

# Policy networks and the local organisation of tourism

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## Abstract

Networks spanning public and private sectors are increasingly important in shaping tourism planning and development. In many destinations, the formal and informal relationships between local government and industry have a considerable effect on the capacity of the destination to harness these public–private partnerships. By way of a case study of Lake Macquarie, New South Wales, Australia, this paper investigates relationships between local government and industry to critically discuss the role of networks in fostering or inhibiting public–private sector partnership building. The findings suggest that fostering an environment in which innovative public–private partnerships can emerge, requires careful management between state and societal dominance be achieved and that the relationship between the active tourism network and the wider, passive community be explicitly managed.

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## 1. Introduction

The shift toward governance, where responsibility for policy-making spans public and private sectors, has promoted increased interest in networks as an organising concept for promoting joint action (e.g. Howlett & Ramesh, 1995; Rhodes, 1997; Borzel, 1998; Marsh, 1998). The work of Porter (1990, 1998) in particular has contributed the idea that networks or clusters of interests form coalitions of collective action, which are preconditions for innovation and community capacity building (e.g. Di Maggio, 1992; Sabatier & Jenkins-Smith, 1993; Rhodes, 1997). In the New Regionalism literature that has emerged from this view, a number of case studies describe how clusters or networks of interest have contributed to regional innovation and competitiveness (Storper, 1997). The problem with many of these case studies is that networks and economic clustering strategies have been applied unproblematically and do not take into account that stakeholder interests coalesce temporarily and that struggles between

interests do indeed take place that continuously redefine the nature of action. Innovation therefore does not occur as an uncomplicated trajectory derived from a coalition of interests but can best be thought of as socially and culturally constructed through these struggles between interests. As a corollary then, coalitions of interests may also impede collaboration from time to time.

In this paper, the struggles that mark the development of the local tourism association in Lake Macquarie, New South Wales, Australia are examined. Networks operate within and around tourism's formal organisations, between industry actors, different government agencies and civil society to provide an important forum for the development and communication of interests and strategies. Networks are socially, culturally and historically situated and exist across multiple geographical scales. The way in which networks operate across public–private domains, the catalytic (or non-catalytic) nature of relations and the depth and breadth of knowledge building and sharing all have important implications on a destination's capacity for innovation (Sabatier & Jenkins-Smith, 1993). In this context, historical studies of the development of local tourism

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organisations (LTOs) and historical applications of networks to tourism are both rare. Herein lie the contributions of this paper, which are to improve understandings of historical underpinnings of LTOs and to identify the management implications of networks in local tourism destinations.

In most destinations the LTO is the industry's peak body, which is in turn supported by sets of formal and informal networks that span public and private sectors. These may include sector specific sub-networks and other localised sub-networks of interest based around a locality, an issue or a similar worldview. The linkages between the LTO and local government represent one of the most important and influential networks shaping the development of the industry at the local level. However, researchers have identified that tourism policy is often subject to competitive and parochial politics and that a lack of expertise and vision can exist (e.g. Hall & Jenkins, 1995; McKercher & Ritchie, 1997; Reed, 1997). It is an axiom of this paper that understanding the structure and dynamics of LTO-local government relationships and the strength of relational ties provide rich understandings about the nature of network capacity and the opportunities and constraints for building productive public–private partnerships. Within this context, the objectives of this paper are twofold. Firstly, the paper seeks to critically discuss the utility of network theory in understanding the capacity of local destinations to develop meaningful and productive public–private partnerships. Secondly, by way of a case study, the paper seeks to better understand how networks shape opportunities and impediments for public–private partnerships at the local level.

A case study approach is ideal for exploring the role and influence of networks, since capacity for building public–private partnerships is best understood at the level where tourism planning, product development, packaging and marketing takes place. In the case study of Lake Macquarie, network relations over the period 1970–2000 were unstable. Struggles between the local council and industry have been difficult and competitive. The playing out of network relations has been responsible for the dissolution and reformation of the public–private partnership, which in this case is represented by the formation of a LTO. All too often case studies are examples of best practice. However, it is also important to examine problematic cases, as these too provide opportunities for reflection, learning and insights for management. In this context, the Lake Macquarie case study is presented.

## **2. Tourism, networks and destination management**

Networks are sets of formal and informal social relationships that shape collaborative action between

government, industry and civil society (e.g. Atkinson & Coleman, 1992; Howlett & Ramesh, 1995; Rhodes, 1997). Network theory seeks to improve understandings about the formal and informal organisational structures that span public and private sectors and that shape collective action. The early development of networks in the 1920s and 1930s was influenced by systems theory, and was underpinned by the notion that social networks between actors operating at different spatial scales, and focused on interrelated issues, shape how issues are framed, how alternative solutions are generated and the selection of the preferred response (e.g. see Parsons, 1995). More recently, the interplay between government, industry and civil society, and the increasingly blurred roles of public and private sectors in policy-making has come into focus as a result of the downsizing of government, offsetting of responsibilities and the shift from government to governance (Rhodes, 1997).

In essence, networks are characterised by a variety of participants that transcend organisational boundaries and structures (e.g. Howlett & Ramesh, 1995; Rhodes, 1997; Marsh, 1998). Networks involve commitment by network members to a set of common goals and, quite possibly, the sharing of worldviews (Burstein, 1991). This 'connectedness' in turn gives rise to opportunities for the transfer and sharing of knowledge, which are important attributes for developing innovation and competitiveness (e.g. Porter, 1990; Storper, 1997; MacKinnon, Cumbers & Chapman, 2002). Rhodes (1990) observes that over time stable networks can develop quasi-institutional structures and rules of conduct and share responsibility for policy-making and implementation with the state.

In the last decade, changing structures of government and the shift toward governance has led to interest in social relations between government, business and civil society. This has fed increasing interest in networks with two main streams of application emerging in tourism literature. Firstly, drawing from organisational studies, networks provide a useful framework for understanding the evolution of business networks, and as a corollary, product development, packaging and opportunities for further development (e.g. Pavlovich, 2001; Tinsley & Lynch, 2001). Such applications provide important insights into how interorganisational relationships are formed and managed, and how clustering and complementarity can be maximised. The second stream of application is derived from policy analysis literature, where networks are seen as an important conduit for managing public–private relationships and understanding structures of tourism governance (e.g. Palmer, 1996; Tyler & Dinan, 2001; Pforr, 2002). These two streams necessarily overlap. Innovative, catalytic producer networks require planning and regulatory environments that are flexible and capable of timely response. Government needs to be attuned to the needs and

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