Citation:

Link to Leeds Beckett Repository record:
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Document Version:
Article (Published Version)
Tourism partnerships and small firms

Power, participation and partition

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Abstract: Partnerships have been a central feature of the tourism public policy landscape in advanced capitalist countries for some time. The intuitively appealing argument is that, by sharing expertise and decision making, commitment to the local tourism project is ensured. By participating in partnership working, small firms – which are almost universally characteristic of the sector – are said to contribute to the form and competitiveness of the tourism offer. Drawing on a variety of sources, this paper argues that in most cases such assertions are misplaced because ‘partnerships’ organized by the public sector are often predicated on an inadequate conceptualization of small firms in tourism, fail to appreciate the importance and complexity of informal economic relations, and usually ignore the particular power relations at play in local tourism policy formation and change.

Keywords: tourism; small firms; policy making; informal economy; partnership; power

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Partnerships abound in tourism. Internationally, agencies such as the United Nations World Tourism Organization (UNWTO) advocate that the state should not only manage tourism, but that it should do so ‘in partnership with the private sector, local authorities and non-governmental organizations’ (www.unwto.org). The Organisation for Economic Cooperation and Development (OECD), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the European Union (EU) make similar exhortations. The language of partnership is also prevalent at national and regional level in countries as diverse as the UK, Poland, South Africa and China. Perhaps inevitably, much of this is rhetoric. Nevertheless, the volume of case studies contained in the tourism and economic geography literature is testimony to the fact that ‘partnership working’ is now seen as common practice (see, for example, Bramwell and Lane, 2004; de Araujo and Bramwell, 2002; Buckley, 2004).

Bramwell and Lane’s (2004) valuable collection of papers on various aspects of collaboration and partnership in tourism draws on the work of academics from different disciplines to explain the processes and patterns of tourism partnerships, along with the politics of partnerships. That text and subsequent research output (see, for example, Vernon et al, 2005; Dredge, 2006) has largely neglected one ‘stakeholder’ (to use the language of partnerships), namely small enterprises. This seems to be an important omission; since small firms are considered to be a ubiquitous feature of the sector internationally (Thomas, 2004) they are often perceived to be important ‘partners’ in development.

This paper is concerned with a critical assessment of the principles that underpin the operation of tourism
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partnerships in Western capitalist countries, as they relate to small firms. In other words, it examines the factors that enable or prevent small firms from participating effectively in tourism partnerships. It does this by examining three issues. First, neoclassical conceptions of small firm behaviour are challenged. More precisely, the motivations of small business owners and the implications of their motivations for participation in partnerships are conceptualized. Such a conceptualization will remain partial, however, if it fails to take account of informal, as well as formal, economic activity. The second theme of the paper, therefore, draws together relevant insights from what is currently understood about informal economic activity amongst small tourism firms and considers its implications for partnership working. The final part of the paper examines the nature of power relations at a local level and the implications for participation in policy formation by local firms.

Conceptualizing the small firm in tourism

It has long been understood that some small business owners aspire to grow their enterprises and are motivated primarily by financial concerns, but that most do not conform to such a characterization. Nevertheless, the presumption that neoclassical economic-utility-maximizing firms predominate remains prevalent in national and transnational policy arenas. The European Commission’s drive over the past decade or more to reduce the ‘burden’ of regulation, for example, is predicated on the notion that to do so will release enterprise, ie firms that would otherwise be dynamically creating new jobs, which are somehow held back by the regulatory framework. In practice, lifestyle motivations predominate in the tourism sector (Ateljevic and Doorne, 2000; Getz and Carlsen, 2005).

At the moment, the notion of a ‘lifestyle business’ is what Markusen (2003) would probably term a ‘fuzzy concept’. For some, it may simply mean wanting to live somewhere that is desirable. Such lifestyle firms have been seen in the literature as representing forms of consumption as much as production (Williams et al., 1989). Dewhurst and Horobin (1998) advanced this reasoning and pointed to small business owners seeking utility maximization based on a (usually single) trade-off between income/growth and quality-of-life goals. The precise characterization of ‘success’ for these firms was, then, grounded in their own circumstances.

Ateljevic and Doorne’s (2000) work drew attention to the potential role of values in conditioning business practices for some owners, and found empirical evidence of operators working in niche markets, but with a strong sense of community and a concern for the environment. More recently, it has been suggested that ‘lifestyle entrepreneurship’ might also encompass a desire to generate a ‘good’ standard of living, operate a professionally organized business, but within a particular lifestyle or cultural ‘framework’. Shaw and Williams (2004), for example, point to empirical evidence of highly commercial businesses operating in the surfing sector precisely because they want to live in that community. Thomas and Thomas’s (2006) research also found cases of business owners who were commercially driven, yet also had other strong motivations. In one case, for example, a commercial imperative was combined with a drive to promote ideas of spirituality. Such businesses might be categorized as ‘ideological lifestyle businesses’. These ‘ideologies’ may encompass deeply held social concerns (for example, local entrepreneurs who seek to enhance the social well-being of the community because of their emotional attachment to a place: see Greenhalph, 1998; Keen, 2004), spiritual or political (such as gay or lesbian politics) concerns.

More sophisticated theorizing of lifestyle business ownership is required. The literature currently isolates agency (usually business motivation) for almost exclusive attention, and fails to consider what must be highly significant mediating factors such as gender, ethnicity and wider socioeconomic considerations. The key issue for this paper, however, is that the dominant discourses of regional and local economic development emphasize only economic concepts such as competitiveness. It is not surprising, therefore, that they generally fail to engage in partnership working with small firms that do not operate with a similar set of priorities. The argument advanced here is that ideologies influence owners’ disposition to act on certain issues (and not others) and to participate collectively when ideologies are shared with others; tourism partnerships as currently constituted may not do that, or at least may not do that often enough.

A small firm’s motivation to participate in a local tourism partnership – regardless of whether it is able to do so effectively – may also be understood in terms of the concept of local dependence (Thomas and Thomas, 2006). Ward (1995, pp 5–6) explains the concept as follows: ‘The locally dependent firm will have an embedded interest in the area; an interest which will be mediated through representation in urban politics’. Firms (or other institutions) whose prosperity is aligned with the future of a particular area will have a powerful motive for taking an interest in that area’s future and in seeking to influence it. Equally, lack of functional ties will limit interest in local politics. Thus, Davies (2001) noted from a number of case studies that ‘companies with local roots are more likely to become involved in
partnerships where the local director feels a sense of civic responsibility’ (see also Curran et al., 2000; Miller and Besser, 2003). Some studies of small firms in tourism have also found small tourism businesses embedded in their locality (Dahles, 2000; Lynch, 2000; Hall, 2004), although their manifestations may be different.

The advocacy of partnership working as outlined at the beginning of this paper requires a more comprehensive and dynamic conceptualization of small firms in tourism than is generally applied at present. Motivations for partnership working at a local level require participants to share a sense of benefit. Since those motivations will vary, it follows that strategies to engage the small business owners in the sector also need to be multifarious.

**Informal economic relations**

The discussion so far has been undertaken in the context of the formal economy. There is extensive anecdotal and limited (yet persuasive) research evidence to suggest that informal economic activity is endemic in the tourism sector (Williams and Thomas, 1996). Not surprisingly, the evidence available suggests a concentration of informal activity in smaller enterprises rather than in their larger counterparts (Williams, 2005). The argument that will be developed below is that a high incidence of ‘informalization’ is not likely to encourage participation in tourism partnerships. Indeed, when the state strengthens conditions for ‘informalization’, it is more likely to create partition than partnership in tourism. The informal economy comprises those activities that ‘while the goods and services that form the output are perfectly legal, the production and/or distribution of these goods and services involve some illegality’ (Thomas, 1992, p 4). Criminal activity and productive activity that is not recorded (such as that undertaken by households) are both excluded from this definition.

Much of the research on the informal economy has focused on attempting to quantify its size. A recent official reassessment of the Greek economy illustrates the potential scale of ‘informalization’ in some economies; the exercise resulted in a 25% increase in GDP (Financial Times, 2006, p 1). Estimates, however, vary enormously. According to Williams (2005), they range from between 1% and 34% of the UK’s GDP, which undermines the confidence with which such estimates can be treated. Unfortunately, significantly less effort has been expended on trying to understand, rather than measure, the phenomenon. Indeed, the narrow focusing on accounting and size has tended to distract attention away from the dynamics of the informal economy, its articulation with the economy as a whole and its spatial differentiation.

Explanations of informal activity often identify the conditions and motivations of individuals as the determining variable. Thus changes to the rate of taxation and state benefits can precipitate informalization. This type of analysis has a degree of utility. However, some of the assumptions that arise from it – notably that those claiming state benefit are more likely to be engaged in informal economic activity – can be questioned on empirical grounds (Thomas and Thomas, 1994; Williams, 2005). Sassen-Koo’s (1987) classic analysis of informalization in New York illustrates the limitations of an exclusively motivational explanation. Her argument was that post-war economic growth resulted in greater standardization of consumption and a decline in informal economic activity. More recently, however, the polarization of incomes has created conditions likely to encourage informal economic activity. The contention is that the growth of very high-income jobs requires a supply of low-income workers to satisfy the increase in non-standard consumption patterns. This, in turn, creates a demand from the low-income workforce for low-cost products and services. These demands create opportunities for informal working practices, and there is some evidence that these are taken up. As she put it (1987, p 141):

‘behind the delicatessens and speciality boutiques that have replaced the self-service supermarket and department store lies a very different organisation of work from that prevalent in the latter. Similarly, high income residences in the city depend to a much larger extent on hired maintenance staff than the middle-class suburban home with its concentrated input of family labor and/or machinery, epitomized by the ever-running lawnmower.’

Similarly, Stepick (1991) in a study of the hotel sector in Miami, explained how the informal sector of the local economy grew to provide for the needs of Haitian immigrants, heavily discriminated against in the city. Stepick describes the way in which the complex manner in which local circumstances – in this case a particular manifestation of racism – have affected the way the informal sector developed.

Williams (2005) provides a useful summary of the determinants of informal working. In doing so, he highlights the potential role of the market (the labour market, the market for goods and services and the market for information), the state of institutional relations (such as the strength of the bureaucracy, levels of taxation, the degree of social inclusion) and finally, the characteristics and circumstances of individuals and
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The remainder of the paper is devoted to examining issues associated with the politics of tourism partnerships. Much of the literature on tourism partnerships is concerned with enhancing practice, and rests upon (usually implicit) ideas of politics and power that may be questioned. Hind’s (2004, pp 7–8) work on sustainable tourism, for example, argues that:

‘Collaboration and partnership are the keys to achieving sustainable tourism because in tourism, no single organisation is responsible for all components that comprise the tourist product . . . . Many different organisations are involved. . . . These stakeholders need to work together through formal mechanisms in order to devise and implement strategies that will result in the tourist destination attaining the principles of sustainable tourism.’

Such observations rest on a pluralist conception of the policy-making process that some have argued is not empirically or theoretically sustainable (Bahaire and Elliot-White, 1999; Reed, 1997). Although perhaps recognizing that stakeholders may have varying amounts of power – which will in turn have a disproportionate influence on tourism policy outcomes – the extent to which some groups may have systemically derived power that may result in favourable policy outcomes most of the time, is not considered. Other commentators (for example, Selin, 1999; Godfrey, 1998) provide assessments that rest on similar premises.

A pluralist frame of reference suggests that while inequalities of resources may exist between different interests, no single group will have sufficient resources to monopolize the political process. Different policy areas will reflect different power structures and actors (John, 2000). Thus, the key to understanding the process of tourism policy formation and how small firms engage with the deliberative process is through empirical investigation. The expectation would be that small firms in the tourism industry would have a reasonable chance of influencing local tourism policy, at least on issues that really mattered to them.

A broader perspective on development – and one that might have threatened the feasibility of the ski resort project – than that envisaged by the District Council started to emerge from the deliberative process it had put in place. However, as a result of a schism among those that were seeking to agree a plan (and lobbying by the proponent), a ‘minority group’ was established to examine ‘winter tourism’. Without naming the particular development, they adopted a position that supported those advocating allowing the establishment of the ski resort. This became part of the development plan that, it could be claimed, emerged from community participation.

Reed (1997) suggests that, while the local authority accepted the new plan formally, it failed to finance key aspects that, in effect, marginalized those with a perspective that did not conform to the view of key business interests. In addition, it subsequently approved specific developments that ran counter to the tourism plan. She concludes that:
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‘In Squamish... The conventional elites... were successful in using the planning process to their ends... (although) they were not successful in derailing the entire planning process. As a result, the tourism development plan presented a much broader vision than that held by the conventional power elites. (However)... the overall impacts (of the new plan) were minimal’ (Reed, 1997, pp 587–588).

In this case, then, the poor organization of other actors with an interest in the tourism development plan, including new (small) tourism businesses and community groups, were unable to challenge seriously the influence of the power elite. The formally open and competitive nature of the process masked inequalities in resources (including leverage over political leaders), which would consistently advantage certain business interests. Moreover, the official outputs of the policy-making process – plans – had the imprint of a pluralist process, but, in practice, were undermined by a more covert exercising of power.

Reed’s conclusion echoes a major criticism of pluralism, which is that its focus on decisions – the overt exercising of power – ignores the less conspicuous but potentially more critical use of power to set and legitimize the political agenda. Strange’s (1999) assessment of the agenda-setting in four historic English cities begins to provide a more subtle analysis. His case studies suggest that, although conservation groups are conspicuous, ‘the expectation that such groups are more likely to be embedded in the local political landscape...is not...borne out by the actual process of planning and development in such places’ (Strange, 1999, p 308).

Indeed, the cities of York and Chester (UK) are driven by boosterist strategies for economic growth, and even in Winchester – the city he found to be most influenced by the discourse of sustainability – ‘there are signs that this is being challenged by new pressures to adopt strategies which are more accommodating of new development and boosting the local economy’ (Strange, 1999, p 308). Meethan’s (1999) study of York and Thomas and Thomas’s (2006) study of Bradford reached similar conclusions.

Even if ‘business’ enjoys a privileged position in urban politics, it does not follow that small businesses share such privileges. When they fail to appreciate local tourism policy discourses, where these exist, they are unlikely to participate effectively in partnership working. ‘Local policy discourses’ reflect a shared (and sometimes contested) understanding of the object of policy. This may involve a coalition of local interests that share a vision of tourism in a locality and how it might be achieved. The term ‘discourse’ in this context, then, means ‘a specific ensemble of ideas, concepts and categorizations that are produced, reproduced, and transformed in a particular set of practices and through which meaning is given to physical and social realities’ (Hajer, 2000, p 44).

Although the critique outlined above demonstrates the inappropriateness of assuming that smaller firms can participate in (what may be presented as politically neutral) partnerships, it does not provide a framework for understanding the factors that might enable them to do so, and effect change. Thomas and Thomas (2005), building on Healey et al’s (2003) discussion of urban policy initiatives, argue that three different kinds of resources need to be drawn upon: knowledge resources (including the ability to recognize, operate within, and perhaps alter and subvert, key frames of reference and hegemonic discourses); relational resources (including establishing relationships of the right kind with the right interests/actors at the right time) and a mobilization capacity.

Knowledge resources relate to the formal and tacit knowledge available, and the extent to which those seeking to influence change can learn from experience and current ideas. Understanding that there may be policy discourses operating and analysing their structure, especially how a discourse may be capable of development or change (see, for example, Vigar et al, 2000; Hajer, 2003), are key elements of knowledge resources.

Relational resources describe the networks or ‘webs of relations’ of which participants are a part. The morphology and levels of integration of networks and their proximity to locations of the ‘power to act’ are important considerations here. Although there is a growing literature on small business networks (such as Chell and Baines, 2002; Anderson and Jack, 2002), some of which has been undertaken in the context of tourism (see, for example, Lynch, 2000), little of this research relates to policy development. While some find evidence of extensive networks and networking, others paint a picture in which urban businesses often have a weak sense of belonging to a sector or locality (Curran et al, 2000). Where the latter is the case, the expectation would be of small firms having a limited ability to shape policy change. However, as Thomas and Thomas (2006) have shown, simply having extensive networks is likely to be ineffective if they do not include those with (political) power. Moreover, knowledge resources and relational resources may be insufficient to effect change unless accompanied by mobilization capacity. As Healey et al (2003, p 65) point out:

‘Knowledge and relational resources within a locality provide a reservoir of capacities... but they need to
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be deliberately mobilized to release their potential. The vital dimensions of mobilization capacity include access to institutional arenas, a range of techniques to maintain momentum, and the presence of “change agents”.

The varied evidence provided by Thomas and Thomas (2006) suggests that small businesses often fail to appreciate the subtle manner in which power is exercised in local tourism policy formulation and ‘partnership’ working. The existence of policy discourses is not necessarily recognized and, although small firms are sometimes able to mobilize resources, they often fail to effect change. Thus, even when small firms participate formally in partnerships, they are unlikely to do so to their advantage unless they grasp the nuances of the local ‘tourism project’ – or are enabled to do so – and have strong policy networks.

Conclusion

This paper challenges those seeking to engage small businesses in local tourism partnerships to reassess how they conceptualize small firms, to consider informal economic relationships as well as formal ones, and to understand the politics of partnerships at a local level. The paper has demonstrated that official conceptions of small firms are currently dominated by an inappropriate economic model that generally fails to appreciate the motivations (and lives) of smaller entrepreneurs in tourism and how these impact on the dispositions of such businesses to participate in partnership working.

It has also been shown that endemic ‘informalization’ is likely to militate against participation in partnership working. Since the state can strengthen or weaken opportunities for informal work, and may develop strategies to encourage formalization, it has been argued that establishing mechanisms of this kind might usefully precede the creation of partnerships (or that they could at least be developed simultaneously).

Finally, the paper demonstrates the need to recognize how power relations manifest themselves in localities. The paper has suggested that tourism partnerships do not exist in isolation from local politics and, potentially, local tourism policy discourses. Small firms will not be able to participate meaningfully in partnerships (in ways that reflect their world) or effectively (in ways that effect change) unless they understand how power relations operate locally and appreciate the need to mobilize appropriate resources. Current evidence suggests that in most circumstances they are not in a position to do so.

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