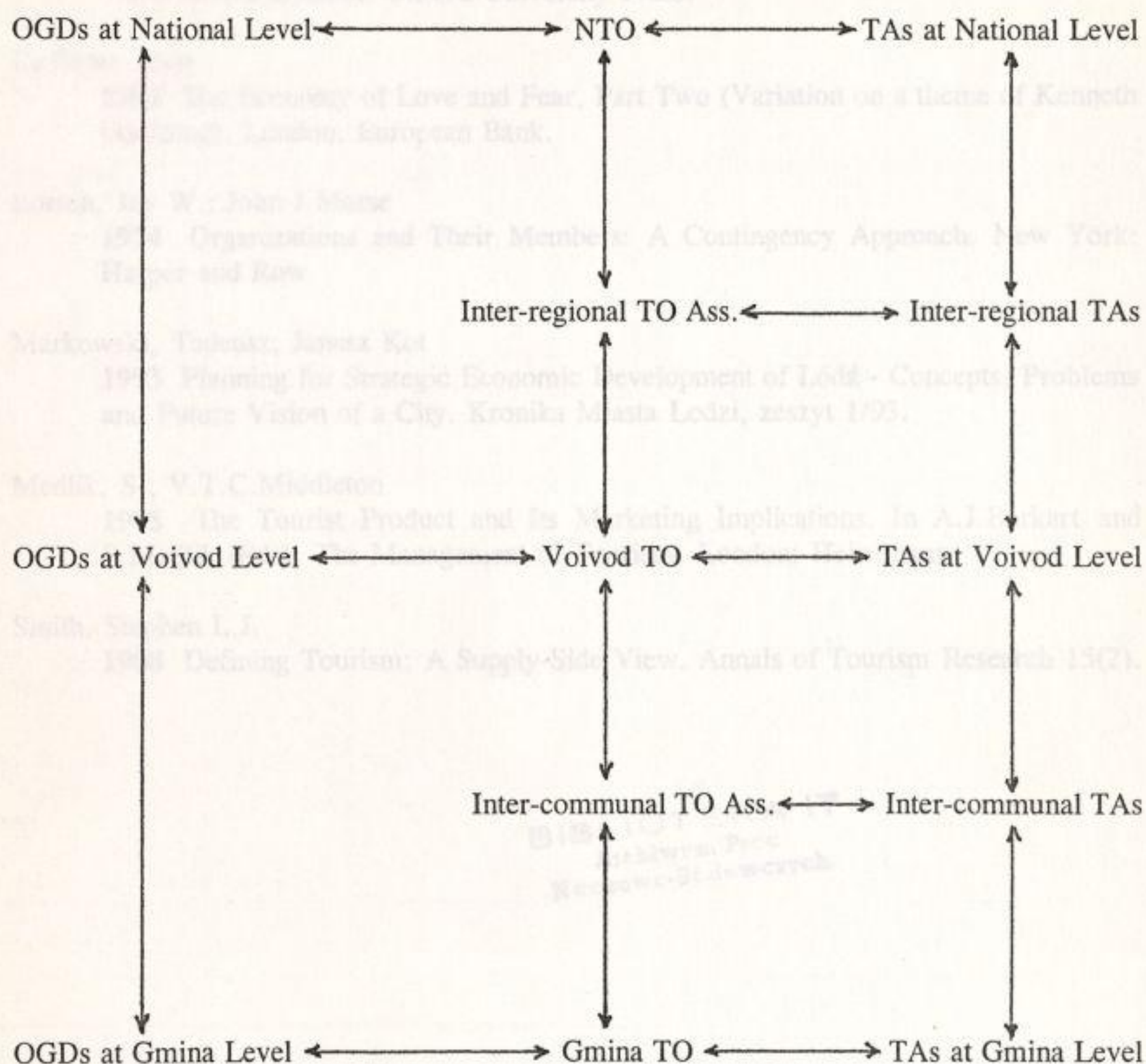
Joining of forces between the public and private sector at various levels is needed as the responsibility for the successful development is a shared one, the government being primarily responsible for the given resources and infrastructure, private enterprise for the superstructure and travel trade services. There are at present in Poland government officials who take a too narrow view as to their task and think it is not necessary to maintain open channels of communication with the private sector. This is presumably due to their being unfamiliar with the shared responsibilities for economic development in a market economy and therefore may be a transitional problem. An additional factor may be the fear that sharing ideas and efforts will lead to a loss of competence just now that in the process of democratisation lower level government bodies have acquired some autonomy. Since a free market economy exists in an environment of institutional structures, is protected by enforceable laws and is embedded in a democratic political order (Le Blanc, 1993), it is of utmost importance to improve the functioning of institutions, particularly those representing the recent wave of democratisation. As noted by Markowski and Kot (1993) perhaps the greatest obstacle to realising a wider market orientation is the absence of appropriate public institutional support. Therefore there is a need to create a greater awareness of entrepreneurship on the part of government and to encourage closer co-operation between government and the commercial sector.

Summarising it can be concluded that the nature of the product in tourism, which is a composite one to which the concept of a value chain applies, and the decentralised process of decision-making, imply that active co-operation between government departments, both at central and decentralised levels (horizontal intra- governmental co-operation) and between these levels (vertical intra-governmental co-operation), is needed as well as co-ordination of policy actions between public and private bodies at various administrative levels.

The network of consultation, co-ordination and co-operation links to be established is depicted in Figure 2.

The establishment of an effective network cum mechanism for consultation, co-ordination and co-ordination between all entities involved in the development of tourism provides for synergy and may thus significantly contribute to realising the local tourism potential in Poland. The development of tourism and enhancing tourism attractiveness involves many actors and necessitates concerted action among these. In that tourism can be compared to orchestrating a symphony. For a sound performance a surrounding with good acoustics (given resources), musicians (actors) with a variety of skills, good instruments (policy instruments) and a qualified conductor (central co-ordination) are indispensable. The comparison is not perfect, but it provides a picture of the benefits in co-operation.

Figure 2. Network of consultation, co-ordination and co-operation links for tourism development in Poland



OGD = Other Government Department

NTO = National Tourism Organisation

TA = Trade Association

TO = Tourism Office

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