

## GOVERNMENT'S ROLE IN THE FORMULATION OF TOURISM POLICIES

Yüksel ÖZTÜRK\*  
Mehmet YEŞİLTAŞ\*

### *Abstract:*

Tourism's growing economic importance requires that governments of developing countries take a direct interest in the development and control of their tourist industry. In the face of resource scarcity and comparatively less-established tourist sectors, the government's role in tourism policy formulation is particularly significant. An evaluation of the role of government in the formulation of tourism policy will, firstly necessitate the exploration of key reasons for government interest. The essence of this paper is to show that, if developing countries are to maximise the benefits accruing from tourism, while minimising the costs, active involvement is a definite requirement.

### *Özet:*

#### **Turizm Politikalarının Belirlenmesinde Hükümetlerin Rolü**

Günümüzde turizmin ekonomik yönünün gittikçe önem kazanmasından dolayı, turizmin geliştirilmesinde devletin doğrudan kontrolü önem kazanmaktadır. Bu özellik geliştirmekte olan ülkeler için

---

\* Dr., Gazi Üniversitesi, Ticaret ve Turizm Eğitim Fakültesi, Turizm Eğitimi Bölümü  
(Both authors)

**Keywords:** Formulation of tourism policies, government involvement, developing countries, tourism development, international tourism.

**Anahtar Sözcükler:** Turizm politikalarının belirlenmesi, hükümet müdahalesi, geliştirmekte olan ülkeler, turizm gelişmesi, uluslararası turizm.

daha da önemli hale gelmektedir. Zira gelişmekte olan ülkelerin sahip oldukları kaynaklar çok sınırlıdır. Gelişmekte olan ülkeler turizm politikalarını belirlerken devletin büyük bir rol oynaması gerektiği de kendiliğinden ortaya çıkmaktadır. Bu makalede gelişmekte olan ülkelerin turizmden gelen minimum maliyetli maksimum yarar elde etmek için, aktif hükümet müdahalesinin gerekliliği belirtilmektedir.

## 1. Introduction

Tourism's role in the development process has been well documented, and government investment in tourism is increasingly perceived as a part of a total package of economic regeneration. Such investment is a means of perpetuating employment and income for the future. For many developing countries, tourism has proven to be an effective earner of foreign currency and thus, helps to maintain the balance of payments equilibrium. For example, when Turkey assigned growing importance to the development of tourism between 1983 and 1989, foreign earnings increased by 180% (Cooper and Özdil, 1992).

Further, unemployment characterises many developing countries and so it is no surprise that tourism, as a labour-intensive industry, presents itself as an option. Perhaps most importantly in terms of the development process, tourism is believed to help developing countries 'jump the technology gap' in order to induce synthetic modernisation. The needs and expectations of tourists require that certain facilities be available, and so stimulate the development of running water, adequate sewage disposal, convenient transport etc.

However, there is much evidence for substantial and irreversible damage that uncontrolled, or mismanaged, tourism development may cause. The purpose of this paper is not to exhaust alternative tourism policies available to government; it will merely demonstrate the real need for government intervention in promoting sustainable tourism. The economic, socio-cultural, and environmental impacts of tourism are primarily the concern of government because their implications can be enormous. Jenkins and Henry (1982) pointed out that tourism is simply too important an industry to be permitted to develop without planning and policy direction.

Before trying to find the role of government in the formulation of tourism policies, it is important to give a definition of tourism policy.

## 2. Definition of the Tourism Policy

According to Witt and Mortinho (1989) tourism policy can be defined as a course of action calculated to achieve specific objectives. Objectives are general directions for the planning and management of tourism. Policies are the specific guidelines for the day to day management of tourism, covering the many aspects of the industry's operation. Simply, policies attempt to maximise the benefits and minimise the adverse effects of tourism, and as such are part of the planned development in a country which is necessary to create, develop, conserve and protect tourism resources.

Moreover, de Kadt (1979) gives another view that policy decisions will determine what type of tourism is attracted, how fast it grows, the size of the benefits it generates, and whether tourism is developed at all.

## 3. Why do we need a Tourism Policy ?

According to Jenkins (1991) a large number of reasons may be offered to support the view that a country, particularly a developing country, should devise a policy for tourism. In addition to the basic argument that resources should be used and allocated as efficiently as possible, as an international export sector, tourism has made important contributions to many countries' economies. Tourism may also have other features which are of significance: Firstly, tourism is often a substantial source of 'hard' foreign exchange earnings. Secondly, as an export sector, tourism does not face trade or quota restrictions which confront exportation of manufactured goods, raw materials and primary products. Thirdly, foreign and domestic tourists make use of a country's natural infrastructure, like e.g. climatic feature, history, culture and so on. Fourthly, tourism is a relatively labour intensive activity; it has a good potential for job creation, which is one of the major and continuing needs of the developing countries and some developed countries. Fifthly, as an amalgam of service and product demands, tourism can act as a catalyst for demand for goods from other economic activities.

#### 4. The Role of Government in Formulation of Tourism Policies

The degree of government involvement in tourism policy making depends upon a number of factors. Resource scarcity in developing countries, and the fragility of their social and natural environments make a greater need for state intervention than in more developed countries which have recently become significant tourist destinations. In less developed countries, there is a noticeable absence of a strong private sector, and a reluctance to invest in a newly-established industry. Indeed the government may be the only willing investor. For example, during the 1960s, the Spanish government established strict regulations on the nature and quality of tourism development, and took an active role in running a network of hotels.

In developed countries, the government's role is more one of a coordinator than of an entrepreneur. Private sector involvement is invariably high where tourism has proven profitable. However, government policies will vary according to the maturity of a country's tourist industry. It is ironic that as tourism develops in many areas of developed nations (e.g. at the French Alpine Ski-resorts) somewhat uncontrollable negative impacts increase the need for government intervention. By implication maturity does not lie only in profitability, but extends to manageability and long-term sustainability.

From the foregoing, it can be seen that due to their high economic dependence on tourism, governments of developing countries have an additional incentive to become actively involved in tourism policy formulation. Moreover, the economic and social instability of the developing regions increase the need for government intervention.

Jenkins and Henry (1982) note that five general areas of concern in tourism policy can be identified. It is through outlining these concerns that a full examination of the role of government can be established.

Firstly, in recognising the importance of foreign exchange earnings, governments must devise and implement policies which attempt to minimise leakage of hard currencies. The difficulty for most developing countries entering international tourism is that they lack many of the

essential resources for development and, later, of the preferences of Western tourists. As such, the level of tourism related imports is high and, as the industry develops, governments must seek to encourage substitution possibilities. Having established a basis of the industry, local suppliers must be encouraged to enter the market and help reduced leakages of foreign earnings. As Wilkinson (1989) argued national governments must formulate tourism policies that emphasize local investment and regulation. Such policies will invariably improve the quality of tourism's contribution to a nation's economic development.

Secondly, various financial incentives -capital reduction, operating cost reduction and capital mobility guarantees- are offered by governments of lesser developed countries to encourage foreign (and domestic) investment in tourism. The government is the only body with the authority to offer investment incentives and so, if tourism is an important dynamo for development, and foreign investment is necessitated due to the scarcity of domestic capital, then government intervention is indisputable.

Foreign investment in developing countries has great implications for policy making. With investment comes also hard currency, expertise, training opportunities for the indigenous population, as well as international market contacts. Governments, therefore, must carefully relate incentives policies to tourism objectives. Investment incentives will determine the type, scale and pace of tourism development, and hence regular monitoring of incentives must take place. For example, if a particular area is becoming over-developed, the government may seek to reduce the subsidy level and to raise incentives elsewhere.

Any incentive legislation, therefore, must be both discriminatory and selective. The issue of foreign investment has social and political connotations, and so the government has an immediate responsibility to local populations to minimise potential conflict. The Seychelles government was faced to intervene when foreign ownership of land reached twenty-five per cent.

Turkey, on the other hand, gave priority to bed capacity expansion in 1982 by introducing incentives. The government did little to control the pace of development and the accommodation establishments were built

with no proper research planning or regulation. Turkey heralds itself as a country, whose government started to intervene after many negative impacts had established themselves.

Most importantly, foreign investment incentives should not exclude domestic investment. This is especially true of developing countries whose history of economic dependence on the developed world had raised the controversial issue of their ability to control their own destinies.

A third area of concern for governments in policy formulation relates to employment. Jenkins and Henry (1982) discussed that due to the resource scarcity in developing countries, governments should take an overview of employment problems on possibilities by commissioning a manpower development plan. What this recognizes is the need to develop tourism employment objectives and to devise a policy to make them realisable. For developing countries dependent on foreign expertise, the long term aim must be to train the indigenous population to a level which allows them to replace the original foreign expertise.

Training and educating the indigenous population will be expensive for developing countries, and therefore the government may seek to negotiate training opportunities with foreign investors as a part of incentive legislation. Governments must regard investment in training for the tourism sector as an important part of the development process.

Further, governments have an overriding responsibility to relate decisions of tourism development to manpower policies. In doing so, it must consider the impact of shifts in employment from other industries like agriculture and manufacture as well as the potential development of areas with particularly high unemployment.

The government has a very important role to play in formulating land-use policies relating to tourism development. This role would be seen to be increasingly important in the light of social and environmental problems associated with tourism. Land-use policies will require zoning the areas for development and for conservation. Careful consideration of the natural and social habitats must be given before objectives are formulated.

For example, when the Maldives entered the international tourism market in 1970's, the government established the Ministry of Tourism as the responsible agency for co-ordinating and supervising tourism development. A number of small uninhabited islands were selected for development. Tisdell and Sathendrkumar (1989) stated that tourism development in the Maldives is based on the principle of isolation of tourists from the bulk of the indigenous population, thus the Maldives was able to reduce the social cost of tourism.

Government intervention may actually prevent tourist development in particular areas. In recognising the negative impact of tourism, the Turkish government had given the priority to the protection of natural and cultural values in the Sixth Five Year Development Plan (1990-1994). Nine zones of special protection have been declared. Also, tourist numbers are limited in certain areas e.g. in Dalyan.

Land-use policies play a large part in attempting to extend the tourist season. It may be that many potential investors are deterred by regarding the tourism as a highly seasonal industry. In attempting to overcome this, governments are increasingly looking toward product diversification.

Although there is a grave danger in attributing environmental degradation, adverse social change and cultural debasement solely to tourism, the existence of tourism's negative impacts must not be ignored. To allow the industry to develop without regulation is to destroy those resources which make it viable. This control becomes increasingly pertinent as tourists encroach new destinations annually, -including the fragile and tropical environments of the lesser developed countries.

There is much evidence to suggest that the intensity and severity of the negative impacts increases with the scale of development. Thus, to leave control and management solely to the industry entrepreneur without government policy is indeed a grave mismanagement. Strategic policy planning and control must be implemented by a body strong enough to reduce the costs of tourism. Local and national government must play a stronger, committed role.

Sensitive tourism policies may lessen the impact. The Seychelles, for example, have placed limitations on tourist arrivals, facilities and design criteria, while the Barbados government have initiated campaigns and education for tourist and locals. In land-use policy, governments must consider potential impacts of proposed development, and arbitrate to prevent tourism from overwhelming a country.

The final 'area of concern' for tourism policy formulation involves the regulation of air transport. Like investment incentives, this is an area in which the government have sovereign power to legislate. Governments designate which airlines may use its airports through bilateral air agreements.

In entering the international market, many developing countries created their own national carrier which, although most remain largely unprofitable, act as a flag by overseas promotion. Governments usually protect their national carriers in order to contribute to the balance of payments. Governments of developing countries must actively control flight prices which ensure that tourists are encouraged, but should not squeeze the national carrier out through major competitors.

## 5. Conclusion

Having considered the main areas of concern for governments in formulating tourism policies, it can be seen that their role is imperative. Moreover, it has been demonstrated that, in maximising the benefit of tourism and minimising the costs, the incentive for developing countries to intervene is greater. In moving toward policy formulation, governments must balance the various implications of tourism development.

In formulating policy, governments go some way to determine the type, location and scale of tourism development. While Bhutan offers an exception to the rule, absolute government control is rare and control will lie to a large extent in the nature of the market. However, through active participation, governments can enhance the image of their countries and market themselves as feasible destinations. The Thai government, for example, has had to actively intervene to prevent the demise of its tourist image, as it faced international concern over AIDS (Cohen, 1988).



For governments of developing countries, their concern must be for long-term sustainability. This may mean planning tourism which might seem initially inappropriate with respect to the economic requirements of the nation. However, it is our belief that sustainability does not negate mass tourism but rather requires government responsibility at the policy formulation stage. As a prerequisite to planning, policy must identify potential conflict areas, establish development objectives which are realisable, and prioritise such objectives.

The foregoing account demonstrates the necessity of government involvement in tourism policy. It is crucial to monitor and regulate the nature on pace of tourism development, and the government may be the only appropriate body to do so. As we evaluated the main areas of government involvement we observed that the government can partly be supervisor, controller, entrepreneur, and facilitator of tourism. The discussion has moved from the need for government intervention to the type and extent of such an intervention. A balance between 'benign neglect' and sole control must be maintained in order to stimulate private investment and regulate tourism development . It is in attaining the correct degree of involvement that a government finds its success in maximising tourism's potential.

Most importantly, no matter whether a country is a developed or a developing one, same degree of government involvement in the tourism policy formulation is essential. Governments must respond to the need to maximise net foreign exchange earnings, and to minimise the industry's adverse socio-cultural and political effects!

## References

- Cohen, E., (1988), "Tourism and AIDS in Thailand" *Annals of Tourism Research*, Vol.15, No.4.
- Cooper C.P. and Özdil, I., (1992), "From Mass to 'responsible' tourism: The Turkish Experience" *Tourism Management*, Vol.13, No.4, pp.377-386.
- De Kadt, E., (1979), *Tourism: Passport to Development?* Oxford, University Press.
- Jenkins, C.L and Henry, B. (1982) "Government Involvement in Tourism in Developing Countries" *Annals of Tourism Research* Vol.9 No.4.

Jenkins, C.L., (1991), "Development Strategies" **Developing Tourism Destination: Policies and Perspectives**, Essex, Longman.

Tisdell, C. and Satheindrakumar, R., (1989) "Tourism and the Economic Development of the Maldives" **Annals of Tourism Research**, Vol. 16 No. 2.

Wilkinson, P.F., (1989) "Strategies for Tourism in Island Microstate" **Annals of Tourism Research**, Vol.16 No.2.

Witt, S. F. and Mortinho, L. (1989), **Tourism Marketing and Management Handbook**, Herts, Prentice Hall.