Tourism Public Policy, and the Strategic Management of Failure

William Revill Kerr

PERGAMON

ADVANCES IN TOURISM RESEARCH SERIES

TOURISM PUBLIC POLICY, AND THE STRATEGIC MANAGEMENT OF FAILURE

ADVANCES IN TOURISM RESEARCH

Series Editor: Professor Stephen Page
University of Stirling, U.K.
s.j.page@stir.ac.uk

Advances in Tourism Research series publishes monographs and edited volumes that comprise state-of-the-art research findings, written and edited by leading researchers working in the wider field of tourism studies. The series has been designed to provide a cutting edge focus for researchers interested in tourism, particularly the management issues now facing decision-makers, policy analysts and the public sector. The audience is much wider than just academics and each book seeks to make a significant contribution to the literature in the field of study by not only reviewing the state of knowledge relating to each topic but also questioning some of the prevailing assumptions and research paradigms which currently exist in tourism research. The series also aims to provide a platform for further studies in each area by highlighting key research agendas which will stimulate further debate and interest in the expanding area of tourism research. The series is always willing to consider new ideas for innovative and scholarly books, inquiries should be made directly to the Series Editor.

Published:

WILKS & PAGE
Managing Tourist Health and Safety in the New Millennium

BAUM & LUNDTORP
Seasonality in Tourism

ASHWORTH & TUNBRIDGE
The Tourist-Historic City: Retrospect and Prospect of Managing the Heritage City

RYAN & PAGE
Tourism Management: Towards the New Millennium

SONG & WITT
Tourism Demand Modelling and Forecasting: Modern Econometric Approaches

TEO, CHANG & HO
Interconnected Worlds: Tourism in Southeast Asia

Forthcoming titles include:

THOMAS
Small Firms in Tourism: International Perspectives

PAGE & LUMSDON
Progress in Tourism and Transport Research

Related Elsevier Journals - sample copies available on request

Annals of Tourism Research
Cornell Hotel and Restaurant Administration Quarterly
International Journal of Hospitality Management
International Journal of Intercultural Relations
Tourism Management
World Development

TOURISM PUBLIC POLICY, AND THE STRATEGIC MANAGEMENT OF FAILURE

BY

WILLIAM REVILL KERR
Alloway, U.K.

2003

Pergamon
An imprint of Elsevier Science

Amsterdam – Boston – Heidelberg – London – New York – Oxford
Paris – San Diego – San Francisco – Singapore – Sydney – Tokyo

ELSEVIER Ltd
The Boulevard, Langford Lane
Kidlington, Oxford OX5 1GB, UK

© 2003 Elsevier Ltd. All rights reserved.

This work is protected under copyright by Elsevier, and the following terms and conditions apply to its use:

Photocopying
Single photocopies of single chapters may be made for personal use as allowed by national copyright laws. Permission of the Publisher and payment of a fee is required for all other photocopying, including multiple or systematic copying, copying for advertising or promotional purposes, resale, and all forms of document delivery. Special rates are available for educational institutions that wish to make photocopies for non-profit educational classroom use.

Permissions may be sought directly from Elsevier's & Technology Rights Department in Oxford, UK: phone: (+44) 1865 843830, fax: (+44) 1865 853333, e-mail: permissions@elsevier.com. You may also complete your request on-line via the Elsevier homepage (http://www.elsevier.com), by selecting 'Customer Support' and then 'Obtaining Permissions'.

In the USA, users may clear permissions and make payments through the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, USA; phone: (+ 1) (978) 7508400, fax: (+ 1) (978) 7504744, and in the UK through the Copyright Licensing Agency Rapid Clearance Service (CLARCS), 90 Tottenham Court Road, London W1P 0LP, UK; phone: (+ 44) 207 631 5555; fax: (+ 44) 207 631 5500. Other countries may have a local reprographic rights agency for payments.

Derivative Works
Tables of contents may be reproduced for internal circulation, but permission of Elsevier is required for external resale or distribution of such material.
Permission of the Publisher is required for all other derivative works, including compilations and translations.

Electronic Storage or Usage
Permission of the Publisher is required to store or use electronically any material contained in this work, including any chapter or part of a chapter.

Except as outlined above, no part of this work may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the Publisher.
Address permissions requests to: Elsevier's & Technology Rights Department, at the phone, fax and e-mail addresses noted above.

Notice
No responsibility is assumed by the Publisher for any injury and/or damage to persons or property as a matter of products liability, negligence or otherwise, or from any use or operation of any methods, products, instructions or ideas contained in the material herein. Because of rapid advances in the medical sciences, in particular, independent verification of diagnoses and drug dosages should be made.

First edition 2003

Library of Congress Cataloging in Publication Data
A catalog record from the Library of Congress has been applied for.

British Library Cataloguing in Publication Data
A catalogue record from the British Library has been applied for.

ISBN: 0-08-044200-5

♾ The paper used in this publication meets the requirements of ANSI/NISO Z39.48-1992 (Permanence of Paper).
Printed in The Netherlands.

Contents

List of Figures vii

List of Tables ix

Appendix Contents xi

Acknowledgements xiii

Introduction xv

Part I: Global Tourism

1. Aspects of the Tourism Industry in the 21st Century 3

2. Tourism and Public Policy Approaches and Theories 23

3. Tourism and Public Policy — The Globalisation of Tourism 47

4. The Development, Structure, and Public Policy of Tourism in England, Wales, Northern Ireland, and Republic of Ireland 85

Part II: Scottish Tourism

5. The Development, Structure, and Public Policy of Tourism in Scotland 115

6. The Impact on Devolution and Scottish Tourism of Reserved Powers 137

7. The Strategic Management of Failure of Scottish Tourism 153

8. Approaches to Scottish Tourism Public Policy 167

9. Initiatives, Consultations, Reviews, and Strategies that Evolved During the First Scottish Parliament (1999–2003) 179

10. Scottish Tourism: Where to Now? 205

References 225

Further Reading 245

Appendix 251

Author Index 279

Subject Index 283

List of Figures

Figure 1.1	International tourism receipts/market share by region 2001	8
Figure 1.2	World international tourist arrivals 1998–2001	8
Figure 1.3	International arrivals % change. January to August/September to December	12
Figure 1.4	International arrivals (%) change	12
Figure 2.1	Constructing a public policy analysis for tourism: a guiding framework	24
Figure 2.2	Structures and features of the political system	28
Figure 2.3	Public opinion	29
Figure 3.1	World international tourist arrivals (% change)	52
Figure 3.2	World international tourist arrivals (volume)	52
Figure 3.3	International tourist arrivals 2001 – regional trends	53
Figure 3.4	Saudi Arabia – Medina and Mecca	58
Figure 3.5	International visitors and arrivals in ASEAN 1991–2000	62
Figure 3.6	Origins of international visitor arrivals in ASEAN 1991	62
Figure 3.7	Origins of international visitor arrivals in ASEAN 2000	63
Figure 3.8	Projected international visitors (000s) 1989–2012	66
Figure 3.9	International arrivals by mode of arrival	69
Figure 3.10	The U.S. Trade Development Department	79
Figure 4.1	Tomorrow's Tourism. Foreword by Prime Minister	96
Figure 4.2	How the main players in the support of England's tourism relate to the ETC.	97
Figure 5.1	STF and the Scottish tourism environment	129

Figure 8.1 A model of the component parts to a heterogeneous approach to Scottish tourism policy-making decisions 168

Figure 9.1 Scottish Executive Education Department organisation chart 183

List of Tables

Table 1.1	WTTC tourism satellite account (TSA) estimates and forecasts	6
Table 1.2	WTO international tourism receipts by sub region	7
Table 1.3	World's top 15 tourism destinations	9
Table 1.4	World's top 15 tourism earners	10
Table 3.1	Forecast change in the share of international tourism arrivals between developed and developing regions	50
Table 3.2	International tourism overseas visitor arrivals 2001/2002	65
Table 3.3	International arrivals by mode of arrival	68
Table 3.4	International arrivals by nationality	68
Table 3.5	Projected South African tourism growth 1997–2002	71
Table 3.6	The world's top five destinations	72
Table 3.7	VAT, Deloitte Touche study (in a BHA briefing document, hospitality and government in Scotland) (1999)	75
Table 3.8	Forecast of international travel to the United States	82
Table 5.1	Objectives for Scottish Tourism	131
Table 5.2	Highlights from A New Strategy for Scottish Tourism	132
Table 6.1	Business-influencing devolved powers	138
Table 6.2	Devolved powers	140
Table 6.3	Reserved powers	141
Table 6.4	Reserved tourism powers	145
Table 7.1	Volume and value of tourism in Scotland 1997–2001	154
Table 7.2	Scottish tourism revenue 1997–2001 under both the old and new UKTS system	156

Table 9.1	Proposals from A New Strategy for Scottish Tourism (2000) measured against the Tourism Framework for Action (2002)	188
Table 9.2	Conclusions and outcomes of the Scottish Tourist Board Management Review, Report and Recommendations measured against the Tourism Framework for Action (2002)	189
Table 9.3	The steps necessary to achieve positive change for the industry	190
Table 9.4	The FEDS implementation process	193
Table 9.5	Smart, Successful Scotland's goals and objectives	195
Table 9.6	Goals and objectives of Scotland's Global Connections Strategy	197
Table 9.7	Conclusions of the Enterprise and Lifelong Learning Committee's final report of the inquiry into the delivery of local economic development services in Scotland (2000)	200

Appendix Contents

Table 1	The development of tourism in Scotland from 1965 to 2003	251
Table 2	Scottish tourism organisations and what they do or did	254
Table 3	Government initiatives and programmes relating to tourism	257
Table 4	The various initiatives that came about after the election	259
Table 5	Conclusions of the Enterprise and Lifelong Learning Committee Review of local economic development services in Scotland and what this meant to the Scottish tourism industry	264
Table 6	Ministerial membership of Scottish office 1970–1999	271
Table 7	Scottish Devolution Referendum 1997 — Referendum results, how Scotland voted	273
Table 8	Scottish Referendum Results and turnout by District	274
Table 9	Abbreviations/Acronyms	275

Acknowledgements

I would like to thank my editor Professor Stephen Page of the University of Stirling for taking time out from a very busy schedule to work with me on this book, also for his encouragement and patience, and his recognition that my research into tourism in Scotland should be brought to a wider public.

Also, Professor Roy Wood, Principal and Managing Director IMI/ITIS International Hotel Management and Tourism Institutes in Switzerland without whose expertise, enthusiasm, professionalism and vision this work would not have come to fruition.

I am also indebted to Amanda Wyllie, Sheryl McCurdie, Libby Moffat, Michelle Wilson and Beverley Watson for their painstaking typing of the transcripts, and running off endless drafts, and to my former colleagues Joan Dunlop, Andrea Hutchison, and Evelyn McCann for their very valuable support over the duration of the research; and to my brother Gordon who blazed the trail.

And finally to Maria for her understanding, encouragement and forbearance.

Introduction

This book is concerned with the development of tourism, and tourism public policy, the growing value and potential of which in the 21st century it will argue, in comparison to other industries, is not held in high enough esteem by government and politicians, and for which the industry must share responsibility. That the tourism industry chooses to operate within such a convoluted institutional, group/network and elite framework that has a detrimental widespread impact on the manner in which it is valued, and which undermines its commercial potential is a fundamental weakness that besets few other industries, and which will be exposed as this book progresses.

Although the book's main focus is on the relevance of individual countries' public policy to their tourism industries, because the industry chooses to operate within a framework such as that described above it is also concerned with the application of such frameworks, approaches and theories to these policies. For example, in the opening chapters while dealing with tourism on a global basis it also focuses on the manner in which individual countries approach their tourism industry. Meanwhile, in the latter chapters the particular focus is on the strategic management of failure of tourism in Scotland, and its inability to challenge competitor destinations and realize in full its ultimate potential.

The particular salience of this book lies in the fact that it has been conducted during conceivably the most interesting (politically) and volatile (globally) period for the world's tourism industry. Increasing competition; economic; and environmental issues; combined with the continued threat of terrorism, necessitated governments assessing and redefining their approach towards tourism public policies. These approaches and those that they superseded are reflected in the initial chapters of the book.

The latter chapters focus on a small and arguably peripheral northern European country, Scotland, whose tourism public policy issues in the late 1990s were focused, concentrated, and mutated by globalization, political devolution, and the restoration of the Scottish Parliament in 1999. During the lifetime of the first Scottish parliament in almost three hundred years, Scottish tourism was confronted by significant challenges. Apart from the expectations the tourism industry had of its new parliament and its newly-elected politicians, it also had to contend with foot-and-mouth, the terrorist atrocities in the USA, the combination of which for a short but crucial period virtually decimated its North American tourism trade. Meanwhile, its trade was threatened further by unrelenting terrorism activity in Bali, Indonesia (October 2002), and Mombassa, Kenya (November 2002). This was compounded by a short recessionary period in Scotland in 2002, by continuing world unrest in terms of both the economic downturn, and furthermore war in Iraq and the Sars virus. How such crises

were managed, or mismanaged, will be of particular interest, and will be pursued as this book progresses.

One contextual factor of importance in this respect is the emergent debate over the appropriate role of government in the development of the tourism industry and those organisations that participate in it. For example, following the 1969 *Development of Tourism Act* a groundswell of opinion favoured the establishment of a dedicated tourism ministry. However, an indication of the government's antipathy towards such bold step was demonstrated in 1972 when a Private member's Bill did not gain the government's support, and so was lost (U.K., House of Commons 1971/1972, col. 1454, from Elliott 1997: 65). Furthermore, the philosophy of the Thatcher era saw successive Conservative governments (1979–1997) retreat from active intervention in tourism policy, and the Blair government, which promised so much in opposition, reneging on such undertakings when it eventually came to power in 1997 (see Labour Party's Breaking New Ground: Labour's strategy for the tourism and hospitality industry 1996).

Meanwhile, across the Irish Sea, the Republic of Ireland government, buoyed by grants from the European Community, and a ready made North American market, and despite a war taking place on its border, pursued an interventionist tourism policy while investing successfully in its tourism product, infrastructure and marketing. Taking a similar interventionist stance, in India the government through the Indian Tourism Development Corporation invested heavily in tourism facilities such as ski resorts, and hotels, and in tourism services such as travel agencies, buses, car hire, and airlines. Many developing countries, too, have tended to play a supportive role in tourism development, by providing infrastructure, and a representative national tourism authority (NTA). Yet, arguably the most successful tourism destination of all has no travel agency the Regan government having abolished the United States Travel Service (USTS). Although it was later to re-emerge in a smaller form as the United States Travel and Tourism Agency (USTTA), the Clinton government, when it came to power, abolished it too. Therefore, there appears to be no definite pattern that reflects the role of government in the development of the tourism industry, a fact that this book will pursue particularly as the Republic of Ireland's interventionist and the USA's non-interventionist strategies appear both equally successful.

All of this is important because until devolution, tourism in Scotland, as with the tourism industry in many other parts of the world, generated little significant public concern or controversy regarding its longer-term potential. Following devolution, the Scottish Executive, in effect the Scottish government, initiated various strategies designed to reflect the changing nature of the consumer supplier relationship. For example, in the 21st century the basis of power was shifting away from traditional providers towards the consumer who wished to experience products and services in a highly personalised way. This meant the flexibility to combine a number of activities and experiences together with the basic needs of hospitality, food, accommodation, and transportation, and to change these plans effortlessly (Woods *et al.* 2000). Destinations that were compatible with these aspirations would be ascendant, the remainder would suffer accordingly, and these among other challenges which will be discussed as the book progresses, are among the fundamental global challenges facing the Scottish tourism industry in the 21st century.

Furthermore, other than the author's doctoral research *a study of the attitudes of tourism industry professionals towards the future of Scottish tourism* (2001) no such integrated

contemporary account of Scottish tourism public policy existed. In a Scottish context, the best extant commentary up until then was represented by a volume of papers edited by MacLellan and Smith *Tourism in Scotland* (1998). However, it tended to the fragmented rather than holistic (Kerr 2001) and, having been published prior to devolution, takes no account of its impact, or that of the first Scottish parliament in 300 years on Scottish tourism. Nor does any similar account exist of the impact of devolution or, indeed, of the combination of devolved and residual reserved powers on tourism public policy. This research, and building on the aforementioned doctoral research, therefore, will stand uniquely as a study not only of tourism public policy and of countries such as Scotland's strategic management of failure of its tourism industry, but also of the impact of public policy on tourism brought on by devolution.

As will be elaborated upon in Chapter 2, because of the fact that the majority of tourism policy research is underdeveloped in terms of frameworks, approaches, and theories, to illustrate tourism policy accurately there is little option but to turn to alternative policy literature such as John's *Analysing Public Policy* (1999); Rhodes *Understanding Governance, Policy Networks, Governance Reflexivity and Accountability* (1999); Sabatier's *Theories of the Policy Process, Theoretical Lenses on Public Policy* (1999); and so on. That is not to claim that there have not been previous attempts to model the relationships between politics and public policy-making in tourism, of which Hall and Jenkins *Tourism and Public Policy* (1995); Hall's *Tourism and Politics, Policy, Power and Place* (1994); and Edgell Snr's *Tourism Policy: The Next Millennium* (1999) are some of the most recent and authoritative. A number of other more general attempts have also been made in sections of books such as Lickorish and Jenkins *An Introduction to Tourism* (1997); Elliott's *Tourism: politics and public sector management* (1997); Youell's *Tourism, an introduction* (1998); and Lockwood and Medlik's *Tourism and Hospitality in the 21st century* (2001). Although these serve as a guide towards specific ideals, such ideals cannot be realised without an understanding of what actually happens in the formulation and implementation of tourism policy, and it is upon these disciplines, combined with the failure of tourism to realise its commercial potential, that is the focus of this book.

To make sense of all of this, this book has adopted a heterogeneous approach, an approach that aligned the most appropriate characteristics of contemporary theories such a John's *Evolutionary Theory* (1999) and synchronized them with the environment in which Scottish tourism operated. This approach provided the ability to understand and explain the processes behind the dominant issues and controversies in Scottish tourism in both the lead up to and for the length of the first parliament, enabling us also to make sense of the complex environment in which the Scottish tourism industry operated at that time. It also brought an ability to the research to deal with a number of issues pertinent to Scottish tourism during an era of rapid and uncharted change. In particular, the tourism networks; the individuals involved in them in their pursuit of specific agenda (the power elite); and the interaction between the various private and public sector Scottish tourism organizations such as Scotland's prime public sector tourism organization, STB/VisitScotland; and economic development agencies Scottish Enterprise (SE) and Highlands and Islands Enterprise (HIE). Furthermore, adapting a heterogeneous approach enabled us to understand better the processes that contributed to making such a convoluted environment and also the mechanisms by which tourism public policy-making in Scotland was derived.

What might be determined as a bye-product of this book, and which because of its synergy with tourism has developed quite unconsciously as the book progressed, is an account of the evolution of Scottish economic development policy since the inception of the Highlands and Islands Development Board (HIDB) in 1965, and the Scottish Development Agency (SDA) a decade later. Both organizations have since been superseded with the establishment in 1991 of Highlands and Islands Enterprise (HIE), and Scottish Enterprise (SE): organizations which had a cataclysmic impact on the economic development of Scottish tourism. Along with the Scottish Tourist Board (STB), and its successor organization VisitScotland; HIDB, SDA, HIE, and SE have been the means by which first the Scottish Office (pre-devolution), and the Scottish Executive (post-devolution) have implemented a series of initiatives, consultations, reviews, and strategies they determine as Scottish tourism policy.

Regardless of these initiatives, consultations, reviews, and strategies sadly Scottish tourism is still failing to challenge competitor destinations or realise its ultimate potential, and although this book is not meant to be a panacea for the deficiencies of Scottish tourism it is intended that the reader will have a more informed understanding of why Scottish tourism is in its present predicament, and also that it will stimulate debate in the second parliament about the future direction of Scottish tourism, and that this will be followed by action rather than words.

Bill Kerr
Alloway
May 2003

Part I

Global Tourism