

TOURISM GOVERNANCE: A WAY TO SUSTAINABLE DEVELOPMENT OF TOURIST DESTINATIONS

Abstract

Sustainability of destination is the concern of most of the destinations. Now the destinations are viewed not only from economic and financial perspective but also how it affects others directly and indirectly. Governance and its implementation by the stakeholders can make the destinations sustainable. Governance is not only the way to design structures and framework but it is the alignment of interest of all the stakeholders for long term perspective by building trust, transparency, and accountability. Conflicting interest can be aligned by bringing all the stakeholders as the part of policy designing with concerns for sustainability. India needs to design and implement destination governance. As new destinations are been developed with various policy initiatives, governance can be inbuilt to make destinations more sustainable.

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I. TOURISM AND SUSTAINABLE DEVELOPMENT: INTRODUCTION

The recent challenges faced by the tourism industry world-wide has raised the concerns to adopt a holistic view on the development and management of destinations. Haphazard development and management of destinations in the past has put the challenges for future which need to be addressed with a strategic and long-term perspective. Climate change, Carbon emissions, natural disasters, earthquakes, landslides, melting of glaciers, rising temperature, drought, flood are the outcome of bad management and exploitation of natural resources. Tourism development has also made contribution to these. Rising voices all over had come with the options of green finance, green investment, reducing carbon footprints, conserving rain water, forestation etc. these alternatives need proper structure or framework for the development and management of destinations along with aligning the varied interest of the stakeholders directly or indirectly involved in the destinations. Proper governance structures and framework can be a way to solve the complex problems posed by the past developments.

II. OBJECTIVES

The purpose of the paper is to highlight the importance of tourism governance in the present context. The paper also connects to corporate governance principles and the application of same in the field of tourism governance.

III. METHODOLOGY

Previous literature has been studied to find out the work done in the field of tourism governance. The chapter also highlights the connections of tourism governance with the corporate governance and how the corporate governance theories has contributed to the development of tourism governance.

IV. TOURISM GOVERNANCE

The share of tourism on the economic growth has been recognized by both developing and developed countries. Foreign exchange earnings, job creation, tax revenues, creation of physical infrastructure and the development of human capital are some of the areas where tourism has shown positive impact. The impact of government policy on tourism has always been an area of interest for the researchers (Bramwell & Lane, 2000; Jenkins & Henry, 1982). But with the rise of globalization, there is change in the approach towards tourism policy. The new policy initiatives are focusing on governance (Beaumont & Dredge, 2010; Hall, 1999). This move from government to governance is positive for sustainable development of tourist destinations. The influence and the relations between the various policy indicators, actors, instruments are considered for framing the policy (Dinica, 2009; Pforr, 2002; Wesley & Pforr, 2010). Some of the authors argued to develop the tourist destinations like organizations. Tourist destinations should be planned strategically like competitive units with different interest of the diverse stakeholders (Buhalis, 2000; Dredge, 1999; Heath & Wall, 1992; Inskip, 1991). Stakeholders with varied interest create challenge to align the such diverse interest for the sustainable development of destination. With the complexity of stakeholders and resources involved in tourist experience, skills and models are required to manage destinations in a sustainable manner.

Governance is the way to mobilize and regulate the actions which affects results. It involves not only the regulators but other stakeholders like businesses and society. Due to the involvement of many actors, there can be conflict of interest. It is the integration of the efforts of government, community, business, and markets directed towards the actions to align the interest of all. Effective governance enhances the process, direction, and progress towards sustainable development by ensuring socio-cultural, economic, and environmental development. Governance establishes the practices, institutions, rules as the instruments for sustainable development.

Brundtland report released by World Commission on Environment and Development (1987) made the term sustainable tourism popular. Hall (2013) highlighted that sustainable tourism is to create a balance between socio-cultural, economic and environment development which are considered as three dimensions of sustainability. Innovations is the driving force for the destinations which continuously ask for better products and services. Traditional model of destination needs to be changed into new integrated and centrally managed model. The new model asks for more focused, innovative, and effective decisions. There is a need for administrative and executive structures (Beritelli. P et al. 2007). Corporate governance (CG) theories define the relationship between the stakeholders and address the issue of sustainability. It explains the need to monitor and control the activities of business and entrepreneurs who use the natural and cultural resources for their economic benefits.

V. CORPORATE GOVERNANCE

Corporate Governance (CG) came into existence with the emergence of company form of organizations. Joint stock companies separated the ownership from the management with different stakeholders. Stakeholders in the form of shareholders, investors, financial institutions, employees, suppliers, and customers have different interest than the management. This difference required the framework to align the interest of the various stakeholders. Scams and falling of many companies in the 90's created an urgent need for a proper structure to govern the corporates. The situation was felt all over the world and regulatory bodies in different countries started thinking and framing the guidelines and codes for the corporates.

Governance is a study of the relations of multiple stakeholders in the industry and how they interact. It asks for the participation of stakeholders to frame, implement, evaluate and review the rules (Beritelli et al., 2007). CG is a set of rules, regulations or guidelines that aligns the interest with the focuses on trust, accountability, and transparency for achieving long term sustainability and wealth creation goals. It is the system through which the corporates ensure effective functioning, making decisions, communicating with the stakeholders, and evaluating its performance.

As per the Centre of European Policy Studies (CEPS) also defines CG as the whole system of rights, processes and controls established internally and externally over the management of a business entity with the objective of protecting the interest of all stakeholders.

Corporate governance is the relationship between management, shareholders, board of directors and other stakeholders. It is the basic structure of defining and realizing the

objectives along with the effective monitoring of the performance. The governance structures should give positive incentive to the management and board to work for the interest all the stakeholders and should facilitate monitoring. OECD preamble also highlights these points for corporate governance.

CG has a been a matter of debate starting after World War II. Globalization, liberalization, availability of financiers, investors increased the corporates many folds along with the problems associated with the management in the affairs. One of the disadvantages of globalization was less control by the government which made the corporates more powerful influencing economies and societies. The complexities in the relations between the stakeholders, loss of trust and accountability by the corporates CG become important. CG relates to policies, strategies, regulations and executive compensation ensuring importance to all and not only to finance, but to the host community, customers and suppliers also.

CG increases the financial efficiency and confidence on the part of the stakeholders (Kleinschmidt, 2007). It maximizes benefits for the society (OECD, 1999; Newell & Wilson, 2002). Although there is no universal definition or framework of CG which can be implement to all corporates but the effectiveness of CG depends on companies and organizations specific qualities, business approaches, skills of management with the intention for directing, monitoring, control and ensure the optimal utilization of the resources to reduce the conflict of interest of different stakeholders.

VI. CORPORATE GOVERNANCE AND DESTINATION GOVERNANCE

Corporate governance theories can be applied to the destinations as the destinations are like corporate with the involvement of government as one of the stakeholders. Agency theory (Jenson and Meckling, 1976) explains the cost paid by the owners/shareholders to the managers for managing the affairs of the company. The investors/ stakeholders agree the additional cost to specify what the managers are expected to do. The conflict of interest between the principal (owners) and the managers (agents) result in additional cost called as agency cost. Property rights theory (Coarse 1960) explains the structure and allocation of property rights between the individuals, their behaviour and conflict.

The agency theory and property rights theory can be applied for destination governance to explain the relationship between communities and businesses. The theories can be used to develop the network to regulate the activities of entrepreneurs and businesses who use cultural resources and natural resources of the destination for their economic benefits. The conflicting interest of the communities and can be aligned by creating a system of processes and rights for the management of businesses at a destination.

Governance at destinations needs to use geographical scale to understand the key differences as these scales have connections with sustainable tourism.

India holds strategic importance due to its diverse tourism resources. Tourism has seen a drastic change in India as the number of Foreign Tourist Arrivals (FTAs) has reached 6.18 million and India holds 14th rank in terms of World Tourism Receipts (Tourism Statistics 2022, Ministry of Tourism, Govt. of India). India does not make to the top 20 countries in the Tourism Sustainable Development Index which is a green index and human

index for sustainable destinations to align with Sustainable Destination Goals (SDGs) 2030 Agenda.

Establishment of Ministry of Tourism in 1958 was the first step to recognise the vast potential of India. India had its first tourism policy in 1982 with the phases of development of tourism in India during fifth and sixth Five Year Plans (Hannam, 2010). Ministry of Tourism at the centre is responsible for formulating the policies and programs for the country. Every state also has its own tourism policy (Hannam, 2010). The Ministry of Tourism along with other stakeholders which include state, union territories, and representatives of private sectors prepare the policies and plans. After independence many efforts were made to develop the tourism sector by providing various incentives and policies at state and central level. Realizing the multiplier effect and interconnections with other sectors some of the state governments (Rajasthan and Assam) have given industry status to Tourism. This move will attract more investment, rapid employment generation, public-private partnerships, and infrastructure development as businesses and new entrants will be eligible for incentives under the industrial policy.

Various measures by the government targets the creation of soft infrastructure and hard infrastructure to tap the potential of unexplored destinations. However, the growing number of tourists created challenges. The challenges in the form of management of solid waste management, maintaining water supply, traffic congestion, air water and noise pollution, landfills has affected the host community (NITI AYOOG, 2018). Though, this sector has become the priority, sustainability issue at destination level is a major concern (Manoj, 2008). Thus, sustainable tourism can reduce the negative impacts with proper policy, planning, implementation, and creating of infrastructure (Khuntia and Jitendra, 2014; Bhattacharya, 2008). This is also the result of short- term vision on tourism development. Economic benefits were the top priority for policy ignoring the socio-cultural and environmental concerns. It required inculcating the need and sensitizing the stakeholders of tourism sector for sustainable tourism practices through policies and strategies which will help to promote sustainable tourism with the local entrepreneurs, participation of host community and local resources to have positive impact on the quality of life of local people and also ensure protection of environment (Kokkranikal and Morrison, 2002). 10th five-year plan recognised the potential of tourism industry for sustainable development. 11th five-year plan retuned tourism sector to channelize the potential of sector.

Ministry of Tourism, Govt. of India devised Sustainable Tourism criteria for India (STCI) and indicators for hotels, tour operators Tour Operators, Accommodation and Beaches, Backwaters, Lakes & Rivers sectors through:

1. Workshops,
2. Incentives through the Ministry's scheme,
3. Skill development,
4. Certification
5. Trainings
6. Capacity building to create a reservoir of trainers etc.
7. Introducing new technology, rating / approval systems, realistic monitoring, and evaluation of sustainable tourism implementation all tourism industry constituents.

Niti Aayog released a baseline report 2018, indicating the means for implementing of SDGs in India. Index is called SDG India Index is constructed to show the progress made by States and Union Territories. The Index considers 13 SDG goals on 62 national indicators helpful in assessing the progress on the following:

1. Bench mark progress
2. Identifying priority areas
3. Highlighting data gaps

Although various initiatives are taken by the government at various level keeping in view the long-term perspective on sustainability of the destinations but still there is need to merge governance with sustainability. Governance will provide the strategic view on maintaining a harmony with stakeholders, environment, and society. Sensitizing and involving stakeholders in destination policy making and implementation can be the first step towards the destination governance. Destinations begins eco-sensitive need location specific governance mechanism. Role of Destination Management Organizations (DMOs) is very important. The ground level work with the host community needs to be taken care by the DMOs.

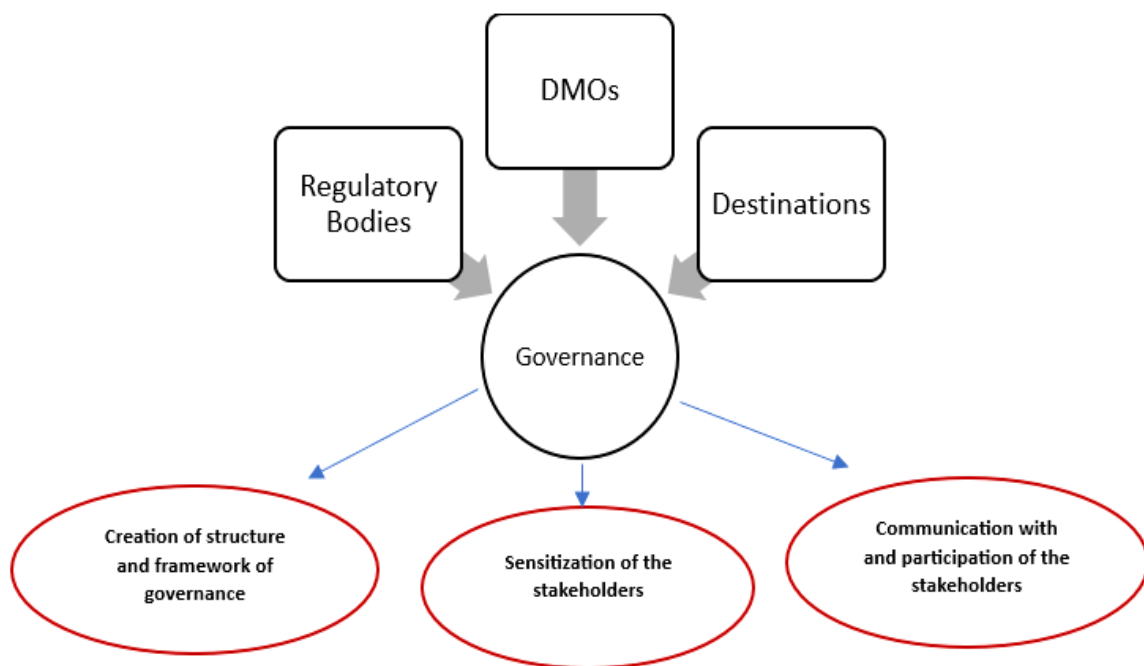


Figure 1: Destination Governance

One size fit all cannot work for India especially due to the diversity in destinations. Many new destinations are been developed as part of many policy initiatives by state and central government, governance should be made a part of these destinations for long term sustainability.

Destination governance is a gradual process. The sensitized and sustainability-oriented stakeholders work better with creating and implementing the destination governance mechanism as their personal interest are aligned with the destination interest. Property in the

form of cultural and heritage resources can be defined and the way of sharing it logically with the tourist can be worked out. The support government in the form of sensitization programmes, policy implementation, creating infrastructure and other basic facilities at the destination can make governance successful.

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