

An Integrated Total Quality Strategy To Endogenous Tourism Development

Dimitris G. Lagos

Assistant Professor

*Department of Business Administration,
University of the Aegean, Greece*

Panayiotis G. Curtis

Associate Professor

Technological Educational Institute of Chalkis, Greece

Abstract

This paper is an attempt to define the content of the "Integrated Total Quality Strategy" as a tool of promoting the goals of the endogenous tourism development for countries like Greece where the dominant paradigm of mass tourism for summer holidays has reached its limits. We propose a differentiation strategy through total quality management based on the bottom up approach to sustainable development that promotes competitive advantage. It requires small scale operations, local participation, clustering, integrated approach and symbiosis between social and natural systems.

1. Introduction

Tourism is a motive power of the world society that will continue to be a source of socio – economic development in the years to come for many developing countries, according to estimations of international experts. The good perspectives that appear in the world tourism market require the reorientation of tourism policy towards an sustainable use of tourism resources as well as an effective operation of the forces in the tourism market that will contribute to the achievement of the goals of the endogenous tourism development. This can be done in the best possible way with the qualitative differentiation of the tourism product, which can be achieved thanks to the integrated total quality strategy.

Furthermore, in the frame of a more general strategic plan to improve the tourism product quality and qualitative services in the entire tourism circuit and to achieve a progressive reform of the production system of a local economy that will have an advantageous effect on tourism.

In the frame of the above reasoning, the present proposal is an attempt to define the content of the “Integrated Total Quality Strategy” and examine in what way it can affect the operational frame of the tourism market and contribute to the promotion of the goals of the endogenous tourism development. This strategy is viable for countries like Greece whose mass tourism product of summer holidays has now reached its limits.

2. The possibilities to exploit the integrated total quality strategy in order to face contemporary challenges in tourism

Tourism was initially considered to be an activity that does not harm natural resources. However, since the 70's, this naïve point of view has been brought into question because of the severe economic, social and environmental problems in the tourism development of many countries (Cohen 1978: 219 – 230, Lagos 1996: 107 – 119). This has been the cause for international organizations (WTO, UNO) that are concerned with environmental matters to take protective measures at international level at the summit conference of the UNO in Rio, Brazil in 1992 (Local Agenda 21).

The new model of tourism development that has started to appear progressively since the 70's, is that of special forms of tourism and relies both in theory and practice on the strategic goals of a balanced, endogenous, integrated and sustainable development, which contribute to the achievement of competitiveness and quality in general.

The development requirements nowadays are integrated values based on the quality in all sectors of the tourism economy, instead of the economies of scale, as it was the case up to this day, (Fayos Sola 1996: 406) orientated towards the reduction of the average product cost.

In view of the new order that is appearing with the globalisation of the tourism market and the universal dimension of social and economic changes, it is necessary to revise/ reform tourism policy so that it covers the integrated dimension of tourism development in the narrower frame of space with qualitative characteristics.

This is feasible in the frame of the endogenous tourism development and the integrated total quality strategy because the mobilization of the endogenous tourism forces will lead to local alliances, tourism synergy and tourism clusters that constitute the base for the creation of integrated tourism services aiming at achieving and maintaining a high level of tourism development with qualitative characteristics, making use in a reasonable way of the available tourism resources, developing integrated tourism interventions at a local, regional and national level as well as the sustainable tourism consumption.

The central objective of all these efforts is the qualitative dimension of tourism development. For this reason, above all, it is necessary to take into account two important factors.

- The level of tourism development and more specifically the “threshold” which the tourism destination is on that can be connected to the appropriate tourism development policy in order to be able to continue to develop freely and smoothly

- The “crucial loads” of the natural, economic, social, environmental and psychological carrying capacity (O’Reilly 1986, Cooper et al. 1998)

The above – mentioned factors, in combination with the new characteristics of tourism development and the new established order imposed by the globalization, prove the necessity to face the problem of tourism development in the frame of an approach combining the endogenous tourism development with the Integrated Total Quality Management. That methodology offers the possibility to develop different strategies making the most of the endogenous tourism development of an area.

3. The content of the integrated total quality management

Tourism is by nature an actor of social change (Manonoglou – Tsartas 1998 : 55 – 57) this is why it should be planned and organized from the beginning in an integrated way and include all actors involved, on a new basis, so as to increase its social benefit.

This can be achieved thanks to the approach of the “Integrated Total Quality Management”, which covers all aspects and unifies the socio – cultural, environmental and economic aspect of tourism development in an integrated way that covers organically all the activities of the production system and aims at the synergy of all tourism actors involved in the development process and the rational management of tourism resources.

The benefits resulting from this approach concern all social partners (state, social actors, private enterprises, consumers)

This new way of facing tourism development is based on the model of bottom up approach, that is the endogenous development aiming at creating three kinds of benefits (Hoffmann 1995):

- Socioculturally enriching
- Environmentally sustainable
- Economically viable

The approach of the Integrated Total Quality Management proposes a sustainable tourism development at local level, which can yield many benefits for the actors of the tourism circuit involved. However, as tourism is not always or necessarily desirable or feasible in certain areas, every community should examine what is feasible, profitable and desirable from the sociocul-

tural, environmental and economical point of view, for the development of tourism activity, according to the directives of the World Tourism Organization (1993).

Therefore, it is necessary for the local society to make to the appropriate structural, administrative, technological and organizational changes, in all sectors of activity, as well as the appropriate alliances among the actors involved in order to face contemporary challenges in tourism in an effective way (Harrington – Lenehan 1998 : 63 – 71).

From the numerous methodological tools of tourism management available and in order to achieve the goals of the Integrated Total Quality Management, it is recommended to use, depending on the case, the following (Hoffmann 1998):

- Environmental Audits (EA)
- Environmental Impact Assessment (EIA)
- Carrying Capacity Analysis (CCA)
- Life – Cycle Analysis (LCA)

The decision about which tools should be chosen in each case, depend on the specific natural, economical and social conditions, as well as the development level of each tourism destination.

4. Endogenous development, differentiation of tourism product and competitiveness

The endogenous tourism development is directly connected to the differentiation of the tourism product as source of competitive advantage that together with the low cost constitute the two key strategies of competitiveness (Porter 1985). The differentiation reduces the flexibility of the tourism product demand concerning the price and decreases the dependence on tour operators because it “binds” tourists with the endogenous tourism product and limits the influence of tour operators as far as the tourism destination is concerned.

Greece has based tourism development on mass tourism of summer holidays, which has already reached its limits, given that the arrivals amount to more than 13 millions (the ratio to domestic population is 13/10) and tourism seasonality is greater among competitors. This development puts too much pressure on infrastructure during high season, degrades the environment and hinders the quality improvement.

The exceptional competitive environment coupled with the maturity stage that the tourism product has reached, determine the appropriate strategy for development. The positioning in the market reflects the effort to create and consolidate the competitive advantage against main competitors, accomplished either due to the low cost or to the differentiation of the tourism

product concerning its quality. This strategy aims at placing “obstacles” against competition and obtaining rents. Greece as a tourism destination cannot and must not implement a strategy of reduction of the production cost and the cost of commercialization of the tourism product, as it is likely to be followed by further degradation of the quality of the services offered. The best policy is that of differentiation and focusing on the tourism product (Courtis 2000). This strategy requires “flexible specialization aiming at specialized market islets” (Lymperakis 1998). For this purpose, it is necessary to construct institutions, mentalities, behaviors and infrastructures that will encourage cooperation, coordination, the creation of a cluster, and will promote competition of quality and innovation, at a time of continuous changes in demand, technology, life – cycle of products.

“No business strategy will succeed fully in today’s competitive conditions unless it gives adequate priority to quality issues” (Cole 1997). Value is an ingredient of quality.

Value is created over and above the cost of capital used as a result of the product and service proposition to the customers, which are the final arbiters of quality as value. Quality of tourism product is the main vehicle to the value creation and to sustainable tourism development.

According to M. Porter, a country is competitive when it makes the most of its resources and boosts business clustering (as in tourism), by promoting at the same time the healthy competition among them and making use of the demand, of similar volume and quality, for the products.

The endogenous tourism development by means of branch interconnections to secondary sectors of economy increases the added value of the final tourism product, promotes differentiation, increases the profit margin and prices, and boosts growth and employment. At the same time, it boosts the viability of businesses given that improvement margin through further cost reduction have been exhausted. Therefore, the only alternative strategy is the increase of the product value, which presupposes the qualitative differentiation of the tourism product based on the incorporation and exploitation of endogenous influx with respect to the environment and the local cultural tradition. This strategy makes the most of the geographical concentration of companies of the same sector, by means of the institution of clusters (Porter 1990) to promote competitiveness. The creation and growth of cluster tourism businesses is encouraged and boosted so as to achieve competitiveness and development.

5. Endogenous tourism development and integrated total quality management strategy

Contrary to prevailing long theoretical approaches of the regional “top down” development (Perroux 1950, Myrdal 1959, Hirschman 1958, Boudeville 1968), contemporary approaches of the endogenous development, or as they are usually called, “bottom up” development, “integrated development” or “local development” or “autonomous development” impose a radical review of the development issue as it was perceived up to this day, and prepare the ground for the application of endogenous strategies making clear the local clustering approach of the development issue (Dunford 1991, Barquero Vazquez 1991).

More specifically, endogenous tourism development is a form of local development that activates the participating initiatives and local development factors (organizations, actors, local businesses, local initiatives and spirit of enterprise) for sustainable consumption of natural and man resources, by making use of the production structure, the work market, the spirit of enterprise, the innovation, the social structure; the final goal is the achievement of an integrated tourism development.

The endogenous tourism development is recommended for many developing countries, due to the comparative advantage they have in natural, cultural etc. resources, which favor the development of tourism.

The endogenous tourism development considers space as a key factor of the social reform and aims at a process of structural change that leads to the qualitative improvement of every day life and the rise of the inhabitants’ standard of living. It emphasizes on making the most of local natural, man and financial resources; on the development of technology and innovations of local character that increase the productivity of the local system; on the activities of small scale that are easier to incorporate in the local production web, and on the participating procedure for the elaboration and the accomplishment of Local Development Programs.

The main goals of the endogenous tourism development are the following:

1. Meeting the basic needs of the inhabitants
2. Auditing the negative impact of tourism development
3. Making most of the local production resources
4. Boosting local initiatives for the creation of small and middle – sized tourism businesses
5. Promoting flexible forms of tourism employment in the modern organization of labor market
6. Reducing unemployment, increasing receipts and improving the standard of living of the local population

7. Promoting the goals of the tourism policy at a local and regional level
8. Creating a tourism conscience
9. Boosting the role of local actors involved in the tourism circuit
10. Reinvesting business profits in the area
11. Connecting organically the tourism production and transaction activity with the other branches of local economic activity
12. Reducing the dependence on big travel organizations
13. Creating a balanced tourism development

The preconditions for the achievement of these goals are the following:

1. Defining the limits of small districts of programming for the promotion of the endogenous tourism development at local level
2. Forming the appropriate institutional frame for the “participating” programming
3. Training executives to support participating initiatives, to boost local business activity and to promote modern technology at local level.

The strategy of endogenous development relies on the acceptance of the model of “bottom up” development that focuses on the dynamics of the space (Papadakis – Tzedakis 1999:90). To achieve its objectives, the strategy in question relies on the activation and the effective use of the available local production resources, on the audit of the development process and on the development of the local spirit of enterprise.

The European Union, since late 70’s has introduced actions that are inspired by the philosophy of the endogenous development, which were aimed at the cooperation of all member state – actors for the achievement of the common goal. Such actions are: the measures taken to boost mass media, the transfer of know – how, the establishment of new institutions (e.g. Committee of Region), the principles of “partnership” in the elaboration of regional programs and of “subsidiarity” in the elaboration of policies, the development of initiatives with different programs (e.g. LEADER), the promotion of intraregional cooperation etc.

These actions cover, even partially, some of the aspects of tourism activity and can contribute to the integrated dimension of tourism development if they are linked with the methodological tool of the Integrated Total Quality Management.

In the frame of the endogenous tourism development, the Integrated Total Quality Management intervenes in the local development process in order to guarantee the quality of the final result for the local society that is receiving tourists. Nevertheless, the final result, which is tourism development, depends on the quality of the results of all intermediate steps followed by the development process.

The key idea of the Integrated Total Quality Management concerns the interactive and complementary character of the successive stages of a development chain. This chain, which is appropriately adapted to the particularities of the local development process can offer to all actors involved a useful tool that, under the appropriate conditions, can contribute largely to the promotion of the development process in an integrated way.

The integrated dimension of Total Quality Tourism Management, sets the development goals and tries to activate all actors involved or not in the tourism in the frame of a different “development culture” in order to establish a social consensus among them and, with the help of the appropriate strategic alliances, to make the market competitive and to face in an effective way the modern challenges of the tourism socioeconomic reality.

Except for the tourism, similar suggestions for the implementation of the Integrated Total Quality Management have been made regarding the quality of services supplied by local authorities in the frame of the integrated local development.

Tourism development, to be sustainable, should have certain characteristics meeting the needs “of the present without reducing the ability of future generations to meet theirs” (WCED 1987: 2 – 1).

These characteristics of the sustainable development concern the environment, the quality of life, the equality, the principle of protection and global thinking, while taking into consideration the interests of future generations.

The methodological tool of the Integrated Total Quality Management can make use of these characteristics to help achieve the goals of the endogenous tourism development, meeting this way the modern challenges of the globalized tourism market, without eliminating political differences for the creation of a unique culture.

As a consequence, in the frame of the proposed approach, it is required to elaborate a new specialised tourism policy, which will rely on the endogenous development and will serve the goals of the of the sustainable development and orientate the tourism activity towards the desirable economical and social direction.

6. Conclusions

Tourism at an international level is considered to be a health and dynamic sector of the world economy, creating receipts, contributing to GNP, encouraging investment and boosting employment. Therefore, it is expected to be the key element and the essential development parameter of every tourist country and mainly developing countries.

In the light of rapid tourism development in developing countries and of the opportunities and risks presented, integrated preventive strategies are urgently needed. They appear in the form of “strategic alliances” and “clusters” among the parties involved in tourism and aim at adopting a “common attitude and behaviour” of a qualitative dimension in the subject of local/regional tourism development, which requires the formation of a culture.

This approach relies on strategies, methodologies and tools that are aimed at the synergy of local factors, the sustainability and improvement of the natural, structures, anthropogenic environment, the increase of economic benefits and the sustainable tourism development.

The integrated endogenous development of total quality makes the most of the unique and valuable production coefficients of the local economy and promotes the clustering of similar businesses to meet the needs of specialised markets.

These factors are the key components of the “diamond” called competitiveness of a country or a district. At the same time, they make use of the qualitative differentiation of the product as a source of competitive advantage in the market.

The acceptance of local particularity, as well as the upgrading of the importance of local societies that host tourism, indicates the necessity for sensitisation on one hand of the Administration to accept on equal terms the local society, and on the other hand of the inhabitants to accept their equal part in the production and the Integrated Total Quality Management.

This will result from the local endogenous tourism development in the frame of a strategic plan for the improvement of the tourism product quality and qualitative services in all the tourism circuit that will upgrade tourism in general.

The rationalization of the Integrated Total Quality Management, from the point of view of the active local participating action, must take into consideration the natural, economical, social and cultural particularities of the host space, the common perception and the convergence of estimations on behalf of all parties involved, which can take the form of clustering.

The key tool of the proposed strategic approach is the Integrated Total Tourism Quality Management, which, if coupled with the Endogenous Tourism development, can cause the necessary economic and social changes that will maximise the social benefit of a district, in a qualitative and integrated way.

With a view to studying the effect of an advertising and anti-smoking campaign on the aggregate cigarette consumption in Greece, we have selected the best model among six distributed lag models of sales and advertising. As we have shown, a non monotonic lag distributed model appeared in this case to be more consistent than the frequently employed Koyck model.

Despite its limitations, the used regression model, suggests that it may be successfully applied to advertising problems of this kind. Also, further study with additional data within companies may lead to significant managerial benefits.

So far as the controversial subject of the effect of advertising on cigarette sales is concerned, according to the results obtained it can be claimed that cigarette advertising in Greece exerts a significant effect on cigarette sales. Specifically, the data analysis tends to support the hypothesis that cigarette advertising redistributes the market share of different brands and at the same time, wells demand by influencing smokers and nonsmokers. In fact, the research indicates that cigarette advertising of expensive categories is important in promoting and reinforcing smoking. For policy purposes it can be said that the advertising campaigns in Greece use style as one of the visible means of social distinction to draw attention. By having a higher distinction the consumer, especially of the deluxe categories, is handed some of the benefits of higher status, such as "power". Purchasing power is indeed often seen to be a factor determining one's social standing. In this context, cigarette consumption can be seen as the consumption cultural commodity due to image management. However, the effects of the advertising expenditure were shown to be easing off within a fairly short time period, and this suggests the need for planning consecutive advertising campaigns by cigarette companies before the effects of previous campaigns have been completed.

On the other hand, for an effective public policy, decision makers need to determine which actions will be effective in reaching desired goals. Our findings suggest that evidence of health hazards, presented systematically to consumers, seems to be very effective in reducing the consumption of cigarettes. Despite the significant effect of the anti-smoking campaign, the results imply that the banning of cigarette advertising on television or putting signs such as "smoking causes health problems", were not effective on cigarette sales. Furthermore, practice has shown that actions of this sort do not "persuade" smokers, especially the younger ones, that is worth stop smoking. In particular, the research supports that the antismoking programs need to address the psychosocial and environmental influences on smoking behavior as well as improving knowledge. Finally, the outcomes indicate the habit forming nature of cigarette smoking. This finding concurs with the general view that smoking habit is the result of the nicotine addiction and individual related factors in combination with outside sources of information and the sociocultural system of which the smoker is a member. Concluding, we can say that smoking should be seen as a complex psychopathological phenomenon and as habit with pharmacological addiction and social satisfaction, and, hence, its containment is difficult and demands systematic, integrated efforts and sufficient information on the implications of cigarette smoking. Never-

theless, an anti-smoking campaign was not repeated in Greece. Perhaps this may be caused from the fact that Greece is a tobacco producing country. On the same grounds, a systematic anti-smoking government policy, although it will reduce budget expenditure through the reduction in hospital and health expenditure, may have adverse effects on the economy.

References

- Barquero Vasquez A., 1991, "Local Development. A strategy for employment creation" (translation in Greek by B. Horafas). Athens – Papazisis.
- Boudeville J., 1968 "*L' espace et les poles de croissance*". Paris.
- Cohen E., 1978 "*The Impact of Tourism on the Physical Environment*". *Annals of Tourism Research*, 2, 1978pp. 219-230
- Cole 1997, Cooper Chris, Fletcher John, Gilbert David & Wanhill Stephen.
- Cole 1998 "*Tourism: Principles and Practice*" Second edition. Longman.
- Curtis Panayiotis G., 2000 "Effectiveness evaluation of Ionian Islands' tourism strategy 1994-99" In the Proceeding on Evaluation of Regional Development Programs – Tools, Methods and Techniques, Regional Economist Conference, Athens, Greece (in Greek).
- Dunford Mick, 1991, "Endogenous development, developmental state and world markets". *TOPOS Vol.2*, pp.33-62. Athens (in Greek).
- Fayos - Sola, E., 1996 "Tourism Policy: a midsummer night's dream?". *Tourism Management, Elsevier Science*, 17 (6), 405-12.
- Harrington D., T. Lenehan, 1998 "*Managing Quality in Tourism*". Oak Tree Press, Dublin.
- Hirschmann, A. O., 1958 "*The Strategy of Economic Development*". Yale University Press: New Haven.
- Hoffmann, H.B., 1995 "*Integrated Total Quality Tourism Management – A SEE-ing approach*". World Travel & Tourism Environment Research Centr, Oxford, October 1995.
- Hoffmann, H.B., 1998 "*The challenges of tourism at the turn of the century: the importance of sustainability*". The IPTS REPORT. Report edited by the institute for prospective technological studies (IPTS) and Joint Research Centre (JRC). p.p.26-32, October 1998.
- Lagos D., 1996 "*The economic impact of tourism in regional development*". Unpublished Ph.D. Panteon University, Athens, Greece.
- Liberaki A, 1998 "Human capital, competitiveness and the dilemma of labour", In *International competitiveness and industrial strategy* (C. Pitelis and N. Antonakis ed).
- Manoglou E., Tsartas P., Markou A. and Papliakou B., 1998, "Tourism as a social change factor". Ed. Exantas EKKE (in Greek).

- Myrdal, G., 1969 *“Economic Theory and Underdeveloped Regions”*. London.
- O’ Reilly, A., 1986 *“Tourism carrying capacity”*. *Tourism Management*. Dec., pp. 254- 258
- Papadaki – Jedaki S., 1999, *“Endogenous Tourism Development. Constructed or deconstructed local development ?”*. Athens – Papazisis (in Greek).
- Perroux, F, 1950 *“Economic Space, Theory and Applications”* *Quartely Journal of Economics* 64.
- Porter, M., 1985 *“The Competitive Strategy”*. *Harvard Business Review*.
- Porter, M., 1990 *“The Competitive Advantage of Nations”*. *Harvard Business Review*. March-April, pp.73-93.
- WCED (World Commission on Environment and Development). 1987 *“Our Common Future”*. Oxford University Press: Oxford.
- WTO, 1993 *“Sustainable Tourism Development: A Guide for Local Planners”* Madrid, Spain.