

Tourism Value Chain Governance: Review and Prospects

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Abstract

Over the last two decades, researchers and practitioners have given considerable attention to issues of tourism value chain governance. To establish a systematic understanding of the current research contributions and gaps, this study provides a review of published studies on the topic. Various dimensions of tourism value chain governance, namely policy, destination management and marketing, integration of distribution channels, and sustainability of the tourism value chain, are examined. Content analysis is used to provide quantitative evidence and hence a more objective evaluation. The results show that research on tourism value chain governance remains limited, and the development of each dimension unbalanced. An agenda for future research is proposed, given the indications that both qualitative and quantitative investigations are needed to establish the most appropriate governance models for tourism value chains.

Keywords: Value chain; Tourism; Governance; Power relations

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1. Introduction

World tourism has experienced significant growth over the past two or three decades, bringing considerable benefits to all actors involved in the tourism value chain such as governments, suppliers, intermediaries, and tourists themselves. At the same time, however, conflicts between the different actors have become increasingly intense, which in turn has negatively affected the sustainability of tourism development (see for example Lee et al., 2010; Zhang et al., 2009). For example, there is evidence that tour operators tend to jeopardize the image, profit margins, and long-term profitability of small and medium-sized hotels in Mediterranean summer seaside resorts so as to maximize their own profits (Bastakis et al., 2004). In practice, therefore, it is especially important to emphasize issues of tourism value chain governance. Governance in this context refers to the sum of the ways in which individuals and institutions deal with their common affairs (Weiss, 2000). It is a continuing process through which conflicting or diverse interests may be accommodated and co-operative action taken (UN-Habitat, 2006). Purnomo et al. (2009) suggest that good governance ensures that interactions between different actors involved in the value chain are efficient and effective.

Given the importance of governance issues in the tourism industry, researchers have shown considerable interest in the theme. Over the last few years, an increasing number of studies have addressed the specific dimensions of tourism value chain governance from the perspectives of government, local communities, festivals, protected areas, hotels, tour operators, travel agencies and the value chain as a whole (see for example Berne et al., 2012; Romero & Tejada, 2011; Jamal & Stronza, 2009; Wilson et al., 2009). Although a lot of work has been done, few attempts have been made to analyze the existing literature systematically. There is no comprehensive and in-depth review of the published research, which makes it difficult to accurately evaluate the current status of the field, identify the research contributions and gaps, and establish future research agendas worthy of further exploration.

This study seeks to tackle this challenge by inventorizing the research on tourism value

chain governance recently published in peer-reviewed journals. Its main objective is to provide a comprehensive and in-depth review of this literature. Its specific goals are: (1) to offer a descriptive analysis of the tourism value chain governance research based on year of publication, journal title, research methods, and research themes; (2) to identify the contributions and limitations of the current research; and (3) to propose an agenda for future research in this area based on the structure, conduct and performance framework (SCP). Content analysis techniques are used to provide quantitative evidence for the objective evaluations of the literature.

The rest of this paper is organized as follows. Section 2 defines tourism value chain governance; Section 3 introduces the research methodology; Section 4 offers a descriptive analysis of the published studies based on publication year, journal title, research method, and theme; Section 5 evaluates the published studies on tourism value chain governance based on the SCP framework; and the final section presents conclusions and an agenda for future research.

2. Tourism Value Chain Governance

2.1 Tourism value chain

The concept of a value chain was first introduced by Porter (1985), according to whom “every firm is a collection of activities that are performed to design, produce, market, deliver, and support its product” (p. 36). The integration of these activities generates profit for the firm and creates value for customers in the form of a value chain. This can be used at the micro level to trace the key source of a firm’s competitive advantage.

With the division of labor and specialization of firms, value is created not only by the firm itself, but also by different companies located across different areas or even countries. Consequently, in addition to Porter’s micro value chain, the concept of the macro value chain has also emerged (see for example, Romero & Tejada, 2011; Freeman & Liedtka, 1997). The macro value chain involves the full range of value-added activities required to bring a product or service from the conception or design stage, through the different phases of production, delivery to the ultimate consumers, and then to final disposal or recycling after use (Romero & Tejada,

2011; Purnomo et al., 2009; Kaplinsky & Morris, 2001). Players in the macro value chain are bundled together to co-create and co-deliver use value to customers. At the same time, with sales of use value, players seek to capture the exchange value and generate profit for themselves if this exceeds the collective costs of performing all the required activities (Cawley & Gillmor, 2008). Instead of firm-specific activities, the concept of a macro value chain has been applied mainly to industry activities, with much interest in the relationships between different actors participating in the value chain (Romero & Tejada, 2011). In this paper, the term value chain is used to refer to the macro level.

In terms of definition, individuals, organizations, and firms involved in the tourism industry can be seen as nodes in a tourism value chain, collaborating to co-create and co-deliver sustained value for tourists while at the same time generating profits for themselves (Romero & Tejada, 2011). Although it is difficult to profile all the actors along a value chain, a typology may be beneficial in understanding its different components. Generally speaking, actors along a tourism value chain can be categorized into four tiers; planners or designers of the basic tourism product, suppliers of products and services, tourism intermediaries, and tourists themselves (Romero & Tejada, 2011; Kaplinsky & Morris, 2001). Figure 1 presents a simplified typology of these actors.

The planners or designers of the basic tourism product are the actors responsible for policy making and planning, and are displayed at the very beginning of the value chain. Tourism products and services include attractions, accommodation, restaurants, bars, souvenir shops, airlines, transportation and so forth, which may be operated by governments, contractors, or local residents. These suppliers provide the primary product or service to tourists directly or indirectly via intermediaries. There are two possibilities in the third tier of the value chain: tourism intermediaries who purchase products or services from suppliers and sell them to tourists, or the tourists themselves, if they purchase directly from suppliers. The chain between suppliers of tourism products and tourists is described by the dotted lines in Figure 1 in order to distinguish it from the former possibility. Tourism intermediaries can be further divided into tour operators (wholesalers) and travel agencies (retailers). If tourists purchase products or services via intermediaries, they will be located at the fourth tier of the value chain. As described in Figure 1, on the one hand tourism products and services can be offered to tourists directly or indirectly via

intermediaries, constituting a downward products-and-services flow. On the other hand, with the exchange of tourism products and services, cash flow is moving upward, which will generate profit for actors involved in the value chain if the cash flow exceeds the collective costs of performing all the required transactions (Cawley & Gillmor, 2008).

(Insert Figure 1 about here)

2.2. Value chain governance

To study the relationships between the various actors involved in the tourism value chain, the concept of value chain governance is critical. The term governance refers here to inter-organizational governance along the tourism value chain, which is not a new concept and has attracted considerable attention from researchers over recent decades (see for example Wathne & Heide, 2004; Poppo & Zenger, 2002; Heide & John, 1992). Various theoretical perspectives from a wide range of disciplines have been adopted by researchers to explain this form of governance. Among them, transaction cost economics and the social network theory have provided the main building blocks for the theoretical framework of value chains (Williamson, 1979; Granovetter, 1985).

Transaction cost economics was the starting point for academic debate on inter-organizational governance. It proposed that arm's-length markets and a vertically-integrated hierarchy dichotomize governance structures based on their transaction cost differences. Arm's-length markets imply that discrete transactions occur between organizations. The transactions in markets have "[a] distinct beginning, short duration and sharp ending by performance," as well as "complete transferability" and "no joint efforts," their primary focus being "on the substance of exchange and no future is anticipated" (Dwyer et al., 1987, p.13). While price is the dominant governance mechanism of markets, transactions within a vertically-integrated hierarchy are mainly regulated by authority relationships (Williamson, 1979). Moreover, transaction cost economics emphasizes the use of formal contracts to govern inter-organizational relationships against possible hazards, with mutual agreement on their rights and obligations (Williamson, 1973).

However, this approach has been criticized by a number of researchers, especially those interested in social network theory. These academics argue that transaction cost economics treat transactions as independent of the larger societal context, which is far from being the reality (Powell, 1990). In fact, the boundaries of organizations are blurred when they engage in certain forms of collaboration that resemble neither arm's-length markets nor vertical integration, but networks (Powell, 1990). Based on this perspective, Jones et al. (1997) integrated transaction cost economics and social network theory to provide a framework for exploring the conditions of network governance and the mechanisms adopted in it. In a network governance structure, relational governance mechanisms such as trust and relational norms are used to safeguard inter-organizational relations informally, promoting flexibility, solidarity, and information exchange among organizations (Gulati, 1995; Granovetter, 1985).

2.3. Tourism value chain governance

The concept of the value chain is derived from the manufacturing industry, and most of the current research on governance is based on data collected in this context. Issues of value chain governance are obviously critical for the sustainable development of the tourism industry as well. As noted earlier, tourism products and services are jointly offered by a number of individual actors along the value chain. That is, every node of the chain can affect the value attained by tourists, which in turn affects the profit of individual actors. Thus, the success of individual tourism actors, as well as of the entire tourism value chain, is dependent on good inter-organizational governance to ensure efficient coordination, cooperation, and integration (Haugland, 2011).

Furthermore, due to the peculiar characteristics of the tourism industry, its governance differs from that found in the manufacturing industries in many respects, highlighting the need for research on the topic to be conducted within the specific context of tourism. Firstly, tourism policy making and planning is highly controlled by governments and destination management organizations (DMOs), especially in developing countries (Krutwayscho & Bramwell, 2010; Yüksel et al., 2005), so their position of power is worthy of attention. Secondly, unlike

manufacturing products, tourism products and services cannot be moved from one place to another. On the contrary, tourists need to travel to specific destinations to consume products and services either by themselves or through intermediaries (Zhang et al., 2009). As a bridge between tourism products or services and tourists, the role of intermediaries such as tour operators and travel agencies are very important in tourism value chain governance. Thirdly, tourism products cannot be evaluated prior to their consumption, which means that the opportunistic behaviors of upstream suppliers and downstream customers (such as cheating and lying) are more difficult to monitor than in the manufacturing industry. Last but not least, due to the public nature of tourism resources, there is no incentive for organizations to voluntarily avoid the overexploitation of resources including natural resources and cultural assets (Beritelli, 2011). It is therefore crucial to investigate tourism value chain governance in order to attain a balance between economic development and resource protection.

Based on these specific characteristics of tourism value chain governance, a number of researchers have tried to explore the issues over the last decade (see for example Beaumont & Dredge, 2010; Romero & Tejada, 2011; Jamal & Stronza, 2009; Wilson et al., 2009). The chief objective of this study is to provide a comprehensive and in-depth review of this research and propose an agenda for future work.

3. Method

In this study, content analysis was used to provide quantitative evidence for an objective evaluation of the literature. Content analysis is a popular technique for “the objective, systematic, and quantitative description of the manifest content of communication” (Berelson, 1952, p.55). It has been used by researchers to synthesize and evaluate published studies, as it helps quantify the qualitative information with a view to evaluating the structure and content of the articles (Krippendorff, 2004; Brewerton & Millward, 2001). The procedures involved in content analysis include sampling from the available population of data, determining the unit of analysis, identifying the coding scheme, and analyzing the data (Kassarjian, 1977).

3.1. Sampling

In this study, several academic databases were used to search for published articles relevant to tourism value chain governance, including Elsevier Science (www.sciencedirect.com), ProQuest (<http://proquest.umi.com>), EBSCOhost (<http://www.ebscohost.com>), Ingenta (<http://chinesesites.library.ingentaconnect.com>), and Google Scholar (<http://scholar.google.com.hk>). These are the most frequently-used academic databases. The keyword *tourism* together with *governance*, *collaboration*, *coordination*, *cooperation*, and *integration* were used to search for relevant publications in these databases. The time period was not restricted, since the aim was to generate a comprehensive list of publications on the topic.

Only full-length articles published in the top six peer-reviewed journals were collected, since these journals are the primary means through which scholars seek to disseminate their research. The top six journals are *Annals of Tourism Research*, *Tourism Management*, *Journal of Travel Research*, *Journal of Sustainable Tourism*, *Journal of Travel & Tourism Marketing*, and *Tourism Analysis*. Limiting the search in this manner was a way to ensure the quality of the data analysis (Henttonen, 2010). After the initial collection phase, the authors checked the content of the articles individually to see whether each complied with the sampling criteria. Those papers that did not, or which were irrelevant to the topic of tourism value chain governance, were excluded from the study. A total of 45 articles were included in the database for analysis.

3.2. Categorization

Based on the objectives of this study, the unit of content analysis was identified as the single paper. A coding scheme was developed to categorize the articles in the database. This is a necessary step in order to minimize the use of subjective judgment in the analytical process (Krippendorff, 2004) and help ensure the analysis is based on a comprehensive list of relevant studies (Line & Runyan, 2011). For consistency and comprehensiveness, the articles were sorted based on year of publication, journal title, research methods, and themes. These parameters were then identified as the components of the basic coding scheme.

With regard to research methods, each article was further subcoded as a conceptual,

qualitative, or quantitative study. Using an inductive approach, the research themes were then also subcoded along five dimensions: tourism policy, destination management, destination marketing, integration of distribution channels, and sustainability of tourism value chains. These coding schemes were used to allocate each article to one subcoding category under the basic scheme.

3.3. Validity and reliability

In content analysis, because the researcher's subjective judgment should be minimized to obtain an objective assessment, issues of validity and reliability are especially important. This was addressed by strictly following the procedure for content analysis suggested by Kassarian (1977) with all steps being performed by one of the coauthors, who had been trained in content analysis techniques and was familiar with the concept of tourism value chain governance. The results of the content analysis were then cross-checked by all the coauthors.

4. Descriptive Analysis

In order to understand the development of research on tourism value chain governance, the first step was to conduct a descriptive analysis of the publications across different years and journals. As shown in Figure 2, the first paper on the topic was published in 1988, and focused mainly on tourism value chain governance and community-based tourism planning. However, the quantity of papers remained small during 1988-2006, with a significant increase from 2007 onwards. Before 2007, the articles were mainly published in journals such as *Annals of Tourism Research* (N =11) and *Tourism Management* (N=3). After 2007, the publications became more diverse, with a total of 31 articles published since then in a variety of different journals: *Annals of Tourism Research* (N=5), *Tourism Management* (N=8), *Journal of Travel Research* (N=5), *Journal of Sustainable Tourism* (N=9), *Journal of Travel and Tourism Marketing* (N=1), and *Tourism Analysis* (N=3). The surge in the number of published papers in this area in recent years suggests the topic has attracted increasing attention from researchers.

(Insert Figure 2 about here)

4.2. Research methods

To provide an assessment of the research methods employed, three types were identified; conceptual, qualitative, and quantitative studies. Figure 3 shows the distribution of the papers across these categories. Most were qualitative in nature, with the number of conceptual and qualitative studies being 12 (27%) and 28 (62%), respectively. Moreover, case studies are particularly prominent in this field.

Although their use has declined sharply in many fields over the last few decades as statistical methods have developed (George & Bennett, 2004), case studies of inter-organizational governance in the tourism value chain still dominate research on this topic. Among the 45 papers studied, 31, or 70%, had used a case study approach. This is not surprising for a research field in its early stages of development, as the case study approach serves the “heuristic purpose of inductively identifying additional variables and generating hypotheses” and enables the development of theories on “how different combinations of independent variables interact to produce different levels or types of dependent variables” (George & Bennett, 2004, p.45-46).

(Insert Figure 3 about here)

4.3. Research themes

An inductive approach was used to generalize the main themes of the 45 papers. Five themes were identified through a careful examination of the content: tourism policy issues, destination management, destination marketing, integration of the distribution channel, and sustainability of the tourism value chain. Although some articles covered more than one theme due to the interdisciplinary nature of tourism research, each article was categorized only by the theme which was most clearly manifested. Figure 4 shows the distribution of the publications across the five themes. Of the 45 articles, most (N=22) dealt with destination management, 10 focused on destination marketing, 6 looked at tourism policy issues, 4 examined the integration of the distribution channel, and 3 articles studied the sustainability of the tourism value chain.

This composition indicates that destination management and marketing attracted most attention from researchers. The distribution of the research themes over time is presented in Table 1.

(Insert Figure 4 about here)

Tourism policy issues

Table 1 shows that research on tourism value chain governance and policy issues has attracted reasonable academic attention, especially in recent years. With the globalization of the economy and society as well as the popularity of neo-liberalism, the role of government has shifted from “top-down” policy formulation and implementation to the “bottom-up” approach of engaging different stakeholders in decision making (Vernon et al., 2005). In the tourism industry, however, the involvement of different stakeholders in the process of policy making and implementation has been relatively weak due to the diverse and fragmented nature of the industry and the conflicts between different actors. Appropriate tourism value chain governance is therefore essential to the success of policy formulation and implementation.

Of the seven articles related to tourism policy issues, one was published in *Tourism Management* in 2011; four in *Annals of Tourism Research* in 2000, 2005, and 2010; and two in the *Journal of Sustainable Tourism* in 2010 and 2011. With regard to the methods used, two of these articles were conceptual studies, while the others were case studies based on in-person, in-depth interviews.

In view of the importance of the tourism value chain governance in facilitating the effective formulation and implementation of policy, several researchers have focused on the problems and challenges encountered during the collaborative tourism policy-making process such as power asymmetry, governance structures, right of representation, and evaluation of outcomes (Wang & Bramwell, 2011; Krutwayscho & Bramwell, 2010; Vernon et al., 2005; Yüksel et al., 2005; Göymen, 2000). Furthermore, a handful of researchers have explored ways in which actors in the tourism value chain can resolve these problems and overcome the challenges of the collaborative policy-making and implementation process (Hall, 2011; Beaumont & Dredge,

2010). For example, Hall (2011) identifies a typology of governance structures which might be suitable for collaborative tourism policy making, and Beaumont & Dredge (2010) investigate the operation of different governance structures and their effects on such a process.

(Insert Table 1 about here)

Destination management

Partly due to the public nature of tourism destinations and the tragedy of the commons, their management remains one of the most debated topics in this field of research. Researchers agree that both public and private organizations along the tourism value chain in a destination should be effectively governed, with best practice being applied in the development of governance principles and collaborative theories. Coordination, collaboration, and cooperation among different actors along the tourism value chain can facilitate consensus and learning during the destination planning and management process, which in turn could ensure the protection of the public interest.

Significant efforts have been made to understand the need for tourism value chain governance in destination management (see for example Arnaboldi & Spiller, 2011; Haugland et al., 2011; Zach & Racherla, 2011; Jamal & Stronza, 2009; Beritelli et al., 2007; Selin & Chavez, 1995; Selin & Beason, 1991; Murphy, 1988). However, the empirical findings are inconclusive. For example, researchers have found that there are conflicts and challenges during collaborative destination management, caused by power asymmetry and divergent interests as well as contextual factors such as history, markets, culture, legislation, and politics (see for example Wesley & Pforr, 2010; Okazaki, 2008; Trousdale, 1999; Reed, 1997; Jamal & Getz, 1995). Others have explored the effectiveness of the various governance models in tourism destination planning and management (see for example Beritelli, 2011; Erkuş-Öztürk & Fraydm, 2010; Lade, 2010; McCool, 2009; Plummer & Fennell, 2009), and developed measurement scales with an view to evaluating these governance models in the context of destination management (see for example Eagles, 2009; Cawley & Gillmor, 2008).

Destination marketing

As well as destination management, tourism destination marketing is another issue that is closely related to tourism value chain governance. Due to the fragmented nature of the tourism industry, different actors along the destination value chain need to work together to create and deliver sustained value for tourists. However, tourists see the destination as a single product which offers them an integrated experience. Thus, destination marketing activities should be co-ordinated to integrate individual actors' efforts along the value chain.

Research on tourism value chain governance and destination marketing has mainly focused on the nature and dynamics of the governance process in collaborative marketing (see for example Hultman & Hall, 2012; Wang, 2008; Wang & Fesenmaier, 2007; Wang & Xiang, 2007; Palmer & Bejou, 1995). Several researchers have also showed considerable interest in the factors that facilitate effective inter-organizational governance for destination marketing such as number and diversity of actors, communication and interaction channels between organizations, social relations, as well as organizational capabilities (d'Angella & Go, 2009; Lemmetyinen & Go, 2009; Bhat & Milne, 2008). Others have tried to evaluate the effects of different governance styles on such marketing (McKinney et al., 2009; Paskaleva-Shapira, 2007; Palmer, 1998). However, a widely-accepted governance model has yet to be developed.

Integration of distribution channels

Tourism distribution channels are "inter-organizational networks in which members cooperate to achieve supra-organizational goals in competition with other channels and to achieve their particular performance goals in competition with other companies off and in the network" (Berne et al., 2012, p.206). Here the term "integration" means "the extent to which separate parties work together in a cooperative manner to arrive at mutually acceptable outcomes" (O'Leary-Kelly & Flores, 2002, p.226). The integration of tourism distribution channels could ensure that all actors achieve the best possible outcomes (Ford et al., 2012). The issue has, however, received relatively little attention over the last few years.

In view of the key roles played by small- and medium-sized tourism enterprises in distribution channels, researchers have focused considerable attention on their development within the competitive tourism environment, as well as their relationships with larger enterprises (Novelli et al., 2006). Scholars have also been interested in the strategies adopted, and problems encountered, during the process of integration of distribution channels (Zhang et al., 2010; Wilson et al., 2009; Lafferty & Fossen, 2001). Although much progress has been achieved, there is still a long way to go to develop effective models of tourism value chain governance which can facilitate the horizontal and vertical integration of distribution channels.

Sustainability of the tourism value chain

As well as focusing on issues of policy, destination management and marketing, and the integration of the tourism value chain, a few articles have also looked at the sustainability of the tourism value chain as a whole (see for example Romero & Tejada, 2011; Tribe, 2008; Tremblay, 1998). By contrast, articles related to this issue have mainly taken a macro perspective.

In more recent years, a few researchers have proposed that a value chain model should be adopted for the tourism industry and emphasized the importance of governance issues (Romero & Tejada, 2011). Others have illustrated the significance of combining the transaction cost, competences-based, network, and critical theories with inter-organizational governance in the value chain (Tribe, 2008; Tremblay, 1998). However, such governance does not develop naturally, but requires considerable effort from different actors along the whole value chain. How this can be achieved is an important topic worthy of future research.

5. SCP Framework and Tourism Value Chain Governance

It is valuable to place the review in a relevant framework with a view to synthesizing the studies on tourism value chain governance and to offering guidance for future research. The basis for the conceptual framework proposed here is the structure-conduct-performance paradigm developed by the industrial economists such as Bain (1956) and Mason (1957). The paradigm describes the relationships between the governance structure, process, and performance (Berne et

al., 2012). According to this paradigm, governance environment and structure may affect governance outcomes indirectly through its effect on governance mechanisms among the chain actors (Berne et al., 2011; Molm, 1990). Figure 5 illustrates this conceptual framework.

5.1. Governance environment

Although inter-organizational governance is essential for tourism policy making, destination planning and management, destination marketing, integration of distribution channels, and sustainability, attention should firstly be paid to the governance environment before the identification of specific models. The environment is defined here as the physical and social factors that should be taken into consideration directly during the decision-making process (Duncan, 1972). The effects of the environment on the governance model in the tourism value chain have been addressed by a number of researchers (see for example, Beaumont & Dredge, 2010; Yüksel et al., 2005; Trousdale, 1999).

A country's legal system, the changing requirements of tourists, the increasingly-varied market segmentation, the globalization of tourism, and advances in information and communications technologies (ICT) all affect the environment and hence the structure and outcome of the governance model applied to the tourism value chain (Göymen, 2000). Additionally, power distribution is another factor frequently addressed by researchers (Yüksel et al., 2005). As noted by Yasarata et al. (2010, p. 345), "the politics of tourism is a struggle for power." Power governs the interactions between actors, all of whom are influencing or trying to influence the formulation of tourism policies and the ways in which they are implemented (Hall, 1994). A power imbalance between actors is a common phenomenon in the tourism industry. Consequently, the more powerful members of the value chain often take advantage of the less powerful (small and medium enterprises) when the business environment is unfavorable, forcing them under their control and increasing the possibility of a quasi-hierarchical value chain governance structure being formed (see for example, Romero & Tejada, 2011; Göymen, 2000).

In contrast with the developed countries, which most often have a democratic culture, authority in some developing countries tends to be highly centralized, with governments or their

agencies making most policy decisions and providing much of the infrastructure and services (Yüksel et al., 2005). Central governments and agencies often control the tourism industry through constitutions, laws, ministries, departments, or councils tasked with overseeing tourism development plans, which in turn greatly affect the development of the value chain (Elliott, 1983). Such highly-centralized authority and reservation of decision-making power to central governments and its agents for activities such as tourism policy making and destination planning, management, and marketing has been considered a major obstacle to the development of appropriate governance (see for example, Yüksel et al., 2005; Göymen, 2000). As noted, while tourism value chain governance is being advocated by more and more countries, there is still a long way to go before an effective governance model can be developed.

5.2. Governance structure

According to Gulati (1998, p.302), governance structure denotes the “formal contractual structures used to organize the partnerships.” Appropriate governance structures could contribute to the development of order, and hence reduce conflict and improve the realization of mutual gains (Williamson, 2002). In the tourism industry, no universal governance structure exists along all value chains. Actors along each value chain usually pursue different interests. Therefore, types of governance structure are determined by the power struggles among these actors.

According to Yasarata et al. (2010), while tourism policy making and destination management are normally decentralized activities in developed countries, they tend to be centralized in the developing countries, where decisions are made mostly by government intervention rather than by a pluralistic approach. This proposition has been supported by Krutwaysho and Bramwell (2010), Yüksel et al. (2005) and Göymen (2000). Krutwaysho and Bramwell (2010) have suggested that tourism policy formulation and implementation in Thailand are strongly centralized and hierarchical, with central government deciding the policies and providing the infrastructure and services. Although the leading actors in tourism policy making and destination planning are often the government and its agencies, they can also be the tourism authorities and industry associations (Greenwood, 1993), tourism investors’ associations, and nongovernmental organizations (Yüksel et al., 2005).

While a quasi-hierarchical structure in tourism policy-making and destination planning is common, some researchers have highlighted the need to broaden the notion of decentralization to facilitate the participation of other actors along the value chain (see for example Wesley & Pforr, 2010; Plummer & Fennell, 2009; Vernon et al., 2005). It has been suggested that governments, tourism suppliers, intermediaries, and communities should all be given equal power in tourism policy making and destination management to enable sustainable development. Wesley and Pforr (2010) have also suggested that attention needs to be paid to the ways in which a society is managed. Complex societal problems tend not to be solved by the traditional “one-way traffic” model but by a “two-way” synergistic model within which various stakeholders interact. Beaumont and Dredge (2010) have further investigated three different governance structures in tourism, namely council-, community-, and local tourism organization-led networks, and discussed the effects of these structures on local tourism policies.

In the tourism industry, arm’s-length relations exist within some tourism value chains or as part of them. For example, the governance of hotels by large and vertically-integrated tour operators has been described as “co-ordination via market relations” (Romero & Tejada, 2011, p. 302). This is the usual approach because the hotel product is perfectly defined and the demand categories have very specific product specifications, so suppliers do not need to cooperate with tour operators in defining the product. Furthermore, with the development of the Internet and other forms of ICT, hotel establishments can use diverse channels or intermediaries, including travel agencies or their own firms, to sell and distribute their products to tourists (Romero & Tejada, 2011). But although arm’s-length market relations may benefit tourism development at the destination, the fragmentation and diversity of the industry has highlighted the need for network structures among various actors to promote sustainable development (Lee et al., 2010; Costa & Baggio, 2009). As suggested by Uzzi (2005), embedded exchanges have quite distinct characteristics from arm’s-length exchanges, with more emphasis being placed on trust and personal ties rather than explicit contracts, and a greater focus on long-term relationships than immediate gains (Bhat & Milne, 2008).

Although some suppliers, especially the larger ones, have developed a good appreciation of different market needs and implemented a sound marketing mix, this is not always the case, particularly for the small- and medium-size enterprises that constitute the majority of tourism businesses (Pearce, 2008; Pearce & Tan, 2006; Stuart et al., 2005). Such enterprises, either because of an unfavorable business environment or the high volatility of the tourism market, usually depend on larger intermediaries for much of their business (see for example, Romero & Tejada, 2011; Karamustafa, 2000; Göymen, 2000). The relationship between small and medium enterprises and large, integrated groups largely fits the quasi-hierarchical model. Although the enterprises are legally independent, they are strongly subordinated to tour operators (Romero & Tejada, 2011). For example, in Turkey, the suppliers of accommodation services, particularly along the Aegean and the Mediterranean coastlines, depend very much on international tour intermediaries for their business (Karamustafa, 2000; Göymen, 2000). Similarly, the landscape of European tourism is concentrated around a few large tour operators that dominate the major markets and control extensive networks of suppliers (Adriana, 2009). More often than not, the relations between large operators and accommodation suppliers in destinations is described as exploitive and manipulative; this kind of relationship has been established mainly to consolidate large tour operators' control over the tourism trade and tourist movements (Karamustafa, 2000; Bastakis et al., 2004).

The hierarchical structure is similar to the concept of vertical integration, comprising vertical mergers across different tourism components such as hotels and airlines (Lafferty & Fossen, 2001). A hierarchical structure is common when the risks of poor performance by independent suppliers increase if buyers use quality as a brand attribute (Humphrey & Schmitz, 2002). In Europe, large tour operators have achieved remarkable vertical growth by integrating their core businesses with transportation services and travel shops via the acquisition of major outgoing agencies. They have also acquired accommodation establishments and incoming tour and coach operators (Bastakis et al., 2004). Integrated corporations with a wide range of services tend to increase profit and efficiency (Lafferty & Fossen, 2001; Weiss, 1974). Salinger (1990) has found that large firms are more profitable because they exploit their market power and are more efficient due to economies of scale. The hierarchical structure enables firms to gain a competitive advantage over equally-efficient rivals by generating barriers to entry and greater

certainty of contracts (Porter, 1980; Hamilton & Mgasgas, 1997). The accumulated forces deployed by tour operators, however, show signs of oligopoly and have created unfair trade practices in origin markets. In addition, this acutely-oligopsonistic phenomenon has also been perceived as harmful to tourism product suppliers in some European destinations (Bastakis et al., 2004).

5.3. Governance mechanisms

Governance mechanisms refer to the safeguards that organizations put in place to regulate inter-organizational exchange, minimize exposure to opportunism, protect transaction-specific investments, and promote a continued relationship (Burkert et al., 2012; Jap & Ganesan, 2000; Wathne & Heide, 2000). The deployment of appropriate governance mechanisms is critical for effective inter-organizational governance in the tourism value chain, as it could decrease transaction and coordination costs while increasing organizations' willingness to co-create value during the governance process (Jap & Ganesan, 2000).

Tourism value chain governance could be realized through price, authority, transactional, or relational mechanisms, or a combination of them (Jap & Ganesan, 2000). The price mechanism is used when actors along the tourism value chain exchange through the market, whereas the authority mechanism is used when actors are integrated into a hierarchy of firms (Powell, 1990). Furthermore, when actors are governed through an intermediate structure between market and firm, transactional or relational mechanisms, or a combination of them, are used to safeguard inter-party business. Transactional mechanisms are the safeguards that "govern inter-party exchange, avoiding uncertainties through legal stipulations and economic incentive systems," such as legal contracts, or an actor's investment in assets idiosyncratic to another (Liu et al., 2009, p.294; Brown et al., 2000). Finally, relational mechanisms tend to focus on "inherent and moral control, governing exchange through consistent goals and cooperative atmosphere," such as the development of trust and relational norms between actors (Liu et al., 2009, p.294; Brown et al., 2000).

An evaluation of these various mechanisms has recently been conducted by Beritelli (2010). By investigating a European Alpine tourism destination, Beritelli (2010) found that in contrast with formal contracts, only relational-based mechanisms, in combination with a few communication variables, had a strong positive influence on cooperation between actors along the tourism value chain. However, it is obvious that more research is required in order to provide more evidence on how best to facilitate collaboration, coordination, and cooperation between actors.

5.4. Governance performance

Effective inter-organizational governance in the tourism value chain could benefit the development of the industry and facilitate the achievement of more sustainable outcomes (Wesley & Pforr, 2010). It has been argued that governance has the potential to foster partnerships, cooperation, and collaborative arrangements, which in turn could promote more equitable and efficient economic performance between different actors (Wesley & Pforr, 2010). While the relational and economic performance of inter-organizational governance in the value chain have been frequently recognized by researchers, there is still a lack of research on how to measure the performance of different governance models.

Value chain governance versus relational performance

Relational performance can be defined as “the extent to which the partners consider their relationship worthwhile, equitable, productive, and satisfying” (Selnes & Sallis, 2003, p.88). Usually, relationship satisfaction and commitment are regarded as partial indicators of this (see for example, Burkert et al., 2011; Nyaga et al., 2010). In fact, various inter-organizational governance modes in the tourism value chain will have different effects on the relational performance for actors. In a tourism context, Yodsuwan and Butcher (2011) have developed six scales to measure the satisfaction of collaborators and explored the relationship between such satisfaction and specific inter-organizational governance mechanisms. The results showed that relational mechanisms such as trust had the most significant effect on satisfaction. Similarly, in a European Alpine tourism destination, only relational mechanisms combined with communication

variables have been shown to positively influence cooperative behavior among actors (Beritelli, 2011).

Value chain governance versus economic performance

In contrast with relational performance, economic performance mainly focuses on the reduction of cost and inventory, and the improvement of financial performance. The economic success of individual actors and the whole value chain is dependent on its efficient governance (Haugland et al., 2011; Beritelli et al., 2007). As noted by several scholars, governance supports economic performance in a value chain since it facilitates the transfer of information and knowledge between actors (Dyer & Singh, 1998; Fischer, 1999) and the coordinated development of products and services (Holmen et al., 2004). According to Hjalager (2010), Beritelli et al. (2007), and Rowley et al. (2000), effective inter-organizational governance in the tourism value chain enhances its stability and helps facilitate deeper knowledge transfer and incremental innovations, thereby ensuring significant market success. Relationships without governance, on the other hand, will always be characterized by conflict which impedes optimal economic development.

(Insert Figure 5 about here)

6. Discussion

As conflicts between different actors in the tourism value chain have become more and more intense, issues of inter-organizational governance have attracted increasing attention from researchers and practitioners alike (see for example Arnaboldi & Spiller, 2011; Beaumont & Dredge, 2010; Yüksel et al., 2005). This study has provided a comprehensive and in-depth review of the existing literature using a content analysis approach. A descriptive analysis was firstly conducted based on publication year, journal title, research method, and research themes to understand the development of, and limitations on, existing research on the topic. A systematic conceptual framework was then derived to demonstrate the relationships between governance environment, structure, mechanism, and outcomes.

6.1. An agenda for future research

Based on a comprehensive and in-depth review of the existing literature on tourism value chain governance, this study proposes a six-pronged agenda for future research. Firstly, with respect to the governance environment, existing research has mainly focused on power asymmetry and its effect on the inter-organizational governance of policy making and destination management and marketing. Little work has been done to examine the effects of legal, economic, cultural, and other contextual factors on governance issues. Even less attention has been paid to the effect of the governance environment on the integration of tourism distribution channels and the sustainability of the value chain as a whole. In fact, power asymmetry in tourism development is the most critical factor affecting such integration and sustainable development. It may also lead to unequal benefit sharing among actors, which in turn may widen the gap between rich and poor. Secondly, most of the articles on inter-organizational governance have focused on issues of destination management and marketing. Little work has been done to compare different tourism distribution channels, particular suppliers and intermediaries, tour operators and travel agencies, and to explore the roles of tourists. More attention could be paid to governance issues arising from the integration of tourism distribution channels. Thirdly, research on the preconditions for, and effects of, different governance mechanisms, as well as the evaluation of outcomes, is still limited. Exploration of these topics is another potential avenue for future research. Fourthly, research on the governance environment, structure, mechanisms, and outcomes in the tourism value chain has been carried out mostly in isolation, with their inter-relationships largely ignored. These relationships should be extensively investigated. Fifthly, this review demonstrates that not enough effort has yet been made to use quantitative methods to test the propositions and hypotheses that have been developed. Although a number of case studies have been carried out, generalization of their findings has been constrained because of their methodological nature. More quantitative work should be conducted to increase the external validity of the conclusions drawn from these qualitative studies. Last, but not least, future work might usefully broaden the conceptual framework proposed in this study by taking a different view of existing research on inter-organizational governance of the tourism value chain. This might allow specific governance issues to be identified in a much wider scope.

6.2. Limitations of the current study

A few limitations of this study should be addressed. Firstly, it reviewed the published research based only on publication year, journal title, research method, and research themes. Other information such as authorship or institutional contribution was not addressed. Secondly, the review was restricted to peer-refereed papers in the top six journals. Some research on tourism value chain governance may also have been published elsewhere.

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Table 1. Number of publications by theme over time

Themes / year	Tourism policy issues	Destination management	Destination marketing	Integration of distribution channels	Sustainability of the tourism value chain
1988	-	1	-	-	-
1991	-	1	-	-	-
1995	-	2	1	-	-
1997	-	1	-	-	-
1998	-	-	1	-	1
1999	-	1	-	-	-
2000	1	-	-	-	-
2001	-	-	-	1	-
2005	2	-	-	-	-
2006	-	-	-	1	-
2007	-	1	3	-	-
2008	-	2	2	-	1
2009	-	4	3	1	-
2010	2	3	-	-	-
2011	2	4	1	1	1
Total	7	20	11	4	3

Source: Compiled by the authors.

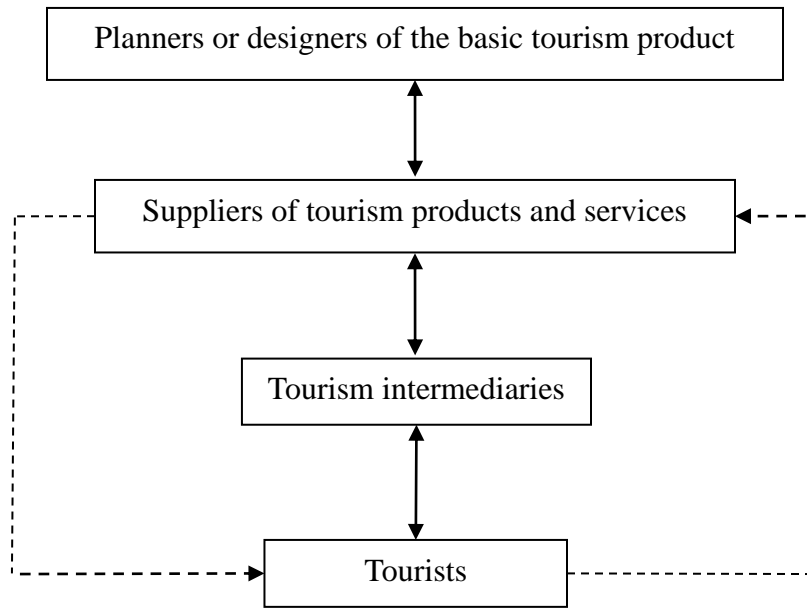


Figure 1. A simplified typology of actors along the tourism value chain

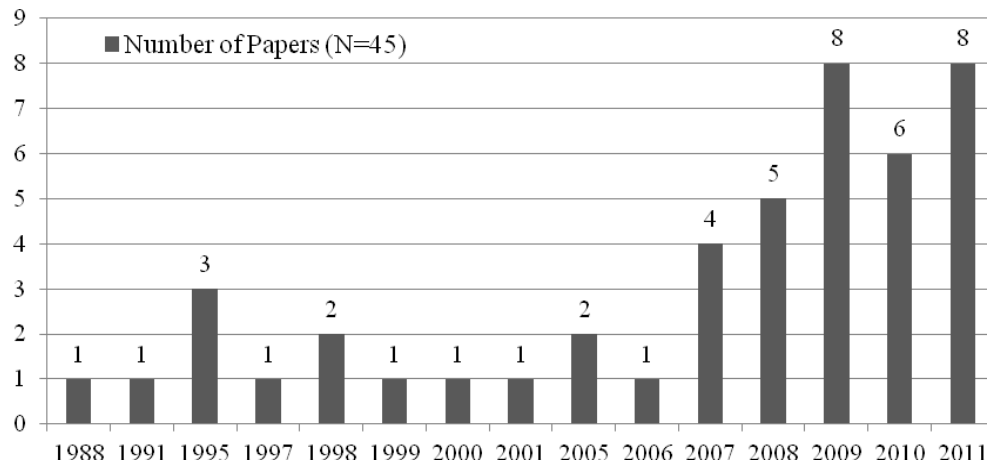


Figure 2. Distribution of publications across years

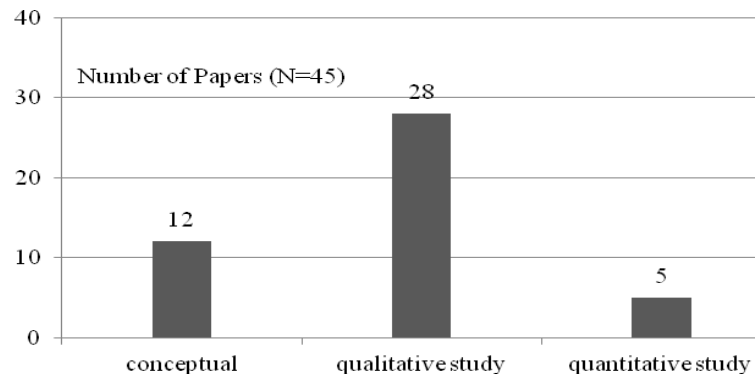


Figure 3. Distribution of publications across methods

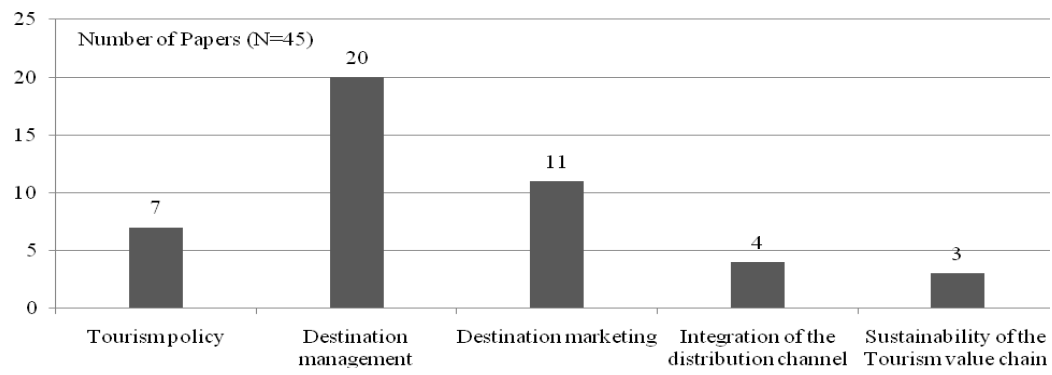


Figure 4. Distribution of publications across themes

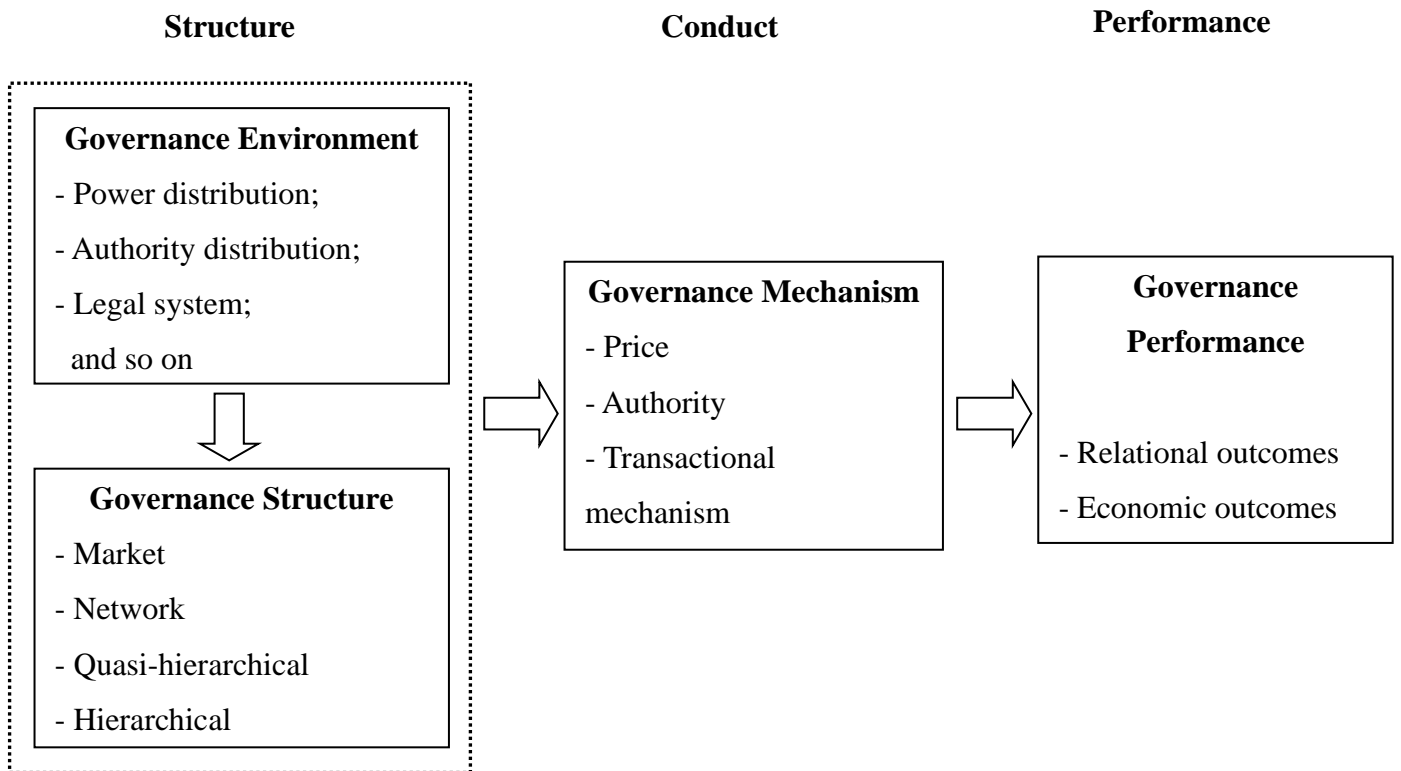


Figure 5. A framework for researching value chain governance in tourism