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The Organisation of Supply in a Tourism Destination:

**An Analysis of a Networked Community -
The Waitomo Caves Village**

by

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for the degree of Doctorate of Philosophy
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Executive Summary

This thesis reconstructs the organisation of supply activities within a tourism destination. It uses a network theory perspective to explore the complex webbed relationships between these suppliers as they become mutually dependent upon resources, activities, markets and reputation. Its focus is on connectivity and fluidity, as it examines how the cooperative fine-grained exchanges become informal coordination mechanisms which act as glue to bind together the webbed patterns of complexity. This narrative explores how these socially complex relationships between organisations act as a source of strategic leverage for the network group.

With this focus on connection, an ethnographic methodology provides a lens to observe these day to day practices of interorganisational activities. The object of study are the phenomena of shared routines, not the actors themselves. The context for this research is the Waitomo Caves tourism destination in New Zealand, with a single case study providing a depth and richness of detail. A middle-range grounded theory approach was enacted, which enabled the research process to begin with a skeletal framework. On-going discovery, illustration and analysis assisted in building an explanation of broad theoretical inter-relationships.

The contribution of this thesis is the development of a process model of network coordination. It attests the flexibility and adaptability of network structures, with their multiple nodal positions supporting an array of informational advantages. The thesis data explained the important role these connections played in sourcing strategic leverage for the network. Absorptive capacity, relational absorptive capacity, relational embeddedness and structural embeddedness were all demonstrated as important attributes of the network organising process. Finally, the data supported the significant role social exchanges play as a structuring mechanism in organisational activities.

Acknowledgements

Experiences... memories... logbooks... crafted around the enactment of the journey are all so much more portentous than the final destination. And so it was with this journey. While the final terminal state will be revered, it is the travel of the journey that is the ultimate experience.

Alongside the chapters in this document, have been the chapters of my life. Each chapter has personal endeavours, etching and webbing their way into this story, no matter how shrouded. Inspiring, passionate or languid, they seduced me to explore the crevices of my mind and served to goad me along my way.

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To my parents, my family, my friends and my colleagues, thanks for just being there.

Finally, to my children: Jonathan, Clare, and Lucy. I dedicate this to you. Hoping that these tales and tribulations help create a better world for you and your children, away from the individualistic self-satisfying search for economic reductionism, to a world more concerned with community and social richness.

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List of Key Organisational Actors

- AT1: The first formalised adventure attraction in Waitomo, established in 1987. A key player in the national Adventure Tourism Council, Waitomo Landcare Group, Waitomo Museum of Caves Board. Many non-commercial partnerships.
- AT2: The second formalised adventure attraction in Waitomo, established in 1990. Many commercial partnerships.
- AT3: The third formalised adventure attraction in Waitomo, created in 1992. Partnerships with local Maori.
- DoC: The Department of Conservation, with a one quarter interest in the Glowworm Cave and a member of the Waitomo Caves Management Committee. DoC is also a stakeholder in other reserve lands in Waitomo.
- Environment Waikato: The regulatory authority for regional planning legislation, and facilitator of the Waitomo Landcare Group.
- Glowworm Cave: The central tourism attraction in Waitomo. Commercial interest began in 1887 and it formed one of the central five icon attractions in the New Zealand tourism context.
- NZTB: The New Zealand Tourism Board (renamed Tourism New Zealand in 2000), the national tourism organisation. Responsible for international marketing and promotion of the New Zealand tourism brand.
- Ruakuri Cave: One of the three original tourism caves in Waitomo. This cave was closed in 1987 due to ownership squabbles. On-going negotiations have continued regarding its reopening.
- SPHC: The Southern Pacific Hotels Corporation, an American owned company which bought the THC chain from the Labour government in 1990 for \$74million. This purchase included the Glowworm Caves and Waitomo Caves Hotel. SPHC's involvement in Waitomo terminated in 1996.
- THC: Tourism Hotel Corporation, established in 1957 by the New Zealand Government to manage its hotel chain until its sale in 1990 to SPHC. A key player in the Waitomo Caves context.
- THL: Tourism Holdings Limited, a large New Zealand-based tourism organisation emerging in the 1990s. Its operations span helicopter, campervans, coach transportation and major attractions around New Zealand. It retains the management licence for the Waitomo Glowworm Cave operations.

TIA: The Tourism Industry Association.

Tourism Waikato: The regional tourism organisation (RTO) responsible for the marketing and promotion of the local tourism region. Some support from the NZTB.

Waitomo Caves Museum: A specialist museum in Waitomo, focussing on karst environments. This organisation is also the local agent for the Visitor Information Network (VIN).

Waitomo District Council: The local authority responsible for planning regulations of the local district. Additional responsibilities for the implementation of the effects-based Resource Management Act 1991 (RMA).

1: Introduction

*Social life was not based upon contract,
with the idea that one could withdraw
from obligations if the terms were not being fulfilled,
but rather on a theory of community,
assuming that the pursuit of their own interest
by free individuals brings them into contact with others,
which stimulates concern for others.*

(Alexis de Tocqueville, 1789)

quoted in Misztal (1996, p.28)

1.1 Introduction

The network form of organising re-emerged in the waning decade of the twentieth century as an alternative to the more dominant forms of hierarchies and markets. Its popularity stemmed from the proliferation of information technologies and globalisation activities which made first-mover advantages and adaptability essential components for competitive survival (Grant, 1996). This dynamic operating environment raised the profile of the more fluid network form where groupings of smaller organisations cluster together for inter-market compatibility (Piore and Sabel, 1984). Prime advantages lie in their labour-intensive products designed for fast-changing markets and in their adaptive qualities of flexibility, innovation and speed in decision making.

The coordination processes involved in these more localised network forms includes a fundamental premise of cooperation and complementation, with interpersonal ties and connections forming the basis for on-going and durable relationships. There is a belief that this collective interaction becomes a glue for social cohesion (Granovetter, 1985), with economic behaviour subsumed by social obligations and reciprocal arrangements which extend over long periods of time. Located within

these exchanges are the social ties which generate fine-grained detail and problem solving, creating what is deemed the social capital of sustainable organisational structures (Coleman, 1988). Indeed, there is now speculation that the complexity and ambiguity of these ties has the potential to form a relational base of competitive advantage for these network groups (Dyer and Singh, 1998).

1.2 Markets and Hierarchies

The network perspective is seen as an alternative model to more mainstream neoclassical economics with its concentration on pure competition, as it is popularly understood¹. The essence of this neoclassical model is its economic imperative of rationality, which has legitimised the free-market production system through the customary organising forms of markets and hierarchies through its focus on the organisation of large scale production mechanisms and ideologies of cost efficiency (Williamson, 1975). These market relationships are determined by price mechanisms, with their supply and demand patterns securing resource efficiency through mutual adjustment to an equilibrium state. Dependent on mass consumption patterns, these relationships have mirrored the production conventions of economies of scale and globalisation that have characterised the twentieth century. Critics of this ideology argue that economists see social order only as a consequence of actions by self-interested, rational individuals who create institutions to secure and promote stability (Uzzi, 1996). Thus, in a society where rational preferences dominate, social relationships are valued only as a means of obtaining a particular end. These instrumental reasons for entering certain relationships rather than others are imbued with calculation and self-interest for the accumulation of individualist wealth and authority:

There is a contrast between a social order which - being based upon

1: While neoclassical economists accept that social relationships are a part of the exchange process, they are deemed to be expressed through the pricing mechanism.

consensus of wills - rests on harmony and is developed and ennobled by folkways, mores and religion; and an order being based on a union of rational wills - rests on convention and agreement, is safeguarded by political legislation, and finds its ideological justification in public opinion (Toennies, 1988, p.223).

Those arguing against the dominance of the market mechanism suggest that small production numbers do not attain enough critical mass to enable the pricing mechanism to work (Jones, Hesterly, and Borgatti, 1997). Other critics argue that even when the market does allocate goods efficiently, it also entails costs of matching buyers and sellers, negotiating prices and finalising deals in the forms of contracts which thereby create substantial transaction costs (Gulati, 1995). Granovetter (1992) too posits that since actors are governed by bounded rationality, all decision making is effected within a framework of uncertainty, making a rational equilibrium of resource efficiency a misnomer.

When these market mechanisms fail, the alternative coordination process has traditionally been the integration of many functions within the organisation, the consequence of which has been the rise of centralised structures, delegation practices and hierarchies. These are claimed to be beneficial for coordination purposes when large capital investment, highly complex manufacturing processes and extensive distribution networks are required (Lawrence and Lorsch, 1967). Yet, they too may suffer from diseconomies of scale through structural inflexibility, large overhead and administrative costs, reducing the large corporation to a reactive and cumbersome structure unable to attain the historical competitive advantages previously endorsed for profit maximisation. The current turbulent and dynamic conditions of competition have disadvantaged these organising forms with their entrenched centralised planning systems as they are unable to respond rapidly to change (Fukuyama, 1995).

1.3 Networks and Society

Organisational theorists are now giving serious consideration to the network organising form with a sudden proliferation of cooperation-based research generated during the 1990s. While earlier research into social exchange theory failed to generate further avenues of inquiry (Ap, 1992), the resurgence in interest in cooperation has brought forth new developments. Indeed, characteristics of trust, reciprocity, obligation, connectivity, and embeddedness (Granovetter, 1973; Powell, 1990) have emerged and these more content-based relationship ties may suggest an informal social mechanism involved in ordering society, rather than the more commonly recognised regulatory systems identified in markets and hierarchies (Larson, 1992; Jones et al., 1997).

It is the conjecture of this thesis that network forms offer an alternative perspective to the organising function, rather than directly challenging the neoclassical view. It is postulated that network forms may encapsulate a broader social condition in that they embrace social cohesiveness and integration, serving as a mechanism to distribute resources through society, rather than necessarily being the most efficient form of organising. To this end, network theory focusses on arrangements and alliances between organisations, rather than maintaining an interest solely in the focal organisation. Thus, network systems are seen as broad-based societal coordination mechanisms with a concern for overall structural arrangements and process dynamics.

The emphasis of the thesis, then, is an exploration into the dynamics of the organising mechanism as it occurs within the relational arrangements between organisations and its role in the formation of network systems. With network forms involving both structure and action, the negotiation of multiple understandings and meanings becomes central to the process. This thesis proposes to examine how networks function, how they adapt and how they evolve, with the challenge being

to reconstruct a theory of management which incorporates cooperative and interdependent organisational issues.

1.4 A Tourism Destination Context

Exploration of these network coordination dynamics can be readily observed in a tourism destination context. These destination systems are created by a clustering of products and services to entice the abstruse traveller, from which evolves a network system of complementary relatedness, rather than a hierarchical structure of suppliers and producers. The tourism experience depends not only upon the allure of the primary attraction, but also on the quality of the complementary accommodation, restaurant, shopping, and transport facilities. Within this framework, suppliers are mutually dependent, and interdependence results from the complexity of resources exchanges, with the superior (or inferior) performance of one organisation influencing the credibility of others in the destination network. Thus, the tourism construct potentially offers a strong window of industry relatedness to observe these organising patterns, processes and coordination mechanisms.

This thesis explores these issues within an important tourism destination in New Zealand: The Waitomo Caves. This destination has played a significant role within the New Zealand tourism context for more than one hundred years, and thus is an appropriate context to explore the conditions and problems inherent in the delivery of the tourism product. These issues become particularly important to both the regional and national economies in light of the significant growth opportunities from international visitors afforded New Zealand in the last decade. This growth is represented in Table 1.

Table 1: International Visitor Arrivals**(Statistics New Zealand, 1999)**

Dec Yr End	1991	1992	1993	1994	1995	1996	1997	1998	1999
Growth Rate	10.6%	9.6%	14.3%	6.7%	8.2%	8.5%	-2%	-08%	8.2%
Visitor Nos.	963,470	1,055,681	1,156,978	1,322,565	1,408,795	1,528,720	1,497,183	1,484,512	1,607,241

The focus of this research, then, is on the construction and organisation of the Waitomo Caves tourism destination, in order to seek some understanding of how the actors within this destination network organise and coordinate their interdependent activities. Most particularly, this thesis is preoccupied with illustrating a conceptual orientation to these inter-organisational dynamics, rather than theory testing or hypothesis creation. To achieve this, an ethnographic lens is used to observe the daily routines and conventions of activity from which to develop durable theory based upon context-driven insights. Yet the fluidity of the context in which this thesis is based makes current situations likely to change from day to day. Furthermore, the dynamic nature of the research field and its theoretical constructs makes the research inquiry both fascinating and challenging.

1.5 Organisation of the Thesis

This thesis is presented in two parts. The first part provides a theoretical, methodological and contextual overview. Chapter Two develops a theoretical framework for understanding the network concept as it relates to organisational theory and the coordinating function of managerialism. Chapter Three describes the ethnographic methodology and its relationship to the interpretive construction of reality. Chapters Four, Five and Six provide a contextual analysis of the tourism construct, and its application to the New Zealand environment. This provides the background necessary for understanding the descriptive and interpretive nature of the case study data.

The second half of this thesis examines the microcosm tourism destination in detail. It begins with Chapter Seven, which provides an overview of the construction and evolution of the Waitomo Caves tourism destination. Chapters Eight, Nine, Ten and Eleven continue, describing in detail the current daily interactions that occur surrounding situational themes from which the destination network is constructed, and integrating the theoretical propositions developed in the earlier sections. From this, Chapter Twelve provides a more substantive analysis of the case material, elaborating on the implications for theory-building and adding insights in the network forms of organising. Finally, Chapter Thirteen concludes with a commentary on the how the contributions from this thesis can inform theoretical constructs and improve our understandings of cooperative managerial mechanisms.

2: Theoretical Foundations of Network Organising Constructs

2.1 Introduction

This chapter provides a theoretical perspective to understanding the network forms of organising referred to in the introductory chapter, reviewing the contributions as they apply to the interorganisational domain. Understandings of these network structures is prefaced by a brief discussion on the emergence of interdependence as a management construct, which claims that organisations do not function independently. Rather they are claimed to be constrained by inter-organisational resource exchanges and multiple stakeholder influences, which effectively blur the delineation of the self-enclosed organisational structure. Second, the chapter outlines the perspective developed by network structuralists, who describe the architectural components and properties that result from the resource exchanges among actors. Third, the chapter takes an in-depth look at the embedded nature of relationships. It begins with an examination of the literature on process and content of interactions, from a dyadic perspective. It then addresses how these interactions occur at the network level, exploring the effects of these interactions and resource exchanges on groups of organisations; the interorganisational domain. This section overviews the argument which contextualises social arrangements from which economic imperatives are expressed. Finally, the chapter explores the broader coordination of resource exchange, overviewing how the embeddedness of social relations may facilitate or derail the organisation of network activities. This process includes the ability of the network to construct more durable competitive advantage.

2.2 Interdependence and Open Systems

If human behaviour is not an exact and rational science, then it follows that the human impacts of economic actions too are not purely calculated rational

endeavours. Yet this neoclassical formulation is often taken as the baseline for the study of interfirm relationships, with traditional organisational theories such as transaction cost, agency and population ecology continuing to use arguments which focus on efficiency and rational calculation of organisational exchanges. These 'arms-length' exchanges are claimed to be limited to price-related information, which "supposedly distills all the information needed to make efficient decisions" (Uzzi, 1997a, p.36). As a consequence, these transactions tend to be cool and atomised, with these firms regularly engaging in a wide variety of price-dependent decisions aimed at producing efficiency. These actors will readily switch to new buyers and spread their business among many trading partners, which provides wide access to market information and reduces dependency on problematic partners. Underlying these neoclassical theories is a fear of managerial opportunism, with "economic man... a more subtle and devious creature than the usual self-interest seeking assumption reveals" (Williamson, 1975, p.255). While it may be common for economic actions to begin from this neutral position, the repeated nature of these exchanges suggests that social interactions too become part of the organising function (Granovetter, 1973), influencing the rationality of the pricing mechanism. Harrison (1992) proffers:

To this day, orthodox economists...assume that relations of production and distribution are essentially untouched by such sociological, cultural, anthropological, and political considerations, such as the size, locations and history of one's community, family, and ethnic ties, the presence or legacy of attachment to guilds, or commitment to place, or else they ought to be (p.476).

To this end, this chapter explores the interface of those ties that link organisations from different levels of society. It posits that economic actions are both constrained and constructed by a network of interdependencies from which organisational action is embedded.

2.3 The Network Perspective

A comparable rational calculation of organisational activities dominated early theorising on the management process, with these authors arguing that organisations could function as ‘closed systems’ (Taylor, 1912; Fayol, 1949). These organisational theorists presupposed that managers had control of, and could predict all internal variables, and thus the literature was preoccupied with increasing the internal efficiency of organisations through scientific, administrative, and bureaucratic processes (Miles and Snow, 1978). This perspective asserted that the coordination mechanism occurred through scientific laws of administration from which human values and emotions were excluded (Reed, 1996). Organisations, then, were impervious to external forces and that managers were invulnerable to environmental constraints.

Challenge to this closed-system approach was fashioned by the works of Burns and Stalker (1961), Emery and Trist (1965) and Thompson (1967) who introduced a more abstract and sociological orientation. These authors argued that managers could not have complete understanding and control because organisations were not self-contained units. Rather, managers needed to transact with others to acquire resources and consequently they had only limited control over their activities. This more complex ‘open-systems’ theorising was further developed by Pfeffer and Salancik (1978) in their resource dependence perspective. Pfeffer and Salancik suggested that as organisations interacted with others to reduce uncertainty and to access critical resources, they formed exchange relationships. This interaction meant they could not be autonomous as they were constrained by a network of dependencies with these other organisations. Indeed this approach acknowledged “that authority is ineffective without spontaneous or willing cooperation” (Bendix, 1974; cited in Reed, 1996, p. 36). It is these interplays and interdependencies of organisations interacting with their environments that has become the interest of current organisational studies.

While contributing much to our understanding of organisational theory, the major criticism of the resource dependency perspective has been its focus on a central organisation, which presents a fragmented view of inter-organisational exchange (Barley, Freeman and Hybels, 1992). As Rowley (1997) asserts “relationships do not occur within a vacuum of dyadic ties, but rather in a network of influences, where a firm’s stakeholders are likely to have direct relationships with one another” (p.890). Rather, it is the collective nature of organisational action, constraint and coordination that emerges from interdependence which enables us to understand the patterns and relationships that connect and influence the environmental context (Aldrich, 1979; Easton, 1992). Barley et al. (1992) further contend:

Organizations are suspended in multiple, complex and overlapping webs of relations, and the webs are likely to exhibit structural patterns that are invisible from the perspective of a single organization caught in the tangle. To detect overarching structures, one has to rise above the individual firm and analyse the system as a whole (p. 312).

It is this focus which now forms the basis of this inquiry, as this thesis seeks explanation of organisational interdependence from a system-wide or network perspective. That is, from an overarching web observing the totality of relationships among firms engaged in the production, distribution and use of goods and services, and those stakeholders² affected by their actions. This network perspective embraces a societal view and has been defined as:

- (1) A collection of organisations operating in the same domain, as identified by the similarity of their services, products or functions,
- (2) together with those organisations that critically influence the

2: The more narrow definition of stakeholders is used here, to include only those whose interests may have a direct and legitimate claim on an enterprise, having an inherent effect on the operating capacity of the organisation (Clarkson, 1995; Donaldson and Preston, 1995; Mitchell, Agle and Wood, 1997).

performance of the focal organisations: For example, major suppliers and customers, owners and regulators, funding sources and competitors (Scott and Meyer, 1991, p.117).

This more holistic approach to organisational analysis seeks to “locate the precise source of these environmental forces by analysing the patterns of relationships among the organisations that make up the environment” (Nohria and Eccles, 1992, p.6). This perspective acknowledges that the environment is a messy accumulation of dependencies with the interlocking of those parts forming a more complete system or network.

Currently, the network perspective is being closely examined as an alternative mechanism for organisations to source more durable competitive advantage. The more dominant perspectives include the industry-based view, which maintains that certain economies are primarily a function of the structural characteristics of a particular industry (Porter, 1980), and the resource-based view, which argues that competitive advantage can be gained from an organisation’s inimitability and leverage of its internal resources (Rumelt, 1984; Barney, 1991). The explosion of interorganisational linkages during this decade has pointed to the importance of these relational activities between firms as potential source of competitive advantage. Currently, however, there has been no attempt to examine how these linkages may bring about strategic advantage for groupings of organisations (Dyer and Singh, 1998; Gulati, 1999).

The remaining sections review the current theorising on organisational interdependence, and they are arranged around the themes of structure, process, embeddedness and integration.

2.4 The Network Structure

Early contributions to network understandings began with the network analysis perspective, which analyses the architectural web of relationships. This structural web exhibits patterns which reveals how information and resource flows are transferred within the network. This involves examining the relational systems in which actors dwell through identifying the internal location of “a set of nodes (e.g. persons, organisations) linked by a set of social relationships (e.g. friendship, transfer of funds, overlapping membership) of a special type” (Laumann, Galaskiewicz, and Marsden, 1978, p.458). The primary focus of network analysis, then, becomes the patterns of relational data and how the interdependent positions within the network can influence opportunities and constraints. This represents normative or causal explanations of organising. Indeed, according to Galaskiewicz and Wasserman (1994), “instead of analysing individual behaviours, attitudes and beliefs, social network analysis focuses its attention on how these interactions constitute a framework or structure that can be studied and analysed in its own right” (p.xii). This distinction is also indicated by Scott (1991), who proposes that behavioural data relates to the attitudes, opinions and behaviours of agents, as these properties, qualities or characteristics apply to the individuals or groups. In contrast, Wellman and Berkowitz (1988) describe relational data as “the ties relating one actor to another which cannot be classified as properties of individual actors because they exist only as part of a group of actors” (quoted from Rowley, 1997, p.894). This makes relational data the properties of a system of actors, with the organisational environment composed of a set of social actors.

Various renditions of relational data have been described, but two constructs have emerged as favoured representations: through the overall structure of the network (density) and through the nodal position within the network (centrality). These constructs embody characteristics of both institutional and resource dependence

theories³ (Granovetter, 1992; Jones et al., 1997; Rowley, 1997; Gulati, 1998).

Centrality

The centrality position highlights how resources are managed within the network and refers to an actor's power obtained through the network structure, rather than through individual attributes. Centrality reveals how critical an organisation is within the networks' global structure and suggests that the more central position an organisation has, the more important it is to the network's coordination functions. These positions shadow how organisations conform to the demands, obligations and expectations of others.

Brass and Burkhardt (1992) break centrality into three components: degree (the number of direct ties to other actors), closeness (independent access to others), and betweenness (control over other actors). The degree of centrality suggests that those with many ties will have access to multiple sources of information and resources. The closeness centrality explores an actor's ability to access independently all other members of the network. An actor with high closeness centrality will reach other actors directly, using a minimum number of intermediaries. The corollary is low closeness, which indicates that an actor is highly dependent upon others for indirect access to others in the network. When actors are close to others, it results in fewer message transmissions, shorter times and lower costs (Freeman, 1984). Betweenness, too, explores access to other actors, but from an intermediary perspective which captures the ability to control others.

These elements are not always of equal importance, and Freeman's (1984) work suggests that the betweenness centrality is the most important for assessing the

3: Passive compliance to societal norms characterises institutional theory, whereas active manipulation of critical resources underpins resource dependency (Oliver, 1991).

ability of an actor to control information flows within networks. These actors can be considered brokers or gatekeepers and they can facilitate (or impede) exchanges between other actors. They are able to resist stakeholder pressure through their ability to influence and manage information flows, presenting information as they deem fit.

In a network context, high centrality for an organisation allows quicker access to more information, speedier action and implementation. This enables the organisation to shape its reputation and generate visibility by providing access to resources via benefit-rich networks (Powell, Koput and Smith-Doerr, 1996). For weaker or less central organisations, a conscious move to establish ties to those more central is likely to contribute benefits in the form of greater legitimacy, status, buffering and resource accessibility (Pfeffer and Salancik, 1978; Scott and Meyer, 1983; Baum and Oliver, 1991).

Yet because networks are a collection of relationships, they are fluid, they change over time. There is a constant pattern of changing and modification of relationships. They adapt (Easton, 1992). Implicitly, a change in the position of one firm will affect the position of other firms. For some, this may mean a more central position in which it may acquire more access to resources and more control over its destiny. However, the reverse can also happen. A firm closely connected to a central firm can lose its connections and information rich relationships if changes move the power focus of the web. Easton (1992) continues, in that it is these continuous interactions and information flows between firms within the network that provides stability, a solid foundation or platform for incremental change. Madhavan, Koka and Prescott (1998) confirm incremental change as a reinforcing process which enhances and strengthens the existing power structures within the network. They claim this can be a key dynamic accounted for in alliance partner selection. However, these authors also note the importance of external trajectories which form

‘structure-loosening’ events. These result in the redistribution of power, creating a radical change in the overall structure of the network. New or previously peripheral players may be seen to have more desirable resource attributes, improving their centrality status within the network.

Density

The relational density explores the overall structure of the network, illustrating the number of ties that link network actors together. As such, it is a characteristic of the whole network rather than the actors within and can include “the members of a population and its key institutions [government agencies and community groups]” (Baum and Oliver, 1996, p.1380). Meyer and Rowan (1977) argue that relational networks augment and transfer institutional myths between organisations, suggesting that relational ties are the fundamental element forcing organisations toward conformity. This is alleged to occur as institutional values are diffused within networks. Taken-for-granted assumptions and normative codes of conduct signal conformity to social and institutional expectations as information is exchanged (Di Maggio and Powell, 1983; Scott and Meyer, 1983). Highly dense networks, then, through tighter communication systems and stronger information exchanges, ensure the circulation of institutional norms within the network, with actors forming patterns of exchange and producing shared behavioural expectations. Organisations are said to mimic each other’s behaviour to become more legitimate, with subsequent conformity attesting to agreed upon behavioural constraints. These densely tied networks produce strong constraints on focal organisations, allowing stakeholders the capacity to monitor organisational actions more efficiently. Baum and Oliver (1996), for instance, argue that as a population grows “and its social or public impact becomes more widely recognised, other social actors take an increasingly active role in monitoring population members activities... and shaping the rules and standards about what are legitimate activities and outputs for the population” (p.1386). Yet, this attachment to the institutional environment is said

to also endorse the population's legitimacy. Through monitoring and linkages between the institutional environment and its related organisations, the population receives increased public expectation as being more worthy of support and provides a strong foundation for its success (Di Maggio and Powell, 1983).

For networks with less relational density, the focal organisation may have more discretion over its actions as it experiences less unified pressure from stakeholder influences. However, the fragmented nature of ties within the network results in less efficient information exchanges and limited access to resources, denying the population the legitimacy that the more prolific ties foster.

Rowley (1997) takes an organisational focus in his contribution to the network story. His blending of network configuration (density) and location (centrality) offers a matrix classification for organisational response to stakeholder pressures. He describes firms with high centrality in networks with high density as compromisers. Stakeholders are able to constrain the firm, but the focal firm is able to resist stakeholder pressure because of its centrality. However, according to both institutional and resource dependency theory, the need for stability, predictability and certainty results in a negotiated compromise so as not to disrupt performance. Firms with low centrality in high density networks assume a subordinate position. With the efficient transfer of information in the dense network, their peripheral position results in them complying to stakeholder demands. The third classification of commander occurs for a firm with high centrality in a less dense network. The limited relationships within the network is said to restrict the efficient transfer of information, allowing the central firm a commanding position in controlling the information flows, influencing behaviours, and co-opting stakeholders. Finally, the solitary classification is given to firms with low centrality in less dense networks. Because the focal firm occupies a peripheral position in the network, it is unable to manipulate stakeholder demands and norms. Yet its presence in a less dense

network enables it to act in a solitary manner, with its actions going largely unnoticed because of the less efficient information transfers and monitoring processes characterised by less dense networks.

In summary, the network architecture of exchange relationships can give a causal explanation of organisational action, with the informational value a reflection of the structural position these actors occupy in the network. The foundation of the structural approach lies in the connectivity of actors and their locational position. To develop an understanding of network dynamics, this enables a map of nodal connections to be captured at set moments in time and highlights the structural implications for organisations within these locational nodes.

2.5 Connectivity: Network Ties

A related consideration focusses on the connectivity that can occur within the structural arrangement. As Burt (1992) suggests:

Information benefits of a network determine who knows about these opportunities, when they know, and who gets to participate in them. Players with a network optimally structured to provide these benefits enjoy higher rates of return to their investments because such players know about, and have at hand in, more rewarding opportunities (p.62).

This suggests that the actors connections within the social structure says much about their contact with resources. There is solid commentary that this optimisation lies in a diversity of relationships, with 'strong ties' supporting and binding actors together, while 'weak ties' bring new information through boundary spanning activities (Burt, 1992; Ibarra, 1992; Uzzi, 1997a). This information transfer and

locational causation explores the strength and diversity of relationships and their location, and as such complements the relational data contribution.

Strong and Weak Ties

The discussion earlier posited by the institutional theorists suggested that as the number of relationship ties accumulate, there tends to be a greater conformity of values and norms. This observation is also acknowledged by social scientists who suggest that strong relationships develop between people with mutual interests. They argue that socially similar people, even as they follow different interests, spend time in similar places. The resources and opinions of these individuals are likely to be reflected in the resources and opinions of their close contacts. This congruence acts as an incentive to encourage acceptable action, as the human condition seeks inclusion into the social set. This creates clusterings of people in strong relationships, with each person knowing what the other knows. Hence, these relationships are cohesive and structurally equivalent and lead to the same sources of information, which ultimately makes some of them redundant for information purposes (Burt, 1992). These 'strong ties' can result in a proliferation of network size, but with a clustering of similarity of information exchanges. To offset this, Granovetter (1973) argues that to gain new ideas and opportunities, contacts need to come through people in more distant clusters. These 'weaker ties' are those that are disconnected with the stronger social groups either directly through having no contact with each other, or indirectly through contacts that exclude others. Granovetter expands:

[Weak ties] are important not only in ego's manipulation of networks, but also in that they are the channels through which ideas, influences, or information socially distant from ego may reach him [sic]. The fewer indirect contacts one has the more encapsulated he [sic] will be in terms of knowledge of the world beyond his own friendship circle (1973, pp. 1370-1371).

Structural Holes

Ronald Burt (1982) advances the causal effect of these weak-ties through what he defines as 'structural holes'. He argues that while 'ties' describe the bridges of information flows reflecting both the strength and location, 'structural holes' capture the conditions responsible for these information flows. With the structural holes being the buffer between the two non-redundant contacts, they generate information and control benefits. Burt suggests that actors with a wide span of structural holes enjoy access to more timely information and response capabilities that enable them to control independent information flows. Doz and Prahalad (1991) argue that the adaptive capability of an organisation depends on this diversity of network relationships, because they can reconfigure themselves more readily as other environmental contingencies become important. This variety of contacts or ties with other organisations raises the exposure to richer information channels, and provides first-mover advantages. These actors with a diversity of ties, again are likely to be the gatekeepers for information into, and around the network and as such, will tend to occupy a more central location within the network. Like Freeman (1984) who earlier postulated that the betweenness element was the most critical, so Burt (1992) too acknowledges that “control benefits augment, and in some ways are more important than, the information benefits of structural holes” (p.73). Thus, he continues:

The information benefits of access, timing and referrals enhance the application of strategy. Having access to information means being able to identify where there is an advantage to bringing contacts together, and is the key to understanding the resources and preferences being played against one another. Having that information early is the difference between being the one who brings together contacts versus just being another person who hears about the negotiation. Referrals further enhance strategy. It is one thing to distribute information between two contacts during negotiation,

another thing to have people close to each contact endorsing the legitimacy of the information you distribute (p.79).

2.6 A Process of Embeddedness

While the structural approach to network analysis gives an understanding of the network architecture and its relational data, this approach does not address the processes in which networks adapt and evolve over time. As already acknowledged, networks are a collection of relationships, they are fluid, they transform and they shift focus over time, indicating that the influence of interactions will continually reshape and redefine the network structure (Easton, 1992; Madhavan et al. 1998). Thus, the prescribed relations and structural implications of organising do not entirely capture the network or relationships that shape an organisation and again reaffirm that individuals construct their own meanings and understandings within these overarching structural frameworks. As Pettigrew (1973) states:

By their ability to exert power over others, individuals can change or maintain structures as well as the norms and expectations on which these structures rest. An individual's behavior is therefore governed not only by the structure of the situation in which he [sic] participates but also by his ability to shape and mould that structure to fit his interests (p.31).

Nohria (1992) too claims that “networks are as much process as they are structure, being continually shaped and reshaped by the actions of actors who are in turn constrained by the structural positions in which they find themselves” (p.7). As such, the informal or emergent relationships become important in understanding how networks are constructed, adapt and evolve. The processes in which these relationships are formed and the political framework within which they operate, are

influenced by, and dependent on, the various perspectives, aims and purposes of those involved. To this end, there is a need to understand how these “socially contrived mechanisms for collective action are continually shaped and restructured by action and symbolic interpretations of the parties involved” (Ring and Van de Ven, 1994, p.96).

While accepting that process has an important contribution to make to the understanding of networks, it is only in recent times that there have been significant contributions. Indeed, researchers have for some time called for inquiry that seeks an understanding of the actions and strategies that actors undertake to enact change (Ibarra, 1992; Curran, Jarvis, Blackburn and Black, 1993; Huxham, 1993; Hazen, 1994). As Stinchcombe (1990) concurred, “we need to know what flows across the links, who decides on those flows in the light of what interests, and what collective or corporate action flows from the organisation links, in order to make sense of intercorporate relations” (p.381). While these issues are widely acknowledged to be difficult to explore, they are also seen as an important element in understanding how the social mechanisms of society function beyond the contractual price-determined relationship. More recently, Burt (1997) affirms these comments:

The shift from hierarchy to network organisation is more difficult to see in the same way because the change is not structural so much as procedural. The shift is from one coordination mechanism to another: formal coordination via bureaucracy to informal coordination via interpersonal negotiation. There is associated structural change in the form of fewer layers of bureaucracy and more complex interpersonal relations, but the structural change is only attendant to the fundamental change from formal to informal coordination (p.360).

One field of research exploring these possibilities is the embeddedness approach. Underpinning this perspective, is a belief that economic actions occur within a broader web of social relationships that have built up over time, and as such, it challenges the economic transaction-cost paradigm. These ideas were initially mooted by Mark Granovetter (1985), who posits that economic relations do not occur in a “separate, differentiated sphere of modern society” (p.482), but rather, they take place within a web of preexisting social relationships built up over time. Social and kinship obligations means economic action becomes ‘embedded’ in a broader system of social relationships, determined by the need for future exchanges. This frequency of repeat exchanges attracts mutual feelings of belongingness and interdependence, creating an “indebtedness and reliance over the long haul” (Powell, 1990, p.302). Over time, partnering becomes emergent and routinized, as it occurs more readily and with less effort from informal and non-premeditated ongoing relationships (Powell et al., 1996). Granovetter (1985) contends that that these social interactions make economic “behaviour and institutions to be analysed so constrained that to construe them as independent is a grievous misunderstanding” (p. 482).

It is the reciprocal and repeated nature of the information exchanges that become important in our understanding of how networks function and is claimed to be the essence of distinguishing networks from markets. As Brian Uzzi (1997a) claims “while market ties are greater in frequency, they are significantly less important than close special ties to company success. They are typified by a lack of reciprocity, non-repeated exchanges economically driven” (p.42). Powell (1990) states that these open-ended relationships are built up over indefinite time frames, causing the nature of reciprocity, obligation and equivalence to be much less precise in a network system. The interdependencies of ties resulting from a system of exchange means that exchanges do not flow in lineal dyadic patterns, but through complex systems of thick linkages. Because reciprocity and obligation are then embedded

in long term exchanges, they may not appear equivalent at any immediate point. This highlights the essence of network exchanges, that “to give, to receive and to return” (Powell, 1990, p.304) are not necessarily rational calculations. Rather the construct of mutual benefits may involve what appears to be unequal sharing, but is based on the “shadow of the future” (Axelrod, 1984). It is this reciprocity and frequency of interactions which transforms an arms-length unilateral supply relationship into a bilateral one, allowing the transference of tacit knowledge which underlies competitive advantage (Grant, 1996). According to Marsden (1981), embeddedness refers to:

The fact that exchanges and discussions have a history, and that this history results in the routinisation and stabilisation of linkages among members. As elements of on-going social structures, actors do not respond solely to individualistically determined interests... a structure of relations affects the actions taken by the actors composing it. It does so by constraining the dispositions of those actors toward the actions they may take (p.1210)

The transference of information and knowledge becomes the primary element differentiating the embeddedness approach from the earlier structural properties discussed earlier. As Uzzi and Gillespie (1998) claim “the decisive factor is that an actor’s access to the knowledge and resources possessed by exchange partners is shaped by the degree to which transactions are embedded in social attachments and differentially configured in a network” (p.6). The quality and depth of dyadic relationships between actors (relational properties) and the configuration of network architecture (structural properties) reflect the elements of the structural approach described earlier. However, these take a process orientation rather than locational causation, as they seek understandings of the nature of the ties and bridges which link organisations, rather than the nodes themselves.

2.7 Relational Embeddedness

Proponents of relational embeddedness seek to inspect the different types of relationships between actors and attribute the quality and depth of the information that is transferred between these actors. Fundamental to this perspective, is that “embedded actors satisfice rather than maximise on price and shift their focus from the narrow economically rational goal of winning immediate gain and exploiting dependency to cultivating long term cooperative ties. The basic conjecture is that... these are difficult to replicate via markets, contracts or vertical integration” (Uzzi, 1997a, p.37). Embeddedness theorists argue that the information exchanged in non-market relationships gives rise to ‘fine-grained’ transfers including tacit and proprietary knowledge which enable strategic problem-solving between partners to ensure flexibility and options (Larsen, 1992; Uzzi, 1996). Thus, relational embeddedness stresses the role of direct cohesive ties as a mechanism to carry trustworthy information and to reduce uncertainty (Gulati, 1998). These exchanges go beyond immediate price negotiations which involve driving the hardest possible bargain; where traders are viewed as petty and untrustworthy (Powell, 1990). Indeed, Uzzi (1996) claims that:

...the calculative orientation of arms-length ties fades and is replaced with a heuristic decision making process that economises on cognitive resources, speeds up decision making, and inclines actors to interpret favourably the actions and intentions of their network partners in ambiguous situations... [The actors] become embedded in a multiplex relationship of economic investments, friendship and altruistic attachments. The longer the relationship lasts the richer it becomes in debits and credits, creating an opportunity rich social structure (p.680).

And according to Berger and Luckman (1966):

All human activity is subject to habitualization. Any action that is

repeated frequently becomes cast into a pattern, which can then be reproduced, with an economy of effort and which *ipso facto*, is apprehended by its performer as that pattern. Habitualization further implies that the action in question may be performed again in the future in the same manner and with the same economical effort... Habitualized actions retain their meaningful character for the individual although the meanings involved become embedded as routines in his general stock of knowledge, taken for granted by him and at hand for his projects in the future (p.71)

This creation of debits and credits reinforces the reciprocal nature of the exchanges. It suggests that the return for subsequent exchanges reflects a confidence in the outcome of the partner's prior actions. On-going interactions and flows of information over time create a bond of confidence that future expectations can be relied upon to be achieved.

Trust

This 'outcome probability' investment is widely recognised as being dependent on trust: a future oriented concept based on past performance. Underpinning all propositions is a trust-performance rationale, with strong arguments claiming that organisations with high levels of trust between partners are able to reduce coordination and monitoring costs, which diminishes the need for formalised control mechanisms (Parkhe 1993; Gulati, 1995). Indeed, trust, which induces the ability to reciprocate information transfers, is argued to be at the core of an efficient, adaptable and even the survival of any social group (Rotter, 1967).

There has been extensive commentary on trust as a management construct, but it remains largely conceptual in nature. Sitkin and Roth (1993) for instance suggest four levels of analysis: trust as an individual attribute, as a behaviour, as a situation

and as an institutional phenomenon. Individual personality traits are said to be an individual's ability to trust others, or to be trusted by others (Rotter, 1980). The behavioural outcomes are seen as the behaviours that emerge from a trusting relationship (Deutsch, 1958; Hosmer, 1995). The third stream of research explores the situations or conditions that may require trust (Deutsch, 1958); while the final category of institutional arrangements are explored in terms of contracts, rules and legal procedures, which introduces the control construct (Zucker, 1986; Shapiro, 1987).

Inkpen and Currall (1998) take a different approach in overviewing the literature. They describe trust theorizing into three different perspectives: structural, social and psychological. The structural perspective takes a firm-level approach, downplaying the interaction of managers. Trust in this context, is linked with partner strategic motives and efficient interfirm cooperation. It explores the opportunistic action that trust engenders (Parkhe, 1993; Gulati, 1995). The second perspective of trust as a social property explores the history of trust within the relationship as the social glue within which the economic exchange occurs (Madhok, 1995; Zaheer and Venkatraman, 1995; Powell, Koput, and Smith-Doerr, 1996). Finally, the psychological property of trust is viewed from the perspective of an individual manager and how this person acts as a linking mechanism across boundaries through cognitive and emotional bases (Ring and Van de Ven, 1994; Nooteboom, Berger, and Noorderhaven, 1997).

From these multiple perspectives valuable contributions have been made to our understandings of trust, but as acknowledged by Das and Teng (1998a), the result has also lead to confusion rather than comprehension. Das and Teng proceed to provide an alternative approach that may help link trust to the embedded nature of relational ties relevant to this thesis. They argue that earlier categorisations of antecedents and behavioural outcomes need to be clearly separated from what they

call 'subjective trust', inherent in their adoption of the definition of trust used by Sitkin and Roth (1993) as "a belief, attitude, or expectation concerning the likelihood of actions or outcomes of another individual, group, or organisation will be acceptable or will serve the actor's interests" (p.368). This implies a psychological state experienced by the trustor, with trust "a perception about others in relation to oneself" (Das and Teng, 1998a, p.8). Subjective trust, according to Das and Teng, is the gap between the trustor (the trusting party), and the trustee (the party to be trusted).

Throughout the trust literature are two central principles: risk and reliance (Inkpen and Currall, 1998). Deutsch (1958) was the first to acknowledge risk, in the non-rational choice a person faces over an uncertain event, with the expected loss being greater than the expected gain. The decision to trust was not an economic one, Deutsch claimed, because if that trust was broken, then that person would be worse off than if there had been no trust. Das and Teng (1998a) too claim that trust can be observed through the subjective integration of trustor and trustee within two types of risk-capacity within the relationship: relational and performance. They define relational risk as "the probability and consequences that a partner does not fully commit to a relationship and does not act in the manner expected" (p.13). That is, while risk is attached to the trustor, it is dependent on the actions of the trustee. The second element of performance risk, they define as "the probability and consequences of not achieving the goals in a relationship, given good intentions and efforts of the partner" (p14). This implies an ability or expertise competence on the part of the trustee. While the partner may commit to the relationship, they may not have the ability to perform the required actions.

This performance dimension becomes fundamental to subjective trust and offers further explanation of the reliance factor referred to earlier. The first definition of reliance was identified by Zand (1972), who suggested that while trust was made

by one person, the consequences of that decision were dependent on the actions of another. This exposes a vulnerability and lack of control over the actions of others, highlighting the dependability and vulnerability aspects of trust. However, Baier (1986) makes a distinction between trusting others and merely relying on them. She argues that trust is a reliance on the goodwill of others, rather than just the reliance on their regular habits. This implies some morally correct dimension to the construct of trust. Barber (1983) too believes that trust implies a fiduciary duty of placing the interests of others before the interests of the person being trusted. Gambetta (1988) also embellishes the concept of co-operation to include achieving an ultimate net good. This thread is further referred to by Ring and Van de Ven (1994) who posit that norms of equity are a prerequisite to trust through reciprocity, fair rates of exchange and distributive justice. Interestingly, this moral dimension has not gained much exposure in recent research. Yet the “moral obligations and responsibilities to demonstrate a special concern for others interests above their own” (Barber, 1983, p.14) could possibly be an essential element of trust, and may highlight how cooperation between partners goes beyond the immediate self interest of economic theory, as it is embedded in ongoing repeated ties of friendship. This may offer critical insights into the nature of information flows within the network and how they contribute to the organising function.

The characteristics of responsibility and competence is explored by Das and Teng (1998a), and may span the interface between reliance and subjective trust. They describe competence as the expertise, capability, and technical qualifications associated with role performance (also acknowledged by Mayer, Davis, and Schoorman, 1995; Creed and Miles, 1996), which becomes fundamental to the carrying out of the presupposed actions. This link between competence and reliability is also referenced in other research by Das and Teng (1998b), where they discuss the dynamics of confidence, trust, and control. They define confidence as “the perceived level of certainty that the partner will behave in a desirable manner”

(p.494); trust “relates to a positive expectation about the motives of the trustee” (p.508); and control as “the process of regulating others’ behavior to make it more predictable” (p.508). If the trustee has, over time, demonstrated through repeat performances a level of technical competence in carrying out actions, then it can be suggested that the trustor will have a higher level of confidence that the actions will occur. The level of perceived certainty will be higher. Thus the confidence factor may be dependent on repeated ties.

This link between confidence and responsibility may determine the level of trust an actor has in positive outcomes. Das and Teng (1998a) define responsibility as good faith, goodwill, and integrity (Barber, 1983; Ring and Van de Ven, 1992); presupposing a willingness to act in the interests of the trustor. This moral dimension referred to earlier incorporates a confidence of favourable outcomes, rather than reliance from regular habits. By including responsibility factors, again, the opportunistic “self-interest with guile” agent underpinning the transaction cost economic theory is challenged.

If one accepts that trust is subjective, then it would follow that the concept of trust may comprise different elements at different times. For instance, there may be a confidence in positive outcomes, but in the absence of responsibility, trust may be low. Alternatively, there may be trust but the perceived level of competence in the trustee may be low. Indeed, having trust in someone does not imply complete confidence in that person for any task under any circumstance. If trust is dependent upon competence and the technical ability to carry out tasks, then trust is not about universal situations, but rather is limited to the person in a specific context. Thus, a partner may be trusted in some situations, but not in others. Uzzi (1997a) found that “stringent assumptions about individuals being either self-interested or cooperative were too simplistic, because the same individuals acted selfishly and cooperatively with different actors in their network” (p.42). This strand of thought

reaffirms the belief of Mayer et al. (1995), when they posited that maybe the correct question to be asking was “Trust them to do what?”, rather than the customary “Do you trust them?” (p.729).

Content of the Tie

This conjecture again affirms the importance of the informational content of the tie as it relates to the specific context and relationship between actors. These multifaceted relationships have received consensual attention in the organisational theory literature, as they fall into the categorisations of work, advice and friendship (Cook, Emerson, Gillmore, and Yamagishi, 1983). Ibarra (1992) acknowledges workflow relationships “as the channels of communication and resource exchange used in getting things done on a daily basis; influence networks as the systems of favours granted and owed, of mutual benefit and protection, and of connections invoked for the exercise of power; and expressive relationships or friendship networks involve the exchange of liking and social support (p.172). Krackhardt (1992) expands the friendship dynamic as dependent upon interaction, affection, and time. He argues these are essential conditions for trust in networks, which leads to cooperation under times of uncertainty. Since change can threaten the status-quo of networks, Krackhardt argues that it can only occur cooperatively with “strong, affective, and time-honoured relationships” (p.238). Morrison (1993) too may also offer understandings in her description of five information types: technical (how to perform a task), referent (role demands and expectations), normative (expected behaviours and attitudes), performance (perception and evaluation of job performance), and social (acceptability of non-task behaviour). While these are related specifically to organisational newcomers, they may still add avenues for further exploration. More recently, Uzzi (1998) argues that dyadic relationships are comprised of two elements - the intensity of interaction and the level of relational exchange. He suggests that intensity of interaction is reliant on liking and shared identities, which supports the transfer of knowledge within the network and reduces

the risk of opportunism. The level of relational exchange involves trust and reciprocity which in turn leads to reduced levels of monitoring.

While these relationship types remain conceptual, they consistently display dynamics of repeated interactions, liking or friendship attributes, conditions of trust, and time dependent. It is suggested that actors with multifaceted relationships are more likely to have complex information transfers, rendering strategic and flexible economic options. For instance, Ring and Van de Ven (1994) argue that personal bonds of friendship can lead to norms of group inclusion and escalate the commitment of parties to a cooperative relationship. Yet Nooteboom et al. (1997) acknowledge that problems too can arise when personal loyalties deviate from the organisations best interest. This can occur, as Ring and Van de Ven (1994) note, when personal ties and friendships may be at odds with work-based relationships.

In summary, this relational embeddedness perspective has focussed on the role of cohesive dyadic ties as a mechanism for fine-grained information exchange. It has reinforced the notion that different types of relationships between partners may embed multiple information exchanges, with the level of trust (fair-sharing mechanisms) facilitating or derailing information transfers.

Nevertheless, the research question is the coordination processes within the broader network and this review now examines the manner in which these dyadic interactions shape and influence the adaptability of the network.

2.8 Structural Embeddedness

The second embeddedness contribution examines network coordination activities from a structural perspective, shifting the focus from dyad or triad to the network system. Underpinning this approach is the extent to which a dyad's mutual contacts

are connected to one another, with these aggregated patterns acting as a mechanism to build social cohesion (Granovetter, 1992). This means that not only do organisations have relationships with one another, but also indirectly through third parties. These linkages bring different groups together, allowing the transmission of information and common understandings to flow across boundaries. As such, benefits accrue, not only to the individual firms, but to the network as a whole, as the information and resources are transferred through the interconnection of embedded ties. Uzzi (1997b) declares:

Since an exchange between dyads has repercussions for the other network members through transitivity, embedded ties assemble into extended networks of such relations. The ties of each firm, as well as the ties of their ties, generate a network of organisations that becomes a repository for the accumulated benefits of embedded exchanges. Moreover, the longer an actor has made embedded contacts within their present and past networks, the more the benefits of embedded ties can be “stockpiled” for future needs (pp.134-135).

It is the relationship between the content of the dyadic ties, the stockpiling of reciprocal obligations and the aggregated effect on the network that invites closer inspection. Yet despite the burgeoning research in interorganisational relations, empirical exploration into structural embeddedness remains scarce, as referenced by Khanna (1998) and Gulati (1999). The most notable contributions have come from Jones et al. (1997) and Gulati (1998), and are outlined in this review.

Gulati (1998) introduces a social network perspective to the study of strategic alliances, claiming that all strategic decisions are influenced by the social context in which they are embedded. He defines structural embeddedness as:

Structural embeddedness or positional perspectives on networks go

beyond the immediate ties of firms and emphasize the informational value of the structural position these partners occupy in the network... Actors occupying similar positions need not be tied to each other... They reflect different status groups... Status evokes a series of observable characteristics associated with a particularly position in a social structure that entails a relatively defined set of expected behaviors toward other actors” (p.296).

While Gulati’s integration of these concepts is exploratory and has given further legitimacy to the examination of social relations within a strategic context, his focus in this article tends towards a deterministic orientation whereby relations are constrained by the structural form.

To this end, a more embracing approach adopted by Jones et al. (1997) is preferred in this thesis. These authors focus on the web of affiliated patterns stemming from the structuring process. While acknowledging the exploratory nature of their research, they profile four themes which may unravel the social mechanisms for understanding structural embeddedness: macroculture, restricted access, reputation and collective sanctions. These themes act as the glue that bind interests together in patterns or webs of integration. Macroculture, they suggest, offers explanation of the coordinating function, restricted access both coordinates and safeguards interests, while the reputation of the network and collective sanctions also safeguard network interests. These themes are further developed in this section, focussing particularly on the literature as it relates to network relations.

Macroculture

A macroculture is what Jones et al. (1997) describe as “a system of widely shared assumptions and values... that guide actions and create typical behavior patterns among independents” (p.929). Macroculture is said to evolve out of webs of direct

and indirect relationships, including the institutional environment and the culture within which it exists. Thus, it emerges from the relational system in which it is embedded. The more structurally embedded, (i.e. the more connected and frequently interacting), the more these actors share their values, assumptions and routines. This is supported by the frequent alliances and subcontracting between network partners and 'job-hopping' by individuals amongst these organisations "all of which blur the boundaries between independent firms" (Saxenian, 1990, p.100). Jones et al. (1997) claim that the macroculture is "critical to understanding network governance, for its complex products and services require shared social processes and structures for effective exchange among autonomous partners" (p.930). Thus, macroculture assumes the coordinating function for networks, and Jones et al. (1997) suggest that it enhances coordination in three ways: "(1) by creating a 'convergence of expectations' through socialisation so that actors do not work at cross-purposes; (2) by allowing 'idiosyncratic language' to summarise complex routines and information; and (3) by specifying 'broad tacitly understood rules' for appropriate actions under unspecified contingencies" (p.930). Because these ground rules do not have to be recreated for interaction (unlike atomised price-driven transactions), they allow for more efficient exchanges among parties. The level of trust reinforces the social memory of the network, with close proximity between actors likely to increase the ease and frequency of interactions and the development of an embedded macroculture.

In this manner, the macroculture is formed through action within the relational system, as it crafts structurally webbed patterns over time. Nevertheless Jones et al. (1997) acknowledge that understanding the arrangement of a macroculture remains problematic because its establishment is dependent on long term time frames. The architectural patterns of shared understandings and the formation of conventions amongst actors and its institutional environment can take decades to form, as they are established from reciprocal repeated interactions reinforcing

cultural beliefs and customs to previously autonomous organisations.

The strategic importance of a coherent macroculture is significant, in that its relational diversity creates a connectedness that cannot readily be replicated in the marketplace (Dyer and Singh, 1998). The macroculture is a property of the network. As Zajac and Olsen (1993) suggest, “Parties use the interorganisational strategy to establish an on-going relationship that can create value that could otherwise not be created by each firm independently” (p.137).

Reputation

With the development of a macroculture, the norms and conventions of the network are reinforced by individual actors. This strategic ‘reputation’ of the network is therefore dependent on the actions of all members involved (Burt, 1992). Reputation involves an estimation of the character, skills and reliability of the actor in question, and is critical for deciding who get access to repeat exchanges. Reputation reduces uncertainty to outsiders by providing information about the reliability and goodwill of others, and as such, it “safeguards exchanges because it relays the detection of and serves to deter deceptive behaviour” (Jones et al., 1997, p.933).

Coleman (1984) acknowledges the domino effect of actions within a network system. He likens this to a grid effect with highly sensitive configurations predisposed to breaking down at a single weak point. The performance and position of the weakest element is therefore important to the effective functioning of the network, with its reputation a reflection of the images expressed by all its members. This point is also acknowledged by Hannan, Carroll, Dundon and Torres (1995) who conclude that cognitive legitimacy operates at a higher level of analysis because cultural images flow more freely across social system boundaries than do material resources. This reinforces the images of reputation and delivery to be as

critically important as economic resources not only for the individual organisations but also for the network system (Baum and Oliver, 1992).

Mutual interdependence highlights the need to support and improve the position and status of individual organisations, which in turn establishes the legitimacy of the whole network. This suggests that knowledge exchanges within a network are not necessarily equivalent, with some partners giving more to others in order to improve the broader network condition. However although these exchanges may not be equivalent, they become equal because of the mutual dependence of the reputation. This again calls upon inquiry to understand the 'stockpiling' of reciprocity and obligation referred to by Uzzi (1997a) and how they influence the adaptation and coordination of the network.

Gatekeepers and Restricted Access

Coordination within the network is also dependent on how certain preferences, motives and connectivity can emerge from the social activities. As noted earlier, the most critical positions in the network are said to be those actors with the most 'betweenness' and those with access to the most structural holes. These 'go-betweens' transmit exchanges from one party to another and as such, can control who gets access to new information coming into the network. Through referrals, they transfer expectations of behaviour from the existing embedded relationship to the other, calling on the reciprocity owed by one exchange partner and transferring it to another (Uzzi, 1997a). As Burt (1992) stated earlier:

Referrals further enhance strategy. Having that information early is the difference between being the one who brings together contacts versus just being another person who hears about the negotiation. It is one thing to distribute information between two contacts during negotiation, another thing to have people close to each contact endorsing the legitimacy of the information you distribute (p.79).

This enables the go-betweens to provide privileged access to new knowledge directly to some actors and subsequent slower dissemination to others within the network. They transfer resources and openhanded expectations and opportunities of an existing embedded social structure. Uzzi (1997a) claims, “this formation process exposes network partners to aspects of their social and economic lives that are outside the narrow economic concerns of the exchange but provide adaptive resources, embedding the economic exchange in a multiplex relationship made up of economic investments, friendship and altruistic attachments” (p.48). Being close to those critical players enables quicker and more accurate information, with less distortion occurring through the transference process. For more peripheral organisations, establishing links with central organisations allows access to more information, thereby increasing their legitimacy.

Within this process, sources of power within a collaborative condition become pertinent. Hardy and Phillips (1998) suggest three power constructs which are particularly important in understanding collaboration: formal authority, control of critical resources, and discursive legitimacy. They use French and Raven’s (1968) definition of formal authority as a legitimate right to make decisions and the manner in which these decisions may effect the collaboration process. The second source of power they suggest is the control of scarce or critical resources (Pfeffer and Salancik, 1978), which can provide certain advantages for current or impending network partners, while excluding others. Finally, some organisations may have neither formal authority nor critical resources, but do have a discursive legitimacy. In this instance, their ability to speak legitimately for other organisations gives rise to a power position as a gatekeeper within the network.

Jones et al. (1997) expand this theme of privileged access into more formalised coalitions of ‘restricted access’, which they claim acts as a safeguarding mechanism for network interests. They define restricted access as “a strategic reduction in the

number of exchange partnerships within a network” (p.927). They claim that by limiting the exchange processes to ‘trustworthy’ partners it becomes a more efficient coordinating mechanism in networks, as it reduces the costs of interactions, increases the shared understandings, skills and goals that partners bring, and reduces the need for safeguards. Dyer and Singh (1998) too argue that by increasing dependence to share knowledge, organisations can increase their profits. These suppositions however are controversial. Porter (1980), for instance, posits that organisations need to extend their atomised supplier relationships in order to decrease their dependence and off-set the power of suppliers. Das and Teng (1998b) too argue that this level of embeddedness creates a path-dependency which, they suggest, is tantamount to high exit barriers. They suggest that these situations can make the choices and safeguards for an organisation more limited.

Nevertheless it is argued that in a network situation, formalised restricted access groups contradicts the informal social monitoring processes of cooperation and trust, potentially creating an environment which encourages the emergence of competitive coalitions. This, of course, results in a less cohesive macroculture, limiting the effectiveness of the information transfers within the network.

Sanctions: informal and formal

Indeed, a major characteristic of network governance is its reliance on social control mechanisms rather than authority or legal recourse. That is, inducing desirable behaviour occurs through “soft” options such as informal, normative, clan controls (Leifer and Mills, 1996, cited in Das and Teng, 1998b, p.502). As Das and Teng (1998b) further comment:

Influence comes in the form of shared goals, values and norms...

Social control is manifested in a certain level of confidence in members judgement and competence, which lays the foundation for trust. Like trust building, social control tends to take a long term

orientation toward a relationship, for cultural systems and norms are nurturing only slowly (p.502).

As benefits accrue to unconnected parties within the network, so to do the consequences of untrustworthy actions, with unconnected parties too being damaged by the unfulfilled performances by others in the network. Collective sanctions against those who deviate from the accepted norms and conventions of their macroculture take the form of gossip, rumours, ostracism and sabotage. These “collective sanctions safeguard exchanges, for they define and reinforce the parameters of acceptable behaviour by demonstrating the consequences of violating group norms and values” (Jones et al., 1997, p.932). They are said to discourage actors from taking short term opportunistic options, as their behaviour is mediated by the collective actions of the larger group.

Because of the implications on the reputation of the network and the longevity in establishing a macroculture, collective sanctions may result in formalised control mechanisms to regulate deviant behaviour. Implicitly, this is contradictory to the trust conditions developed earlier, with the literature seeing trust and control as parallel concepts. However Das and Teng (1998b) suggest that while being parallel, this does not mean they are non-interacting concepts and argue that “the deployment of control mechanisms may either enhance or undermine the trust level, depending on the specific type of control mechanism partners use” (p.508). Within the traditional constructs of managing, formal control structures have been accepted practice. Yet it has been found that poorly designed control mechanisms can also act as a significant deterrent which undermines trust among actors (Mayer and Davis, 1996).

The common formal control mechanisms can include both regulatory and legislative processes. The regulation process is defined as where “industry operators ensure

they [their members] comply with current legislative requirements without the direct policing actions of and subsequent interference by various regulatory authorities” (Smith and Tombs, 1995, p.620). Industry regulation provides proposals for conforming to 'best practice'. These voluntary, rather than mandatory, codes of practice acknowledge that most industries have areas of significant operational risk. Their purpose is to suggest specific processes, systems and procedures that may be followed to reduce that risk. This assumes a voluntary process signalling 'seriousness of intent' (Zucker, 1987), rather than enforced compliance from legislative processes. She continues that the utility of these self regulatory intermediaries is that they “smooth the transactions via a quasi-insurance form of completion, without opportunism or malfeasance, by focussing on the transaction itself and remaining indifferent to the outcome” (p.454). Nevertheless institutional theorists argue that by adhering to the norms of industry practice, organisations become more legitimate within the institutional environment which increases their probability of survival. While the transaction outcome may be indifferent, compliance with regulation processes increases legitimisation.

Legislatory procedures take a more mandatory approach than industry regulation, requiring compliant practice, not suggested practice. These prescriptive accounts of what may or may not be legal may fall within either a compliant imperative or coercive jurisdiction (Hart, 1961). Managers using a compliant imperative are guided by a sense of obligation to others. Those relying on coercive practices however suggests tendencies to seek more opportunistic behaviours (Hart, 1961). Yet it is suggested that conflict can emerge from the legislative framework, with over-formalised constraints conflicting with entrepreneurial autonomy, individualism and flexibility. This is argued to result in limited differentiation and a lack of complementarity which creates increased conflict, dispute and direct competition (Ring and Van de Ven, 1994).

Structural Optimisation

With increasingly dynamic environments, the need for flexibility and adaptation becomes essential for organisational survival and performance, presupposing an optimal theoretical model of network organisation: a structural balance. Uzzi (1998) claims that this optimal network configuration encapsulates a 'portfolio' of ties, which includes both the non-redundant network of arms-length ties (Burt, 1992; Granovetter, 1985) and the tightly-knit embedded ties (Granovetter, 1992). The weak ties provide a avenue for new knowledge to enter the network through non-related third parties, while the strong ties maintain a supportive embeddedness, with trust and reciprocity enabling problem solving and thick information exchanges that enhances coordination and sharing between partners. Together, these configurations offer the network competitive advantage in that they access knowledge beyond what is publically disclosed (Uzzi, 1998).

Uzzi (1998) also acknowledges the role of complementation and its function in the creation of a symbiotic macroculture. He argues that complementarity underpins the characteristics that different ties can reinforce in the network configuration. By adding diversity, partners strengths can compensate for others weaknesses, enabling a more comprehensive range of action than if either tie existed alone and enhancing the adaptability and competitiveness of the network. Baum and Oliver (1992) too have also stated that systems of complementarity are essential for network survival, reflecting the importance of the interconnectiveness of its reputation.

As acknowledged throughout this chapter, an understated network portfolio of ties leads to a fragmented and less competitive network. These relationships have more limited repeated exchanges, which in turn results in less reciprocity regarding tacit knowledge transfers. This gives the network slower response times and reduces its flexibility and adaptive qualities. An overembedded network however, is one with too many strong ties and fewer weak tie linkages and can result in closed

isomorphic processes that decrease diversity (and hence complementation) within the network (Hannan and Freeman, 1989). Within these networks, everyone knows what everyone else knows (Burt, 1992), resulting in organisational inertia and low levels of flexibility. This makes it more costly for network partners and reduces the efficiency of the network (Hannan and Freeman 1989). These highly embedded networks can also encourage obligations of friendship which may override economic imperatives (Uzzi, 1996), which again may negatively effect the adaptability and competitive advantage for the network.

In summary, this section has reviewed broader-based literature to illustrate the concept of structural embeddedness. While this literature remains conceptual in nature, its contribution is an initial examination of collective coordination processes. It highlighted the role of embeddedness in the development of a network macroculture, a broad-based system of complementary assumptions and values which generates and underpins a collective market-recognised reputation. This is managed through informal social mechanisms stemming from prior relations, with collective sanctions preferred to legislative procedures.

2.9 Networks and Integration

While this review has focussed primarily on coordination mechanisms, the construct of knowledge has been repeatedly discussed in this chapter as a rationale for cooperative coordination. This section will briefly discuss knowledge and its role within the broader network system. Consistently, the construct of knowledge has been divided into two themes. The first falls into a category of explicit, easy to codify information or data, and hence is referred to as information within this thesis. The second form is more difficult to identify and refers to a 'tacit' learning that occurs through the on-going development of organisational processes and routines (Polanyi, 1967; Kogut and Zander, 1992; Nonaka, 1994). Yet the very complexity

of this ‘knowledge’ creation becomes the essence of competitive advantage within the current operating environment, as routines and structures become developed around core activities forming organisation-specific integrated capabilities. These capabilities are defined as the ‘socially complex routines that determine the efficiency with which firms physically transform inputs into outputs’ (Collis, 1994, p.145).

Through the research period, pertinent literature has emerged on how these cooperative and reciprocal fine-grained transfers between partners facilitates in the accumulation of tacit knowledge as a source of competitive advantage. These mechanisms to enhance resource integration are identified and form the basis of this discussion. While this section explores these more recent contributions from the perspective of the organisation-set, it is contextualised within the broader network dynamic. The specific explanations of key authors will be discussed, before aggregating their respective contributions.

One of the most insightful contributions began with the ‘absorptive capacity’ construct, promoted by Cohen and Levinthal (1990). They define this as an organisation’s ability to “recognize the value of new external knowledge, assimilate it, and apply it to commercial ends (p.128). While this has been proposed at an organisation-level, Lane and Lubatkin (1998) have shifted its focus to learning dyads. Lane and Lubatkin claim that the ability for one firm to learn from another is dependent on the relative characteristics of both firms, and consequently extend this taxonomy to embrace a ‘relative absorptive capacity’ perspective. Thus, they argue that the ability to value, assimilate, and apply new knowledge depends upon the specific type of new knowledge, the similarity between the organisations compensation practices and structures, and the familiarity of each organisational problems.

These factors are not dissimilar to the knowledge integration factors identified by Grant (1996): efficiency, scope and flexibility. Grant defines efficiency as the level of common knowledge between firms, the frequency and variability of task performance, and the organisational structure to enhance communication. The scope of integration includes complementary types rather than substitutes, and the relationship between the greater scope of knowledge to be integrated and the casual ambiguity of its replication. Grant's final factor of flexibility includes the ability to extend existing knowledge and to reconfigure for new knowledge.

Similar factors are also reiterated by Dyer and Singh (1998), who posit four primary sources of competitive advantage stemming from networked firms: Relational specific investments (duration of safeguards and volume of interfirm transactions), interfirm knowledge-sharing routines (partner-specific absorptive capacity and incentives to encourage transparency), complementary resource endowments (the ability to identify and evaluate complementarities, and the role of organisation complementation to access benefits of strategic resources), and effective governance (the ability for the partners to self-regulate, and informal rather than formal controls).

Finally, Simonin (1999) concludes that two types of variables facilitates in the process of knowledge transfer. Knowledge-specific variables include tacitness (the implicit and non-codifiable accumulation of skills) and complexity and partner-specific variables of prior experience, cultural distance and organisational distance impacted upon this process.

The term 'absorptive capacity' may help to explain why some organisations outperform others, as they are able to infuse external information into their individual firms and through their organisational capabilities are able to innovate, adapt and change their operating conditions. From this recent literature, three key

elements appear to be necessary for this process to occur:

1. The type of information to be processed:

- Scope of knowledge in terms of complementarity and greater integration for increased casual ambiguity of replication (Grant, 1996)
- Knowledge specificity (Lane and Lubatkin, 1998)
- Relational-specific investments (Dyer and Singh, 1998)
- Knowledge-specific variables (Simonin, 1999)

2. The organisational routines and structures that may enhance assimilation:

- Efficiency of organisational processes and routines (Grant, 1996)
- Flexibility of structures (Grant, 1996)
- Similarity of organisational practices and structures (Lane and Lubatkin, 1998)
- Effective governance structures (Dyer and Singh, 1998)

3. The ability of partners to share:

- Sharing of routines (Dyer and Singh, 1998)
- Complementary resource endowments (Dyer and Singh, 1998)
- Familiarity of each organisation's problems (Lane and Lubatkin, 1998)
- Partner-specific variables of prior experience (Simonin, 1999).

Throughout this literature, there is reference to the ability of partners to transfer and assimilate tacit knowledge. This becomes the essence of sourcing strategic advantage, rather than explicit or codified information which is not rare nor costly to imitate (Spender, 1996). The tacitness of this exchange process within an embedded social context adds unique value to the network's capabilities. The 'relational absorptive capacity' of the network then, develops cumulatively, is path-dependent, and is a consequence of the partner's learning capabilities (Lane and

Lubatkin, 1998). Its pertinence to network coordination mechanisms is that it enables us to understand the performance and role of central organisations within the network system. Nevertheless, all authors acknowledge that these integrating mechanisms remain conceptual, and require significant investigation to further understand these processes.

2.10 Conclusion

This chapter has overviewed the literature as it relates to the management of network forms of organising. First, the structural explanation to network analysis enables a visual representation of the architectural properties that make up networks and illustrates the variations in demand, obligation and reciprocity inherent in each position. Accordingly, structural analysis researchers suggest that networks are a function of the positions occupied within the structural points of the web. While offering substantial insights into the configuration of the network and how organisations are connected together, this explanation alone excludes the behavioural role of the actors and the manner in which they interact with others.

The embeddedness perspective has added insights to the understandings of process, arguing that the social conditions of life play a strong influence on how actors interact which acts as a coordinating mechanism within the network. This suggests that networks are fluid and that they constantly adapt and change as actors enact their realities. Explanations of relational embeddedness (the content of dyadic ties) and structural embeddedness (the fluidity of the network configuration) have generated conceptual frameworks to examine the coordination process. Repeated interactions embedded in friendship, altruism and trust empower the transmission of tacit knowledge, enabling the network more flexibility in terms of adaptation and coordination.

At a network level, the stockpiling and aggregation of these interactions was explored, particularly as they accumulate over time to form a social complexity and uniqueness embedded within the macroculture. This process has the potential to form an institutional thickness which may become a source of sustainable competitive advantage because of its inimitable qualities of causal ambiguity, and social complexity (Barney, 1991). The ability of the network to learn and adapt is a function of the ‘absorptive capacity’ of organisations within the network and the manner in which this conditions the network group. Thus, while the broad research question of this thesis is *How is supply organised within network arrangements?*, the central focus is of this question is:

How does cooperation inform the coordination process within a network?

The more focussed questions subsumed within this inquiry are:

- How does structure influence the adaptability of the network?
- What affect does the embedded macroculture have on the function of the network?
- What is the role of complementation within the network?
- How is information diffused within the network?
- What is the absorptive capacity of the network?
- Where is the source of strategic advantage for the network?

Before directly developing these issues, the following chapter will describe the qualitative methodological lens used to examine the reality in which this research inquiry is framed.

3: Methodological Issues and Method

3.1 Introduction

Any methodological stance reflects the belief system of the researcher, assisting in their comprehension of social order and framing the conditions in which the contribution to knowledge occurs. This thesis embraces an interpretive methodology, and this chapter discusses the foundations of this paradigm and how it influences and constructs the research inquiry. It suggests that because human behaviour is value based, the construction of social reality becomes a subjective representation formed from the context within which actors reside. This approach poses limitations in creating laws of universalities characteristic of scientific research. The essence of this chapter places 'self' at the centre of an individual's construction of reality, and explores the manner in which multiple perspectives from these individual actors are negotiated around contextual situations. Within a managerial setting, the crafting of negotiated order becomes fundamental to the process of understanding interorganisational relationships and participation; of how social order constructs and constrains economic order. The first section of this chapter outlines these issues, describing the methodological lens underpinning this thesis and its contribution to durable theory. The second part of the chapter demonstrates the method employed to conduct the data collection, analysis and presentation of this material.

3.2 A Phenomenological Perspective of Inquiry

With the rise of commercial enterprises, the managerial function emerged to augment the efficient production and administration of goods and services. A common feature was the rationalisation of processes, which assumed efficiency, predictability and calculation of the social life that formed these systems. It implied technically rational conduct, with priority given "to the intertwined growth of

economic production, technological mastery, scientific knowledge and bureaucratic administration of public and private institutions” (Bentz and Shapiro, 1998, p.21). This assumed conventions of universalities which facilitated meaning being formulated around the objectivity of the material world (Littlejohn, 1992). This scientific method of knowledge acquisition has traditionally dominated management research agendas, resting upon direct access to beliefs of fact and law (Bonoma, 1985; Craig Smith, 1991; Schultz and Hatch, 1996). It aims to establish order through a causal, systematic approach of hypothesis testing, measurement, prediction and control in order to assist in the construction of durable theory. It assumes that the world can be viewed atomistically, with reality being constructed from a collection of disconnected facts (Bentz and Shapiro, 1998). Its link with organisational studies is the assumption that “institutions can... control human behaviour by setting up predefined patterns of conduct” (Berger and Luckmann, 1966, p.72). Sustaining these propositions is a belief that because ethics, values and politics have no rational basis, they are argued to offer no contribution to the scientific realm of knowledge acquisition.

However, it is argued in this thesis that these human values do encroach upon the construction of social life, and to exclude them from the process of inquiry presents a singular and atomised perspective to understanding the theoretical foundations of reality. Indeed, Berger and Luckman (1966) argue that “social order is not part of the ‘nature of things’, and it cannot be derived from the ‘laws of nature’. Social order exists only as a product of human activity” (p.70). As such, critics argue that by employing a scientific method to human behaviour implies a concrete reality where actions and norms are static constructs. Rather, advocates of social construction declare that actors within society are motivated in various and complex ways, through “ambition, competition, desire for material success and recognition, generosity, religious and political beliefs, nonrational impulses, neurosis and self-transcendence” (Bentz and Shapiro, 1998, p.11). This makes the societies in which we live constantly evolving over time, fluid and complex, an antithesis to the static

objectivity needed for establishing universal laws of generalisability.

For those who posit that social order exists as a product of human activity, the intervention of human values suggests that while the “natural sciences investigate external processes in the material world, the cultural sciences are especially concerned with internal processes of the human mind. These processes can only be understood in relation to the minds which create them and the inner experience which they reflect” (Burrell and Morgan, 1979, p.229). Reality is argued to be the product of social interaction as perceived from the perspectives of those involved, evolving not from a direct connection with the objective world, but rather from a subjective interpretation specific to particular social contexts and multiple perspectives. The focus then, is not an ‘objective’ truth found within scientific inquiry, but on truth as the social actor perceives it, with these outward manifestations reflecting experiences of the inner mind. As such, the construct of the object is an extension of the identity of the actors, including the observer, and is dependent upon intimate and indistinguishable interconnections. In this light, this qualitative methodology is understood as an attempt to “capture and understand individual definitions, descriptions and meanings of events” (Burns, 1994, p.238).

Interpretive Paradigm

These meta-theoretical perspectives regarding the actions, decisions and beliefs that capture a perspective on how a society functions are identified with the paradigmatic framework, one of which is that proposed by Burrell and Morgan (1979). These authors condense these epistemological differences into four grand paradigms: radical structuralism, functionalist sociology, radical humanism, and interpretive sociology; with each exhibiting a set of assumptions regarding either objective or subjective realities, and radical change or regulation systems. Burrell and Morgan propose incommensurate positions for each, arguing that each paradigm employs a unique perspective which vindicates its own domain to enable

specific theoretical and conceptual combinations to be developed.

While the paradigmatic perspectives proposed by Burrell and Morgan have endured, their restrictive incommensurability has been widely challenged, with many authors accepting integration or complementary paradigm crossing (Hassard, 1989, 1991; Gioia and Pitre, 1990; Weaver and Gioia, 1994; Schultz and Hatch, 1996). Indeed, a much more fluid and nomadic interplay between the grand perspectives is argued as necessary for understanding the interdependence of second-order methodological concepts (Schultz and Hatch, 1996).

Nevertheless, this thesis is positioned within Burrell and Morgan's interpretive paradigm. This in no way denies the influencing characteristics of the other paradigms, but rather is a reflection of the compatibility of its set of assumptions. The essence of this paradigm seeks to describe, explain, diagnose and understand the social construction of reality, as it "emphasises that the social world is no more than the subjective construction of shared interactions of everyday life" (Burrell and Morgan, 1979, p.260). This thesis and this paradigm merge interests in the interrelationship between meaning and action, seeking to reveal the processes of structure and organising.

Hence, with both structure and agency underlying this thesis, it is located more specifically within a situational phenomenological interpretation. Attention is placed upon the way in which actors achieve their goals by drawing upon their knowledge of rules (e.g. procedures and techniques) and command of resources (e.g. materials and goods) to reconstitute the rules that comprise their realities. This assumption is compatible with a phenomenological interpretation, which studies the appearance of objects or events in everyday life. It accepts a tendency towards social order, but regards the symbolic representations of reality as context bound, perceived within the construction and enactment of individuals. As Giddens (1984) asserts:

The knowledge of social conventions, of oneself and other human

beings, presumed in being able to 'go on' in the diversity of contexts of social life is detailed and dazzling...structure has no existence independent of the knowledge that agents have about what they do in their day-to-day activities (p.26).

In his treatise on phenomenology, Schutz (1970), too, acknowledges the interaction between structure and consciousness, arguing three basic assumptions: That there is constant reality and structure to the world; that one's own experiences are valid; and that one has the power to achieve one's actions. Central to phenomenology then, is how the construction of social order is perceived, through the investigation and observation of objects and events which are implicitly found in the behaviours of the participants. The focus of exploration is directed to the attachment of meanings to actions rather than on the behaviour of the actors. Schutz (1970) elaborates, "The experiences of a conscious human being who lives and acts in a 'world' which he apperceives and interprets, and which makes sense to him. He deals with his world in the intellectually spontaneous yet active mode of intentionality" (p.5). This denies the separation of self from the social order, highlighting the webbed integrative nature of relationships that construct the social world that is embedded in this thesis.

Hence the context too becomes a central feature in this thesis, with an emphasis on the situation rather than on symbolic or linguistic representations. In exploring how actors make sense of their world, it focuses on their negotiation of the social context within which they find themselves. Meaning is attached to events, which can only be understood through interconnected and complex patterns of on-going actions. Phenomenology recognises that "social reality comprises little more than a complex set of typifications which may be subjectively shared" (Burrell and Morgan, 1979, p.252). Thus, the focus is on the complex and elaborate structures which frame our world and the nature in which they are constructed within individual consciousness. As Giddens (1984) asserts:

Structure is a virtual order of transformative relations, and thus exists, as a time-space presence, only in its instantiations in such practices and as memory traces orienting the conduct of knowledgeable human agents (cited in Weaver and Gioia, 1994, p.578).

The implications for this thesis from a phenomenological perspective then, is an assumption that there is social order and regulation within society, but that these realities are interpreted and reflected by those clustered within. While organisations too constitute the fabric of society, to treat them as a separate condition negates the role of the belief systems of individual actors in constructing these realities, which would then assume that their economic lives can be clearly delineated from their social lives. This perspective challenges the objectivity, universality and atomisation of rational practice and process, as it asserts that the belief systems, values and conventions are a reflection of the multiple actors that enact. As such, the interdependencies are created and constricted by negotiated order, which is itself constructed by a complexity of underlying patterns and assumptions.

3.3 Ethnographic Methodology

Stemming from this perspective, an ethnographic methodology is a common context to explore these issues. Ethnography is the study of a cultural group, which provides a lens to observe the day to day practices of interorganisational activity. More specifically, situational ethnography is the art and science of describing a group or culture, where the unconscious routines of how people manage their interpersonal contacts are observed (Fetterman, 1989). Because of its concern with “how society gets put together” (Garfinkel, 1974, p.16), ethnography is a process of analytical description and interpretation by an observer constructing life-meanings of how a group of people order their life. It is descriptive in that it is an observation

of social practices, of the features and characteristics of certain phenomenon; and it is explanatory in that it seeks to explore those features and the social meanings that generate them. Ethnographers then, are concerned with “identifying the taken for granted assumptions which characterize a social situation and the ways in which the members, through the use of everyday practices, make their activities rationally accountable” (Burrell and Morgan, 1979, p.248). The ethnographic process has been likened to the “nets of deep-sea explorers, which may pull up unexpected and striking things for us to gaze upon” (Barton and Lazarsfeld, 1969, p.166). Bonoma (1985) too describes these context-bound epistemologies as “noisy settings” which furnishes an arena to explore the social patterns of how everyday life gets put together.

Reflexivity

The essential property of ethnography is its interpretive quality, which places the ethnographer, the researcher, at the core of this process. The interpretation of the world is seen as a reflection of the researchers encounter and understanding of it. Ethnographers view the social world as essentially a world of interpretations and meanings; representations of “accounts which do not passively mirror a world presumed to be out there; rather, as actively construed interpretations of it” (Watson, 1987, p31). Thus, reflexivity is characterised by the relationship between the researcher and the context being interpreted.

These subsequent subjective representations have been the object of censure by those preoccupied with the search for scientific truth, suggesting that these social facts are mere human fabrications. Yet few would claim that even functionalist methodologies have been entirely successful in eliminating bias from experimentation and research design (Bonoma, 1985). Craig Smith (1991), for instance, argues that while scientific inquiry claims to “annihilate the scientists viewpoint through the separation of the producer of the statement and the

procedure whereby it is produced..., [there is] no magic trick that may bypass the act of interpretation” (p.147). And Alvin Gouldner (1970) agitates that “positivism premises that self is treacherous and that, so long as it remains in contact with the information system, its primary effect is to bias or distort it” (p. 495). He asserts “that the assumption that the self can be sealed off from information systems is mythological” (p.495). This mythological analogy is embraced by ethnographers, as they accept that the human world can only be known in subjective human terms. Indeed, Watson (1987) continues that “ethnographies are fictions in the sense that they are something made” (p.37).

Thus, the role of the ethnographer in framing the ethnographic chronicle becomes essential to the process. A unique characteristic is identified by Spradley (1979), who comments that “instead of collecting data about people, the ethnographer seeks to learn from people, and to be taught by them” (p.4). This makes this relationship between the object to be studied and the inquiring subject not only mutually interrelated, but also mutually constructed. Gouldner (1970), too, reflects, “The knower’s knowing of himself [sic] - of who, what, and where he [sic] is - on the one hand, and of others and their social worlds, on the other, are two sides of a single process” (p.493). This mutual construction has been readily experienced by tourism ethnographers (coincidentally for this thesis). Bruner (1995), for instance, found himself slipping back and forth while undertaking an ethnographic study of tourism in Indonesia, “Was I a closet ethnographer on tour, or a closet tourist doing ethnography?” (p.231), he questioned. And Pirkko Markula (1997) discovered she was unable to isolate her professional self from the tourist self while on holiday in Tahiti, using her ethnographic discipline to analyse her personal experiences, “My self-examination was evoked by a tourism experience in a strange cultural setting... Perhaps the uncomfortable role as a tourist overpowered my professional knowledge?” (p.221). Recognising the importance of tourism to this thesis, these comments are particularly pertinent, as they highlight the duality of the self in the research process. The involvement and participation in leisure activities to recreate

the self (a construct of the tourism phenomena discussed in Chapter Four), inevitably assumes the researcher is not a disinterested vehicle creating an objective accounts. Rather the research inquiry is a product of his or her own beliefs, values and conventions accumulated during the research experience.

This duality was previously identified by Clifford Geertz (1975), “The culture of a people is an ensemble of texts, themselves ensembles, which the anthropologist strains to read over the shoulders of those to whom they properly belong” (p.452). While Geertz did not imply the separation of the ‘outsider’ from the ‘insider’ representative of earlier times, this quote illustrates the researcher as being part of the context, and yet not a completely integrated part. The nature of observing social practices takes on an intimate gaze into the conventional lives of others, placing the researcher in a perplexing role. On one hand, immersion into the research context requires familiarisation with both the situation and the actors, with relationships between key informants based on bonds of friendship and trust developed over time. Familiarisation is said to increase the involvement of the researcher within the contextual arrangement, with the actions of the research actor becoming subsumed into the processes being observed. Inevitably this familiarity can raise issues of bias and overrepresentation. Yet, on the other hand, to maintain a stance of detachment, especially if the role is temporary or for a specific purpose, reduces the exposure to the intimacies of every day life, narrowing the tapestry from which to interpret the multiplicity of social action.

To this end, Garfinkel (1967) identifies the considerable consequences that ethnographers can have. Deciding which phenomena is worthy of public dialogue can have implications within the setting. The ethnographic process involves passing judgements on which conventional practices are worthy phenomena of exploration, and the interpretation of these are a reflection of the ethnographer’s observation of daily conventions. These observations may not necessarily been seen in the same light by those within the social group. Thus, the values and ideology of the

observer implicitly become part of the selection of evidence to support or refute the production of the ethnographic chronicle. This highlights the importance of delivering ethnography from its descriptive custom focussing on site specific arrangements into more public debate. As Geertz (1975) declares, “The locus of study is not the object of study. Anthropologists don’t study villages; they study in villages” (p.22). Emerson (1983) takes this one step further, declaring, “No description is entirely neutral, and this result is not only a product of the ends to which such descriptions can be put by others, but also of their implications for those studied” (p.266). Indeed, this reflects the significant impact the researcher may play within the context through their raising of topics for public debate and perusal. In this way, the ethnographer too becomes entangled within the context as an actor, actively structuring the context being interpreted.

Contribution to Theory Development

While an ethnographic methodology is now seen as a legitimate epistemological lens (Burns, 1994; Craig Smith, 1991; Hammersley, 1992), there have historically been attacks regarding its ability to produce theory from descriptions, its lack of generalisability, and the subjectivity of interpretation. However in delivering this censure, these critics fail to recognise the very essence of ethnography in that it rests upon different epistemologies, uses different methods, and appeals to a different form of understanding than scientific research (Hammersley, 1992; Burns, 1994; Burgess, 1995; Lukka and Kasanen, 1995). Indeed, Weick (1989) suggests that too often theorists “write trivial theories because their process of theory construction is hemmed in by methodological strictures that favor validation rather than usefulness” (p.516). He argues for alternative methodologies to expose atypical knowledge contributions, continuing:

These strictures weaken theorising because they de-emphasise the contribution that imagination, representation, and selection make to the process... theory cannot be improved until we improve the

theorising process, and we cannot improve the theorising process until we describe it more explicitly, operate it more self-consciously, and decouple it from validation more deliberately... Theorizing consists of disciplined imagination that unfolds in a manner analogous to artificial selection... A more explicit description is necessary so we can see more clearly where the process can be modified and what the consequences of these modifications can be” (p.516).

This highlights the validity of epistemological lenses such as ethnography in that they enable a deeper comprehension of what is happening within a specific context, of how and why specific meanings are created. Thus ethnography allows the “development of a subjective theory of human action, dealing with action as a process anchored in the motivational functions of reasons and goals” (Schutz, 1970, p.12), enabling an artistic process of inquiry to transpire.

Inductive Inquiry

Criticisms that descriptive analysis is unable to produce theory is highlighted by Hammersley (1992) who notes that because “descriptions are about particulars (objects and events in specific time-place locations)” (p.12), and “theories are about universals (types of phenomena, wherever they occur)” (p.27), descriptions cannot be theories. Nevertheless, he then acknowledges the paradox in that “all descriptions are theoretical in that they involve concepts and are structured by theoretical assumptions” (p.28). This highlights the ineffective placing of deductive and inductive research at opposite ends of a continuum. Rather, different research strategies seek different purposes and outcomes. The purpose of deductive research is theory testing which has data integrity as its core through the consequences of key variables, comparability across studies and predictive validity. It seeks to find generalised laws from mass representations. Yet because deductive research

strategies fail to comprehend the effectiveness of the theory in practice and the complexity surrounding the contextualising of the key variables (Bonoma, 1985), “the tie to actual data has often been tenuous” (Eisenhardt, 1989, p.532). The very strength of ethnography is its inductive ability, of being able to generate theory through its intimate connection with reality, with its emphasis on the exploration of meanings and processes rather than consequences, and of organic wholeness rather than independent variables (Eisner, 1979). Its purpose is “to see possible parallels and links not previously noticed; to enable us to free ourselves from the frameworks we employ so routinely to see reality” (Hammersley, 1992, p.14). The contextualising of insights through framing relationships between phenomena in new and revealing ways enables the expansion of subtle elements in the development of theory.

Thus, inductive ethnographic analysis allows theory to be “grounded in the detailed study of everyday life” (Hassard, 1991, p.133), generated through researchers getting close to the data (Glaser and Strauss, 1967). Theory building becomes an iterative procedure where it is inductively derived from the study of the phenomena it represents:

Grounded theory is one that is discovered, developed and provisionally verified through systematic data collection and analysis of data pertaining to that phenomena. Therefore the data collection, analysis and theory stand in reciprocal arrangement with each other. One begins with an area of study and what is relevant is allowed to emerge. The underlying theory then becomes extended and modified, through the clarifying of existing and emerging propositions. (Strauss and Corbin, 1990, p.23).

Grounded theory requires the ability to break through existing assumptions and to conceptualise new statements of relationships. This is the distinguishing factor between the conceptualisation of theory, possible through a shift of focus from the

observation of social actors to the interpretation of the phenomena, and description which merely provides summaries of observations (Bittner, 1974; Strauss and Corbin, 1990). Yet these summaries provided descriptive documentaries representative of earlier anthropological works, epitomised by Bronislaw Malinowski, Margaret Mead, and Raymond Firth, whose legacy did little to displace criticism of ethnographic research. Indeed, Van Maanen (1995) describes the ethnographer in those days as a “supertourist who visits a group of natives in their habitat and brings back the news of their way of life” (p.3). Yet, even then, Frake (1964) believed:

To describe a culture, then, is not to recount the events of a society but to specify what one must know to make those events maximally probable. The problem is not to state what someone did but to specify the conditions under which it is culturally appropriate to anticipate that he, or persons occupying his role, will render an equivalent performance. This conception of a cultural description implies that an ethnography should be a theory of cultural behaviour in a particular society (p.112; quoted in Wolcott, 1995, p.85)

Thus, ethnography, while still employing a storytelling legacy, addresses the analytical sense and meaning making characteristic of cultural interpretation.

As researchers are able to “take advantage of the uniqueness of a specific case and the emergence of new themes to improve resultant theory” (Eisenhardt, 1989, p.539), the focus is upon analysis as a process of question discovery; on the richness, uniqueness and contextuality of data. As Burns (1994) acknowledges, “Mass representation is not the purpose; there is no uniformity of nature; statistical data sanitized by experimental control are not representations of life” (p.326). The concern then, is with circumstantial uniqueness, as ethnography illustrates points and enables categories of information to be refined and developed. Once again, the very nature of inductive research rests upon uniqueness, not a scientific search for

conformity and duplication. The criticism that ethnographic research is largely anecdotal (Lukka and Kasanen, 1995), fails to acknowledge that generalisability and mass representation is not the purpose. Indeed, the modernist construction of intending to “build a coherent comprehensive and hierarchical scientific system in which, based on facts lying at the bottom of the hierarchy, more and more general laws and theories are developed” is not central to ethnography (Lukka and Kasanen, 1995, p.75), as the concept of preserving truth is lost when trying to understand human behaviour. Further, it is suggested that no theory will ever reveal truth. All theories are abstractions and in the process of being conceptualised certain aspects will be given importance at the expense of other aspects (Littlejohn, 1992). Theories are constructions generated by the subjectivity of human meanings.

Yet underlining the interpretive ethnographic paradigm is an assumption that there needs to be a shared meaning of reality for our lives to be purposeful (Lukka and Kasanen, 1995). There is an assumption that typifications do occur, but the notion of generalisability is refuted as reality is an inherent process involving the object and the self which is dependent upon intrinsically different past experiences. According to MacIntyre (1990):

It seems probable that they [the features of social life] will have three important characteristics. They will be based on a good deal of research, but their inductive character will appear in their failure to approach law-likeness. No matter how well framed they are, the best of them may have to coexist with counter examples, since the constant creation of counter examples is a feature of human life. And we shall never be able to say of the best of them precisely what there scope is. It follows that they will not entail well-defined sets of counterfactual conditions. They will be prefaced not by universal quantifiers but by some phrase as ‘characteristically’ and ‘for the most part’... (cited in Lukka and Kasanen, 1995, p.73).

The contribution from ethnographic insights is through the reconstruction of phenomena, with “issues of interest” being highlighted and initiating different perspectives for “public dialogue” (Hammersley, 1992). It is this public dialogue that differentiates qualitative research from the traditional theory development of prediction and control. Public dialogue allows the narration of observations, and hence has the potential to generate conclusions that may “point out the way for future policies, rather than scientific generalizations that may be of little use at the coal-face” (Burns, 1994, p.12). Finally, Eleanor Lyon (1997) makes a significant contribution in highlighting an important premise for ethnographic studies. She argues that while policies are understood and implemented through action at various levels, they cumulate at the local level. Thus, by studying the ‘macro’ problem at the ‘micro’ level, the mediation of the structural effects on the local population can be observed. Lyon quotes Hall (1995), “The analysis of the total policy process therefore requires attention to action at each site/phase, contextual influences, and the network of site linkages that conveys the conditioning of action. Overall, this constitutes the study of the social organisation of the policy process” (p.12). Indeed, it is these very issues of action, context and network linkages that this thesis seeks to examine.

3.4 The Case Study Method

Turning from the epistemological lens, the method describes the process within which the data is collected, analysed and presented to form the thesis document. For interpretative ethnographic research, case studies are often a preferred approach. These naturalistic environments are characterised by providing a single setting context for exploring the complexity of relationships and negotiation of collective meanings within a bounded system. Holstein and Gubrium (1994), for instance, comment that with everyday life conducted in formal organised settings, these settings provide accountable modes for local interpretive practices. This is

reiterated by Yin (1994) who argues that case studies are the most appropriate strategy when 'how and/or why' questions are being posed; when the investigator has little control over events; and when the focus is on contemporary phenomena within real life contexts. This engenders an emphasis on process, and allows the study of social phenomena in the natural setting, as pertinent to this research. This emphasis on a specific bounded system means case studies are not a methodological choice, but rather are objects to be studied (Stake, 1994).

Stake (1994) argues that uniqueness is the key characteristic of case studies, with each case having its own distinctive history and social complexity. This enables a concentrated inquiry of each instance to be framed and examined, consistent with the outcomes asserted by Yin (1994) as characteristic of case studies:

To *explain* the causal links in real-life relationships that are too complex for survey or experimental strategies; to *describe* the relationships and real-life context; to *illustrate* certain topics within the relationships; and to *explore* the situation in which the relationships being evaluated has no clear single set of outcomes (p.15).

Again, this emphasis on process enables this research to specifically explore the interactions among network members: describing the multiple relationships; illustrating actions that influence the destination management; exploring actors interpretations of these actions; and explaining the theoretical implications.

Selecting the Case Study Site

Three alternative approaches to case site selection are proposed by Stake (1994). Intrinsic case studies are those, he claims, characterised by some unique phenomena, with the setting achieving prominence before the study began,. The case is interesting in its own right. Its purpose is not theory building or hypothesising

(although these may occur), but solely to explore its uniqueness. It draws “the researcher to understand what is important about the case within its own world, not so much the world of researchers and theorists, but developing its issues, contexts, and interpretations” (Stake, 1994, p.242). The second type of case Stake defines as the instrumental case, which is examined to provide insights into an issue, or to refine theory. Because the issues are already known, it is designed to advance our understanding of those issues through an exploration of depth. Finally, the collective case study involves pursuing a number of contexts in order to investigate a particular phenomenon, illustrating the predictability of certain phenomena.

A single, intrinsic case has been selected for Part Two of this thesis, chosen not for its representability or generalisability, but for its explanatory power. It was chosen to reveal, as it represents uniqueness - the phenomena or context being of importance to warrant documentation and analysis in its own right. While a single case sacrifices breadth and scope of the research question, it allows for a depth and richness of detail.

The Waitomo Caves tourism destination chosen fulfills this criteria, as it embodies a unique attraction not found elsewhere in New Zealand, and arguably not elsewhere in the world. It can also be defined as a bounded system, with its geographical isolation making it possible to place boundaries between it and its external environment. While it is assumed that no system is completely bounded and independent of others, the isolation of Waitomo makes it more characteristic than the norm. Indeed, if the essence of ethnography is for the macro to be informed by the micro, then the Waitomo Caves destination becomes a pertinent context for this exploration, with its embedded past, as elaborated upon in the forthcoming chapters, effecting it as a microcosm of the many issues facing New Zealand.

3.5 The Fieldwork

For ethnographic cases, the collection of data involves entering the setting - the field - and getting to know the people in it. This 'fieldwork' constitutes of two parts. First, it involves participating in the daily routines of the setting, developing ongoing relationships, and observing these routines. Second, it consists of accumulating regular and systematic records of what is being observed and experienced.

This initial process of 'observing' the daily routines can occur in a variety of forms. True ethnographic research was earlier based on fully immersed 'participant observation', with the researcher locating into the setting for a length of time, observing and recording the daily routines. This involves a physical and social proximity, and a deep immersion into the lives of the observed, embedding the observer too into the constraints and pressures of the observed phenomena. This absorption into the field warrants that "no researcher can be a completely neutral, detached observer, and independent of the observed phenomena" (Emerson, Fretz, and Shaw, 1995, p.3).

However, the construct of our daily lives means complete absorption into the setting for a length of time is increasingly out of reach for many researchers, and a less immersed method of fieldwork is the norm. While still embedded on observation, it becomes a more transient process, with other forms of data gathering also included to hasten and aggregate the research process. Most of the information was gathered through interviews and observation, but some secondary sources also formed part of the case study inquiry. Letters, agendas, reports, organisational records and newspaper clippings all supported, collaborated and augmented the 'moments' that required a more detailed explanation, as attested by Yin (1994). Oral traditions were also used for obtaining historical data, and their inclusion in Chapter Seven was critical to understanding the roots of current information exchanges and transfers, the essence of this thesis. These sources were from

families who have lived within this community for generations, with a rich historical oral tradition expressing the embeddedness of this destination.

As the researcher within this context, the collection of data was assisted by my own personal associations and behaviours. My family name is well-known within the transport sector of the tourism industry and this association enabled me access and credibility in the field. Indeed, at least one operator displayed a reluctance to participate until he grasped the family connection. "If I know what's good for me, I'd better take part" he acquiesced. While this furnished me with access legitimacy, I also knew that receiving tacit information would only occur through gaining the trust and respect of communicants. Being a gentle female assisted in this process, affording me with a non-threatening stance from which to solicit complex inquiry. To this end, my involvement as a researcher was not neutral. It reflected my own background and individual characteristics, and reinforced the subjective stance embracing the thesis document. This process also ensured that I too become an actor in the field, with my presence and inquiry itself actively structuring the context within which I had come to peruse.

Entry into the field for this research began with a personal visit to each participant, meeting these people and explaining the purpose and intent of the research outlined in a formal letter of proposal. This visit was followed shortly after by ninety minute taped unstructured interviews. These unstructured interviews provided a framework to ensure that key issues were addressed, but allowed the flexibility for respondents to narrate their own experiences, ideas, motivations and thoughts. This highlights a feature of this process in that it allows the researcher to probe more deeply into the personal opinions and motivations that may emerge from these conversations, which in turn may spark avenues of further inquiry into insights and propositions not familiar to the researcher. Part of this process is that "the researcher must adapt to the world of the individuals studied, and try to share their concerns and outlooks. Only by doing so can he or she learn anything at all...

Asking questions and getting answers is a much harder task than it may seem at first” (Fontana and Frey, 1994, p.371, 361). Indeed, Stake (1994) recalls, “One cannot know in advance what the issues, the perceptions, the theory will be. Case researchers enter the scene expecting, even knowing that certain events, problems, relationships will be important, but discover that some actually are of little consequence” (p.239-40).

Over the four year research period, yearly face-to-face unstructured interviews were undertaken with each participant. Interestingly, the most valuable information was relayed after the formal interview was concluded, possibly because the participants felt more vulnerable when their conversations were being formally recorded. With time, as the ‘stranger’ became more familiar in the setting, less formal methods of inquiry began to emerge. This release from formal data collection provided a context for trust building, and as friendships developed, closer information transfers occurred. Indeed, it was during this ‘backstage’ process that the most valuable conversations would take place, possibly because “participants may be unaware that they are still communicating information which may be recorded, have temporary forgotten the researcher’s role, or be unaware that an ethnographer is never off-duty” (Ellen, 1984, p.145).

Nevertheless, this familiarity with participants highlights the subjectivity of the research inquiry. The formal taped conversations were transcribed word for word, providing the hard data from which the thesis document would be generated. These transcriptions were then returned to the individual discussants for verification, not only to confirm the transparency of process, but also as a witness that the statements were representative of the discussants intent. The involvement of less formal research methods, however, overrode this process as there was no tangible testimony of the dynamic conversations. This meant after each day in the field notes were jotted on the conversations which had occurred, but there was no verification process between the researcher and the participants on the accuracy and intent of

these conversations. While ethnographers have traditionally made a distinction between in-depth interviews and participant observation, as Lofland (1971) points out, “the two go hand in hand, as much of the data gathered in participant observation comes from informal interviewing in the field” (cited in Fontana and Frey, 1994, p.365). In time, the taped interview provided the instrument to record the actions observed informally in the field, but with less richness than observed.

More pertinently, these closer friendships meant the relationship between researcher and participant became blurred. Close ties were developed with some participants, posing potential issues of bias in the representation of data. Yet, paradoxically in being aware of this, overcompensation of bias can occur. This highlights the changing role and identity of the researcher over time. Davis (1961) writes of this changing immersion process, as the ethnographer is initially seen as someone who is neutrally independent. They then move into a stage of friendship. Finally, informants may face betrayal after the research process has concluded, perceiving that they were not well represented. Nowhere is this more evident than at the conclusion of Thompson’s (1985) study on Hell’s Angels, upon which he was subjected to a brutal beating (cited in Fontana and Frey, 1994).

Part of the ethnographic process is an awareness of the exchanges that do *not* take place. Indeed, the topics not discussed were frequently those which involved the most disparate interactions, and hence were not items for public deliberation. These ‘silences’ cautioned by Clough (1992), are often cited by critics as representative of ethnography’s subjectivity and partiality. Nevertheless, as Ellen (1984) acknowledged, “Ethnographers should recognise the rights of citizens to privacy, confidentiality and anonymity, and not to be studied” (p.138). Indeed, this predicament was evident in this study. My early passage into the field was centred around the initial research question of the motives and interests of the commercial operators, whom I saw as the hub of exploration into the destination management. This assumption reflected my own ignorance of the cultural norms within the

setting, with some of the central actors having less visible commercial roles. My initial oversight of these people meant that when I finally sought their opinions, they referred me to less central people to discuss the issues, offended by my omission.

Finally, ethnographers have considerable moral obligations to their participants, who entrust them to act ethically. Through their ethnographic gaze, researchers become the source of considerable personal and confidential information. Maintaining silence with this information is a predilection of personal integrity. However, the professional disclosure of information can pose considerable dilemmas and challenges in the writing up of the ethnographic chronicle (discussed later in this chapter). While wishing to protect the interests of those participating, a reciprocal gesture for their involvement, the academic process of inquiry requires a careful and thoughtful distillation of information for public dialogue.

3.6 The Theoretical Lens

A focus on delivering the case specifics to a theoretical construct helps overcome these difficulties. However, finding the correct theoretical lens takes considerable time when using an inductive process acquired through the case study instrument. The initial research process began with a review of the tourism literature, with a particular interest in collaboration. This search revealed little of substance, and set the scene for organisational management theorising to take precedence.

At this point, the first forays into the field began. The research question remained general, with limited comprehension of the strands of theory that would later form the theoretical foundation. Thus inductive research approach poses difficulties for the researcher. Going into the field with limited theoretical foundation means a plethora of ideas and concepts over a wide range of fields, each offering little substance at this time. Thus, the boundaries become permeable and the focus of the

research could readily change direction. While this enabled new and interesting areas to be investigated, it was necessary to refocus and redefine the boundaries in these early days. The broad question of “how are clusters of organisations organised?”, was generic enough for several management research theories to potentially contribute some understanding of these processes. Population ecology, resource dependence, collaboration theory, strategic alliance, network theory, or fragments of each, were all candidates.

It became evident that this research process was conforming to a ‘middle-range’ theorising perspective. Laughlin (1995) argues that middle range thinking is characterised by skeletal features, with this metaphor “painting a picture of incompleteness yet also reasonable stability” (p.81). The research process, he contends, begins with skeletal understandings of the theory and context. The role of the researcher becomes entwined with the context and the two elements form the discovery process. While the data is heavily descriptive, it is also analytical as “it complements and completes the skeletal theory” (p.81). These theoretical insights provide general discoveries which support a broad understanding of relationships.

This mid-range framework goes beyond the research process recommended by Yin (1994) for case studies. He argues that the most preferred general analytical strategy begins with the development of theoretical propositions, which lays the basis for the research study. These influence the literature review, the development of research questions, the objectives and design of the case study, and shape the data collection plan. However, the discovery process characterising inductive theory cannot have such developed theoretical propositions, and hence the theoretical process I followed was mid-range theorising where observation becomes part of discovery.

The initial interview session was dominated by factual issues, exploring the functional characteristics of the individual business operations. On reflection, much

of this initial data became redundant to the research question, but this early contact was important. First, it was an 'ice'breaker', sowing the seeds for a longer term relationship to develop. Asking neutral questions on this occasion allowed participants the opportunity to discuss their businesses in detail to a willing and interested audience. This enabled the researcher to listen and to understand the nature of each business, how it fitted into the destination structure, and its embeddedness within the system. Over the following twelve months, these business operators were visited regularly for informal chats, where, as noted earlier, the most informative discussions occurred.

Key issues for deeper investigation did not emerge at this stage of the observation process, nor was there was a narrowing of the research question. However, during the time between the first and second formal interviews, a substantial review of the management literature was undertaken, and it was at this stage that the reflective process began to emerge. Certain features within the literature were being distilled as processes that I had observed taking place while in the field.

The second set of interviews explored the participants relationships with others, moving from an interest in the processes within the organisation, to the firm's relationships with others, and others with others. Emerging from this set of interviews was the influence of central and critical relationships both within the destination, and outside it. It became apparent that the geographical boundaries did not preclude influences from outside stakeholders, and it was at this stage that other stakeholders, primarily government agencies, were added to the research process.

The time between this set of interviews and the next was the most critical to the inductive theory process. The literature on network theory began to demonstrate the closest alignment to the observations that I had witnessed. Now began an intense investigation into the network literature. Inductively, I then made iterative links between the theory and the observations I had collected, enabling a focus and

attention on certain phenomena while ignoring others.

The final set of interviews explored in more detail these contextual issues underpinning the destination relationships, seeking further understandings, meanings and interrelationships. These questions focussed on the content of the relationships between actors in the destination. Interestingly, this set of interviews were the most difficult. Moving from the more informal involvements with my participants to the formal interview format may have placed them in an uneasy situation; or possibly the nature of question exploration was more sensitive, and the participants were more guarded. Nevertheless, this closing off, and the converging lines of inquiry that began to emerge, ensured the formal interview process was finished. Another factor placing pressure on the data collection process at this stage, was also the fluid nature of the network. Several of the initial contacts had moved from the destination, resulting in the need to build new relationships with their successors. Yet the theoretical inquiry had moved from the factual and architectural issues, to more motivational and experienced-based content issues. These questions required a preceding relationship between researcher and participant for the information to be forthcoming, and it felt unfair to place these newcomers in such a position. And so the central research time in the field concluded. Nevertheless, because of the strong friendships made during this time, continuing interactions and involvement in this setting continue.

3.7 Data Analysis

After having collected extensive volumes of unstructured data characteristic of qualitative methodologies, the process of analysing this data becomes unwieldy and difficult (Glaser and Strauss, 1967; Fetterman, 1989; Yin, 1994). While qualitative research tools do exist, my attempts at using the Non-Data Information System Tool (NUD-IST) were not successful. I found it required considerable formulation

of the intended classifications before entering the data into the programme, which did not sit comfortably with my emergent theory process. It was through this iterative process of theory/observation/theory/observation which provided the flexibility and incubation to think beyond the current constrictions.

With so much data, the analysis process is overpowering, and becomes particularly problematic when the detail has so little predetermined structure. Yet the key influencing contextual themes became apparent quite readily in this research process, but my quest to search for 'deeper' meanings meant I did not readily accept these situational themes as being of utility for theoretical justification, particularly as I was guided by the textual orientations so prevalent in ethnography. The most likely explanation of this was their obviousness - topical concerns which had the capacity to influence all stakeholders in the destination, including both commercial operators and community members. This systematic process of organising the data into these major topics of concern was a labourious, but not difficult task.

The subsequent stage involved returning to the numerous transcriptions and fieldnotes to enable the substantive analysis to occur. This was an intense process of choosing patterns and statements which reflected the interdependent and connected processes: Who said what, who did what, and how these actions and perspectives matched the theoretical propositions. This structuring of sub-themes under these main headings was difficult and complex, and involved substantial time, energy and creative thinking to create consistent patterns. It involved the manual highlighting of text and a constant reorganisation of groupings and sub-themes. The complexity of dependent relationships meant simplistic categories were never attainable, and the numerous cross-overs in the data chapters reflects the complexity of interdependence, and integration and social and economic relationships. I later found this statement to legitimate the process I had pursued:

Starting with a topical concern, researchers pose foreshadowed problems, concentrate on issue-related observations, interpret

patterns of data that reform the issues as assertions... In choosing issues to organize their study, researchers accentuate one task or another. To treat the case as an exemplar, they ask, Which issues bring out our initial concerns, the dominant themes? (Stake, 1994, p.239).

Yet it was this final inductive process which offered the greatest insights and contributed to a deeper understanding of network theory. Throughout the research process was an iterative pattern of theory/observation/theory/observation. At certain stages, I observed small areas that had not been addressed in the literature, but then found them referenced in the conclusions of the latest journals. This helped to reaffirm the validity of my own research. My final contribution to knowledge may well be small, its purpose to offer insights for further investigation.

3.8 Presenting the Material

Ultimately, the ethnography is the written product, a desk-based activity, rather than fieldwork. Not surprisingly, ethnographies are not characterised by their conventional writing styles or processes:

In writing the ethnographic text, the writer organises some of these themes into a coherent story about life and events in the setting studied... Writing a thematic narrative differs fundamentally from writing an analytical argument, both in the process of putting the text together and in the structure of the final text. Structurally, in a text which presents a logical argument, the author sets forth a formal thesis or proposition in the introduction as a stance is argued, and then develops each analytical point with evidence logically following from and clearly supporting the propositional thesis. In contrast, an ethnographic story proceeds through an intellectual

examination of evidence to eventually reach its contributing central idea... The excerpts in an ethnographic story are not so much evidence for analytical points, as they are the core of the story (Emerson et al., 1995, p.171)

Thus, the ethnographer moves back and forward between topic and themes. Moving beyond mere situations, the ethnographer's role is to highlight distinctions and interconnections between related phenomena (Emerson et al., 1995). This reaffirms the inductive nature of the theory generation in this thesis, with the case specifics an instrument for offering wider theoretical observations. Thus, "In private and personal ways, ideas are structured, highlighted, subordinated, connected, embedded *in* contexts, embedded *with* illustration, laced with favor and doubt" (Stake, 1994, p.240). While researchers would like to tell the whole story, they cannot. "The whole story exceeds anyone's knowing, anyone's telling. Even those inclined to tell all find strong the obligation to winnow and consolidate" (Stake, 1994, p.240).

The moral and ethical decisions which occurred throughout the investigation are no more apparent than in the production stage of the ethnography. As Ellen (1984) states, "Commitment to the people studied is usually assumed... [but] identifying, safeguarding and forwarding the interests of informants are not straightforward propositions, particularly in fractionized, stratified, or otherwise divided or complex settings" (p.138). To overcome this, the personal identity of many individuals has been excluded, but the functional roles of individuals and the richness of the contextual setting are acknowledged. Thus, for those with attachments to the community, identities will be recognisable and I endeavour to craft this document with sensitivity. For this reason, many quotations remain unsourced, a respectful courtesy to protect informants and safeguard interests, with the intent of this document to highlight issues rather than to expose individuals. As Ellen (1984) asserts:

The ethical problems facing social scientists have changed over time and have become more difficult to resolve as the contexts of social research and the balance of power has altered between social scientist, sponsor, gatekeeper, citizens and government... One of these influencing factors is that knowledge is not only a source of enlightenment but also of power and property and therefore, it entails the power of both to harm and to benefit those studied (p.134).

Thus, the challenge to authors is to balance responsibilities and interests. Van Maanen (1988) concurs:

Ethnography carries quite serious intellectual and moral responsibilities, for the images inscribed in writing are most assuredly not neutral. Ethnographic writings can, and do, inform human conduct and judgement in innumerable ways by pointing to the choices and restrictions that reside at the very heart of social life (p.1).

He continues:

The narrative and rhetoric conventions assumed by a writer also shape ethnography. Ways of personal expression, choice of metaphor, figurative allusions, semantics, decorative phrasing or plain speaking, textual organisation... all work to structure a cultural portrayal in particular ways. Style is just as much a matter of choice (p.5).

The style most appropriate to the display of managerial processes central to this thesis, is the realist style, which provides a direct, matter-of-fact portrait of a studied culture. "On display are the coming and goings of members of the culture, and theoretical coverage of certain features of the culture... the result is an author-

proclaimed description, and something of an explanation for certain specific, bounded observed cultural practices”(Van Maanen, 1988, p.45).

Realist tales have been frequently criticised in recent times by purist ethnographers because of their exclusion of the author’s voice in the related account. While there may well be validity to some criticism, I do believe its documentary style, attention to the intimate details of everyday routines, spoken through the participants voice are appropriate to this thesis. I believe the more accepted confessional tale, with its self absorbed mandate, or the impressionist reconstruction in dramatic form of rare occurrences, would not allow the exposure of intimate but routine detail pertinent to this thesis.

The conventions described by Van Maanen as characteristic of realist tales parallel the intent of this thesis. Its *documentary style* focusses on:

...minute, sometimes precious, but thoroughly mundane details of everyday life among the people to be studied... Part of the flat, dry and sometimes unbearably dull tone of elaborate realist ethnographies is a result of this explicit focus on the regular and often-observed activities of the group under study” (Van Maanen, 1988, p.48).

Indeed, attention to such detail could be dull, but the essence of this thesis is the content of interactions around negotiated meanings, and as such, this intimate attention to detail forms the crux of this research. The second convention, *the native’s point of view*, too, becomes central to the intent of the thesis, in seeking the explanations and motivations of the actors involved in the construction of the destination. It is their perceptions and negotiated order which are the focus of display. As Stake (1994) claims, “it is not uncommon for qualitative researchers to let the case ‘tell its own story’, but the ethnographic ethos of interpretative study, seeking out emic meanings held by people in the case, is strong” (p.240). The third

convention, *the experiential authority*, recognises the absence of the author from the finished text. While critics assert that the narrator's authority is enhanced through this exclusion, I argue that my role in this instance is to give representation and voice to the participants in displaying their story. While this does not deny or negate the involvement and subjectivity of ethnographer within this process, it seeks to raise the participants prose for observation. Finally, the *interpretive omnipotence*, claims that the ethnographer has the final say on how the culture is interpreted and presented, rejecting contributions from the participants. While I did at an early stage contemplate involving participants in the process of reflecting on early thematic drafts, I decided that the nature of the topic, exploring disparate perspectives, could become problematic and troublesome as some participants may reject contrary perspectives of others. With the purpose of this thesis being to explore multiple constructions of reality, the voice of each participant is case specific. My contribution is the theoretical lens.

Ethnography is a subjective tale, but my concerns and interest in the community mean I will endeavour to represent each stakeholder in as fair a light as I can. However, ultimately, this document is my reality, based on the observations I saw, and the information that was given to me. There is no assumption that this story is the whole truth, nor do I assume it is a real tale. It is merely that which I see.

3.9 Conclusions

This chapter has detailed the investigative process framing this thesis. It argued that social order is a consequence of negotiated realities by individuals, none of which is more 'true' or 'fact-like' than another. While some existence of order is assumed, action is a consequence of the subjective interpretation by the actor. The role of the researcher is to explore those realities, and interpret the negotiated meanings. This process occurred within a bounded system context, observing, describing and

interpreting the day to day actions of everyday life.

Implicit in this process, is the complementary subjectivity of myself, the researcher. As such, this document is a reflection of my interpretations, motivations and life experiences. Any notion that it is a factual representation of scientific theory is denied, as it is subsumed within the information that I was occasioned to. It is my reality of the representations that I experienced. There is no assumption that it is a factual treatise of action.

The thesis now turns to give a deeper descriptive account of the tourism context within which these negotiated realities will be explored. Chapter Four describes the phenomena of tourism, Chapter Five outlines the New Zealand tourism context, and Chapter Six describes the regulatory framework in more detail as it applies to the New Zealand context.

4: The Construction of Tourism

4.1 Introduction to Tourism

The construct of tourism demonstrates specific characteristics that makes it a responsive context to explore the issues of organisational interdependence discussed earlier. The tourism industry is characterised by many small niched firms, making the supply of the tourism product fragmented as each firm operates independently of others. To overcome this disadvantage, these suppliers construct networks of organisations in the form of tourism destinations. As such, it provides a magnified context to observe the process of network coordination and arrangement, the focus of this thesis. The following three chapters describe the tourism phenomena: first, the construct of tourism; second, the New Zealand context; and third, the regulatory framework of New Zealand as it affects and influences tourism management.

This first chapter takes a broad perspective of the tourism phenomena. It begins by defining the construct of tourism, highlighting how tourism has become an important twentieth century phenomena, and why governments have so readily embraced international tourism as a mechanism for economic development. The chapter then describes the demand-side of tourism, explaining what motivates people to travel to foreign destinations. Understanding these issues enables a more responsive provision of the tourism product, and this chapter concludes by discussing how the structure of this supply is arranged.

4.2 Defining Tourism

Tourism today has become a mass phenomenon including many aspects of social, economic and political life, and is now argued to be the world's largest industry. Simply, tourism describes the relationships and phenomena arising out of journeys and temporary stays of people travelling primarily for leisure and recreational

purposes (Pearce, 1989, p.1). Its etymology stems from the Greek 'tour' meaning circle, and hence it became associated with the ruling classes as a leisurely circular trip for pleasure, such as The Grand Tour in renaissance times, or earlier Christian pilgrimages. The twentieth century has seen tourism become a conventional commodity (Shaw and Williams, 1994), following the reform of labour markets creating discretionary leisure time, the rise of service industries, and critical aviation technologies which has made long haul travel a global phenomena. More recently, the liberalisation of many Eastern economies, with the removal of passport and visa restrictions and foreign exchange controls, has seen the emergence of a huge potential tourist market, as these peoples seek to access and indulge in newly found freedoms. Today, hundreds of millions of people leave their homes temporary, both within their own countries, and increasingly, beyond their national boundaries for pleasurable pursuits. The World Tourism Organization (WTO) reports 592 million global visitors in 1996, with related foreign exchange receipts of US\$423 billion (excluding airfares). These figures show a growth of 4.5% in terms of arrivals and 7.6% in terms of earnings over 1995 (World Tourism Organisation, 1997, p1). Nevertheless, while predicting a continued high growth rate, the collapse of Asian economies in 1997/8 prejudiced a 2% rise, with visitor numbers at 625million and revenue at US\$444.7billion. Higher growth is reemerging during the current 1999 year (World Tourism Organisation, 1999, p.1).

Because of this foreign exchange earning potential, governments encourage the international component of tourism and the definition most widely used is that produced by the United Nations Conference on Travel and Tourism in Rome, 1963.

It defines a visitor as:

any person travelling to a country other than the one in which s/he has his/her usual residence, but outside his/her usual environment, for less than twelve consecutive months and whose main purpose of the trip is other than the exercise of an activity remunerated from

within the country visited (World Tourism Organization, 1995, p.18).

This definition covers international tourists as temporary visitors staying at least 24 hours in the country whose purpose of journey can be classified under one of the following headings:

- (a) leisure (recreation, holiday, study, religion and sport) or
- (b) business (family, mission, meeting).

It excludes the excursionist, a temporary visitor staying less than 24 hours, and passengers on cruise ships. This definition can be contrasted with the less commonly used term 'traveller' which is more simply defined as “any person on a trip between two or more localities in different countries”, irrespective of the time spent or their income generation (World Tourism Organization, 1995, p.21).

4.3 National Tourism Policies

The economic infusion of new money brought by these visitors makes tourism attractive politically as it increases job opportunities on a local level, enhances the community's economic base through a diversification of activities at a regional level, and increases the tax base and infrastructural wealth at a national level (Hall, 1995). Greffe (1994) argues that tourism is frequently used as an engine for development because:

- Although an export industry, the tourism product is produced in the local environment, providing local employment and income.
- There is an upstream of goods and services - agriculture, food, fishing, clothing, textiles, buildings, public works, transport, banking services - creating a lever for a series of activities and chain of events.
- Tourism exploits the urban and rural landscapes, using natural resources and

phenomena to which no economic value is attributed.

- Tourism promotes demand for craft work and labour intensive production services.
- Tourism attracts an injection of expenditure and creates a series of multiplier effects (p.25).

For these reasons many nations are becoming increasingly dependent upon tourist-related activities, and the need for reliable statistical data revealing size, composition and trends has emphasised tourism as a demand-side phenomena. This is evident when tourism statistics are measured not in terms of goods and services produced, but by the circumstances in which goods and services are consumed (Leiper, 1990). The sale of a particular good or service to a tourist may be counted as 'tourist expenditure', while the sale to a local resident is not. For this reason, tourism statistics tend to be gathered on assumptions based on information from demand - of how people spend money. This again is illustrated in the WTO adopted categories of statistical generation, which classifies tourist flows by the purpose of the trip (World Tourism Organization, 1995):

- (a) holiday;
- (b) visiting family and friends;
- (c) business, conference and education market; and
- (d) other (p.49).

The *holiday* market is classified according to the manner in which the trip is coordinated or packaged together and indicates how the injection of new money will be dispersed through the economy. Those travelling on pre-packaged coach tours are those visitors who travel on a prepaid itinerary or on an organised coach tour, and are usually travelling in a group. Packages are modules of complementary products, including major tourist attractions, which integrate together to form a single standardised package. They tend to be marketed towards potential tourists

who are conventional and price sensitive, with profits elicited through economies of scale. They include fixed packages where all decisions and payments are made offshore with a predetermined itinerary. The travel experience is largely passive and routine, with no allowance for individual preferences once on-shore. These conventional mass tourists are frequently called Group Inbound Tourists (GITs), with their spending patterns transparent and aggregated to disclose reliable statistical data for economic planning. Britton (1982) illustrates:

The introduction of packages in the mid-1960s brought together the conflicting needs of tourists for novelty as well as security in strange environments and the latent tendency for commercial enterprise to reconstitute individual touring into a repeatable and marketable product. By incorporating such qualities, the package tour substantially reduces the cost of travel, broadens the potential tourist market, and creates a new source of surplus generation by giving maximum opportunity for tourism companies to control expenditure (p.336).

Countering the group holiday makers, is the free and independent traveller (FIT). These visitors do not prepay any of their holiday, do not travel on a package, and do not travel on an organised coach tour. FITs desire the flexibility of independent travel organisation and scheduling. They are characterised by multiple locations, whether they be the remote and budget locations of the backpacker, or the more upmarket locations preferred by the self-driver. The coordination of their travel arrangements is frequently ad-hoc, as these travellers seek the flexibility of their own individualised tour. This makes their economic contribution much more difficult to track, as it becomes integrated within the regional economy through self determined accommodation, transport and activity arrangements.

There is also a middle market of semi-fixed packages where key decisions and

payments have been made, but the itinerary is flexible for changes. Included here is the charter and youth markets. While the charter market has historically been strong, characterised by older travellers wanting some security of passage but with the flexibility of day-to-day activities, it is the emergence of the budget-conscious, backpacking, youth traveller market which has created new market opportunities. With backpacking described as a social phenomena because of its preference for meeting people and participating in activities (Pearce, 1992), the set transport itinerary provides a secure base for travelling. Meeting this demand has been the emergence of backpacking bus companies, which have changed the operational structure of tourism in some regions. Rural areas particularly have been well positioned to provide a mix of adventure activities and budget accommodation, with these opportunities readily accepted as an alternative to continued dependence upon weak agrarian economies (Grefe, 1994). The transport infrastructure provides a critical coordination link between these fragmented suppliers, and are in themselves instruments of information transfer as travellers share experiences and practical advice on forthcoming itineraries (Ryan and Mohsin, 1999).

The second statistical category, the *visiting family and friends* (VFRs) market, describes those visitors whose journey to foreign destinations is spent with their family and friends. As such, they contribute minimally to the accommodation sector, but still make contributions to the transport and activity sectors. Like the FIT market, the economic contribution of the VFR is difficult to assess, as it is subsumed into the social lifestyles of those they are visiting. Nevertheless the VFR contribution is deemed to be significant, not only because these visitors stay longer than their holiday counterparts (World Tourism Organization, 1995), but also because they contribute directly to the regional economies. The injection of new money by these visitors is distributed more equally through various sectors of the community, unlike the economic exchanges of the fixed itineraries of holiday packages which are returned directly to a single consolidated unit.

The *business, conference and education* market is included as a technical definition of tourism, because of its importance as a revenue base and its association with leisure components. However, with tourism being a leisure-related activity, this category could be excluded from tourism statistics because of its work-related connotation. Urry (1990) argues that the very concept of tourism is a “leisure related activity, presupposing the opposite of regulated and organized work” (p.26). Nevertheless, because of the orientation of work within a leisure environment, the spatial removal from normal work habits, and the infusion of new money, most argue for the inclusion of these markets into the tourism equation.

Finally, the '*other*' category, which includes miscellaneous special interests such as health treatments and religious pilgrimages.

These quantitative technical definitions give some explanation as to who these visitors are and how their economies are dispersed among regions. That is, they reflect historical patterns and trends relevant to the derivation of tourist numbers and predictions. However, this information does little to explain why people decide to travel. It does not explain, ‘What motivates people?’ Or, ‘Why do some people choose to spend time in a foreign environment, rather than staying at home in front of the TV?’ Indeed, understanding motivations and expectations of tourist behaviour is necessary for the successful arrangement of the tourism products and there has been little attempt to integrate these understandings into the policy framework. The following section will examine the literature analysing tourist motivations. These features will then be integrated into the supply perspective of the tourism equation that forms the succeeding segment of this chapter.

4.4 The Push Factor: Why tourists travel

Crompton (1979) states that earlier discussions of tourist motivation have stemmed

around a 'push' and 'pull' tourism concept. The 'push' concept can be explained as a demand-side phenomenon. That is, the reason why someone chooses to temporarily leave their usual place of residence. It is widely acknowledged that the most basic motivational force for tourist behaviour is the need to escape from the monotony of every day life in order to regenerate oneself. Crompton identifies the 'break from routine' as the most critical characteristic of travel. He found that the essence of this break was, in most cases, either locating to a different place, or changing the dominant social context from work, usually to that of the family group, or doing both of those things. This involves escape from the daily conditions of real work into the unreal world of leisure (Stratton, 1990). It is this physical escape, through leisure experiences within other environments, that becomes fundamental to the tourism process (Cohen, 1972; Krippendorf, 1989).

While this escape factor may be the prime tourist motivator, the manner in which tourists interact with their relocation to satisfy this urge generally falls within two quite distinct psychological states. Gray (1970) was the first to identify these, designating them 'wanderlust' and 'sunlust' tourists. The wanderlust tourist, Gray argues, is someone who uses creative leisure and novelty to restore, by adding or bringing something new to their current psychological state. Cohen (1972) and Plog (1973) too classify tourists within similar dimensions. Cohen's 'explorers' and Plog's 'allocentrics' are those who like to diverge from the normal values of society and follow their independent aspirations. These tourists tend to travel through multiple destinations and are motivated by "personal experiences to see, feel and learn what is unique or at least distinctive about specific places" (Leiper, 1995, p.41). They are characterised by "intellectual and aesthetic attitudes, wanting trips to far regions with unexplored cultural or natural treasures appealing to the socially mobile" (Lanfant and Graburn, 1992, p.92). Their locational choice tends to be small remote places with few tourist facilities. As such, these travellers are said to be better educated, have a higher degree of environmental awareness, and demand

a high quality of experience (Greffe, 1994). Correspondingly, they stem from nations more familiar with independent travel and with a higher level of socioeconomic wealth in which to indulge this type of travel. These tourists tend to be more readily associated with the free and independent travel market who do not have preset travel arrangements, adopting the trail offering the most opportunity at that moment in time. Associated with characteristics such as “broadening of the mind, cultivation of taste, and respect of others cultures” (Markula, 1997, p. 208), they would prefer to be recognised as ‘travellers’ rather than what they perceive as the more inferior, unimaginative and less knowledgeable ‘tourist’.

Gray's second psychological state is the 'sunlust' tourist, who indulges in recreational leisure to restore their physical, emotional and spiritual self. These tourists need rest to recover from fatigue, relaxation to recover from tension, and entertainment to restore their spirits when bored. The metaphor of 'sun, sand, sea and sex' suggests that these tourists flock to the sea or snow for rest and recreation. Sunlust travellers tend to be mono-destination and frequently will return to the same destination (Leiper, 1995). Cohen's (1972) 'organised mass tourist' and Plog's (1973) 'psychocentric' are similar to Gray's 'sunlust' tourist. They argue that these tourists are more likely to conform to society's values which is why they relocate themselves to places currently popular as tourist destinations. These institutionalised locations will have a complex commercial tourism system with well developed accommodation, activity and retail sectors designed to 'recreate' their purchasers. These 'environmental bubbles', with familiar modes of transport, accommodation and food create a base of familiarity, a platform of security from which to experience change and novelty. These tourism experiences combine “a degree of novelty with a degree of familiarity, the security of old habits with the excitement of change” (Cohen, 1972, p.167).

4.5 The Collection of Experiences

While these are simplistic and extreme positions, most researchers in the field of tourism give support to these views (Murphy, 1991), and accept the fundamental motivation to travel is a 'break from routine' through a 'change of place' (Pearce, 1989). Highlighted, is the complexity of tourism as both a social and economic process. Indeed, Urry (1990) states that "the consumption of tourism services cannot be separated from the social relations in which they are embedded" (p. 23).

His argument stems from a belief that all holiday experiences will be consumed within some type of social grouping, whether a family, a couple or a group. This reinforces Crompton's (1979) observation that the prime ingredient of a tourism experience is the comradery gained through the sharing of the experience. Urry also suggests that the development of these tourism services occurs within either an individualistic or a collective mode, with the prime consideration being to heighten the elements of that experience. These will be formed around signs, symbols and constructs to deliver a 'tourist gaze' - visual and sensual experiences which involve some participation, whether fleeting or temporal. This singularly distinguishes tourism from travel because it "involves different forms of social patterning, with a much greater sensitivity to the visual elements of landscape or townscape than is normally found in everyday life" (Urry, 1990, p.27).

Yet in accordance with the observations of Gray (1970), the collectors of these gazes become less interested in visiting the same place year after year. Indeed, James Clifford (1988) claims that "the notion that this gathering involves the accumulation of possessions, the idea that identity is a kind of wealth (of objects, knowledge, memories, experience) is surely not universal" (p.218). Rather, he claims it to be a western phenomena where "collecting has long been a strategy for deployment of a possessive self, culture, and authenticity" (p.218). The consumption of the tourist experience, 'observing how people live', becomes the central tourist moment as the tourist gazes and consumes the performing of 'unreal'

but daily tasks. As such, “Tourism has emerged as a cultural good where it is primarily experiences and symbols that are consumed” (Munt, 1994, p.109), becoming framed in romantic views of landscapes, characterised by perceptions of solitude, privacy and semi-spiritual relationships (Urry, 1990). And Pearce (1988) comments, “The trend for tourism suggests that travellers will be especially concerned not with just being ‘there’, but with participating, learning and experiencing the ‘there’ that they visit” (p.219). Nevertheless, this ‘collecting’ phenomena pushes the tourist consumer to more exotic and peripheral landscapes to satisfy these motivational desires, to communities which frequently lack the infrastructural support necessary to host these journeying travellers. This process enacts the development of a tourism destination (an arrangement of complementary products and services), to provide essential services and to counteract the daily exposure of everyday life. Yet amidst this search for exotica is a ‘commodification’ process, with a natural tension existing between the search for alternative realities as they displace the newly emerged destination systems (Urry, 1995).

It is these issues which this chapter now seeks to address - the supply of these ‘hosting’ activities. While the chapter earlier described the statistical categorisations (holiday, VRF, business, and other) used by the WTO to segment the market, they fail to address the motivational expectations of tourist demand. Indeed, it is through these understandings that the supply of the tourism product can be best organised to capture tourist interest. Tourism is a host industry, with the provision of products and services designed to deliver individualised experiences. It is these differing types of tourism, different travel patterns, different motivations and different expectations that are the source of opportunity for supply responses. The following section describes in detail the supply response, how a tourism destination is, in effect, a network of organisations, constructed through the coordination and organising dynamics among the niched and specialised firms formed to create a system of complementarity.

4.6 Supply Response

The fundamental provision of product involves three primary economic activities essential to the tourist experience:

- The *transportation* sector is a critical component of the tourism system as it is the method of moving people from their usual place of residence to another. It unites the tourist generating area, the transit route, and to and around the tourism destination region. The transport mode is determined by the route and type of operation and can include air, road, rail and sea routes. It involves a variety of forms from airlines, prepackaged coaches, sightseeing tours, rail tours, campervans and rental cars.
- The *accommodation and food* sectors include the provision of essential services necessary for overnight stays. These include hotels, motels, youth hostels, backpacker lodges and camping grounds; and similarly a wide variety of eating options.
- The *attractions* sector(s) are the essential elements within the destination drawing tourist to the area. The provision of these leisure activities are generated to occupy the visitors' discretionary and disposal leisure time. Pearce (1989) describes the three major attraction categories as: natural features (landscapes, flora and fauna); man-made features (cathedrals, casinos, monuments, amusement parks); and cultural features (language, music, arts).

Included in the tourism system are also the coordinating packaging and promotional bodies, which play a strategic role in bringing the diverse combinations of tourism products together to provide the tourism experience:

- *Travel agencies* which promote and sell individualised or packaged itineraries.
- *Inbound tour operators* who package destination-based itineraries.
- *International wholesalers* who package offshore-based itineraries.

- *Regional tourism organisations*, the quasi local government agencies whose specific function is the promotion of their regional area.

External regulatory bodies also play a central role in the tourism system. These social agents are responsible for the regulation and coordination of commercial activities which affect and influence the provision of tourism services:

- *Infrastructure* for public use such as transport, communications and public facilities. While few of these elements generate tourist income, they play an important role in influencing the destination choice and satisfaction, as they reflect the level of sophistication the nation exhibits. The provision of public facilities also plays a role in the longer term protection of the environment.
- *Local government* is also linked into the tourism system through the provision of regional infrastructure and regulatory processes.

Finally, these elements are joined by an array of secondary supporting sectors whose major markets are not solely the tourist. These include retail and service sectors such as banks, doctors, pharmacies, souvenir shops, services stations, and other retail outlets. Together, these elements, from different sectors of the production system, form a complementary tourism networked organisation.

4.7 The Pull Factor: Destinations and Interdependence

Clearly, this diversity of supply components indicates that the tourism industry is highly fragmented, with many different types of businesses, multiple sectors and multiple levels of industrialisation (Murphy, 1991). Yet it is this diversity which forms the basis of strategic advantage, gained through opportunities to leverage local distinctiveness and character into product innovation and differentiated features. It is this diversity of experiences appealing to the adventurous traveller

which differentiates the local suppliers from the standardised mainstream packages. With the essential element of the tourism system being the activities, the features that appeal to non-resident visitors that 'pull' them to that particular destination, the local innovations become the backbone of the destination region.

Significantly, the provision of these activities is initiated predominantly by small locally based enterprises. Greffe (1994) suggests that it is this very "multiplication of varied possibilities which drives the organization of destination supply" (p.30). He argues that this diversity and multiplication has been fundamental in changing demand patterns away from the more traditional fixed-stay, to the daily moves and constant coming and going between different forms and partners. This process of movement from partner to partner necessitates the organisation of supply in networks in order to provide the tourist experience. This implies cooperation, as individual components cluster together to form a critical mass. It is this clustering and diversity of complementary products which creates a destination, a system of inter-relatedness. These clustered patterns of activity allow economies of scale in the provision of infrastructures, market convenience for tour groups and environmental protection (World Tourism Organization, 1994), with the networks and arrangements between partners being the essential pre-condition to the totality of the system. Indeed, Marshall argued in 1923 that an industry needs to be an interrelated system driven by key elements of co-operation, collaboration and association as the essence to interfirm synergies. This is illustrated by Angyal (1981) who attests that:

In a system the members are, from the holistic viewpoint, not significantly connected with each other except with reference to the whole.... They do not become constituents of the system by means of their immanent qualities, but by means of their distribution or arrangement within the system (p.31-32).

This reinforces the duality of the competitive-co-operative process; that co-operation is an essential condition to achieving effective synergies elementary to the competitive process of improved efficiency and performance (Leiper, 1989). Further, it also implies that the arrangement within the system is critical to the synergistic functioning of the total system, as factor recognised earlier by the structural and embeddedness theorists. Within the tourism context, a destination needs to act as a whole to access its dispersed global market. While the destination must have some fundamental element - a central feature, an attribute, a characteristic to attract potential travellers - it needs to exist alongside other symbiotic elements that enable it to survive and gain economies of scope. Restaurants, accommodation and transportation become essential elements within the destination system, with a clustering of secondary features also providing complementarity to the primary attraction. Indeed, Hummelbrunner and Miglbauer (1994) argue that a comprehensive range of services is a necessary precondition to attract the tourist of today, with their growing environmental awareness and their desire to participate and belong to the experience through individualisation, originality and spontaneity. This suggests that the success and imaging of the destination will depend on the scope of tourist opportunities dependent upon the complementarity of the network linkages between the organisations. The manner in which these firms cooperate together is reflected in the central essence of the image, reputation and positioning of the destination. Greffe (1994) argues that this can only be achieved when suppliers organise themselves under defined labels and branding; its purpose to convey images, symbols and signs to socially differentiate the collective experience (Urry, 1990). In time, these define the macroculture of the destination (Jones et al., 1997).

4.8 Fragmentation and Independence

Yet the fragmented nature of the industry makes co-operation difficult, with

conflicts becoming a barrier to cooperative developments (Murphy, 1991). The diversity which forms the innovation and imaging of the destination can also threaten the effective functioning of the system, through the incongruence of individual interests and values. Indeed, with the profit motive an intrinsic incentive of the supply pursuit, it is reflected in individual competitive quests for increased market share and economies of scale, which can jeopardise the cooperative interrelatedness of the system. System-level interests such as information sharing, employment issues, skill transfer, marketing and promotion, and the provision of quality experiences all become interdependent issues, with any unilateral action having affects that go far beyond the individual firm. These actions may well be at odds with the branding and imaging of the destination macroculture referred to above. Further, the use of land for development, whether infrastructural or commercial, may have environmental, ecological and cultural implications extending beyond the immediate actors, and may incorporate wider community and stakeholder interests (Pearce, 1989; Urry, 1990; Murphy, 1991; Hall, 1994). Competition within the tourism industry then, becomes as much between communities, industries and subsectors, as it does between each industry and market segment (Britton, 1991).

This fragmentation also allows disparities to occur at a vertical level. With each specialist firm only supplying a portion of the tourism experience, a dependency on others in the value chain for the maintenance and growth of sales can result, with conflicting levels of self-interest emerging, as Britton (1991) acknowledges:

There is consequently, considerable pressure to exert control over transaction arrangements by entering into long term contracts, internalizing critical functions, or achieving de facto control over extended networks through the strategic use of licensing, commissions, franchising and technical capability (p.457).

Britton (1991) continues by identifying both the airline and tour wholesale industries, with their critical roles as coordinators and non-specialists, as those which have the commercial imperative and financial clout to exert control over others:

Airlines can extract advantageous terms from wholesalers and retailers, and have the ability to mould distribution channels (either set up retail branches, site direct reservation terminals in the offices of major clients, or manipulate travel agent commissions). They also have the resources to buy into hotels, tour operators, and other transport operators to reap the benefits of vertical integration: and by forging alliances, set up computerized reservation systems which create captured international integrated (eg. airlines, rental cars, accommodation) networks (p.457).

The competitive advantage of the tour wholesaler lies in their dual strategic position as the intermediary between all suppliers, and between suppliers and consumers. Their power derives from the huge volumes they can command, their pivotal familiarity with diverse market segments, and their capacity to shift tourist flows from one destination to another, or from one supplier to another through the travel products they construct and promote. That is, they act as the intersector between the tourist in the home market and the tourist destinations, and employ considerable influence over inter-industry transactions and the geography of tourist flows (Britton, 1991). For smaller firms, their specialisation within the supply chain can result in these diverse and loose linkage arrangements becoming permeable and exploitable. This suggests that issues of vulnerability, dependence and control can be a moderating influence for those involved in tourism.

This dependency is also cited by those critical of the tourism phenomena, weary of the importance being placed on it by governments actively seeking to diversify their

economic base. They fear the influx of foreign investment into successful tourism destinations and the loss of local control to foreign ownership. Yet this external investment is seen as beneficial by governments because of the greater access to resources which can provide investment and leverage for tourism activities and promotion, and help to overcome local deficiencies. These more sophisticated resource and information channels become important for raising standards of competitiveness and resource efficiency to national and international levels. Further, their wider global and national linkages provide more central associations and benefits from the political environment. In a study of Austrian peripheral rural tourism areas, Hummelbrunner and Miglbauer (1994) found that tourism development programmes involving external investment were more successful than those relying on local initiatives. Strategies for development in established tourism areas were implemented within two to three years, while those in new areas took five to seven years. Corresponding developments undertaken by local initiatives however took a longer three to five years, or in new tourism development areas seven to ten years, suggesting that external investment accelerates the development process.

Of more importance however, is the nature of this external investment and its role within the destination system. Pearce (1989) describes two types of development processes:

- Integrated development with a monopolistic control of all major tourism outlets by a single promoter; or
- Catalytic development which occurs with complementary development by other interests. While a single promoter may dominate the development process, it serves as a 'catalyst' for further development by other complementary products (p.67).

Under an integration development process, the investment, profit and control of

central tourism outlets comes under a single entity. The catalytic development process however, may continue with the diversity of local supply responses, but it nevertheless plays a central role in any development process. Its actions singularly affect the synergy of all destination components, whether negative or positive. Yet Cohen (1972) has long suggested that as tourism destinations become more centralised, “the tourist system or infrastructure becomes separated from the rest of the culture and natural flow of life. Attractions and facilities which were previously frequented by the local population are gradually abandoned” (p.172). Indeed, these types of development are claimed to marginalise local populations from the decision making processes, distancing them from control over their destination (Britton, 1982; Butler, 1992; Hall, 1994). Tourism researchers have long expressed concern at the lack of local participation in determining the future direction of destination development as external investment is accelerated (Britton, 1982; Pearce, 1989; Hall, 1994). Minerbi (1992) stated that under these conditions “tourism is not an indigenous practice, but a way for large corporations to make as much profit as possible in manners usually incompatible with balanced development... Tourism planning tends to bypass the local people” (cited in Hall, 1994, p.146). Further, supply factors such as the cultural and environmental sustainability of the industry become questioned as shifts from local control, participation and ownership occur (Britton, 1982). These factors suggest that the fragmentation and interdependence arrangements within the system are necessary for its holistic functioning. Indeed, Crick (1989) observes that “where intersectorial linkages are weak, the multiplier effects in a developed system will not occur... rather the benefits, unlike water tend to flow uphill” (p.316-7). This suggests that small local tourism operators enable market flexibility and opportunities for product innovation, possibly a consequence of the structural holes permeated through the fragmented network structure.

Indeed who controls the tourism process becomes a critical influence over these

broader economic, social and political processes. Hall (1994) states that “the notion of dependency implies that such processes are controlled in metropolitan regions rather than in the destination region or host country. Furthermore, it can safely be assumed that if such dependency occurs at the macro-level then it will have ramifications at the micro-political level” (p.147).

With employment generation cited as the primary explanation for the state's involvement in tourism promotion, it is ironic that local employment opportunities become the most vulnerable under external control. In the search for cost reduction and economies of scale, the high labour component evident in the industry becomes characterised by casual, part-time and under award rates typified by unskilled labour relations (Urry, 1990; Hall, 1994). Urry also determined that the more an area specialised in tourism, the more depressed its wages were. Yet being a service industry, it is this interface between the service provider and the consumer where the ultimate tourism experience occurs. The provision of these experiences “demands labour which has all the personal qualities which will guarantee the required level of service. Yet the very qualities in demand are often not recognized with formal credentials, which encourages the market to undercut such skills” (Britton, 1991, p.459).

The integration and centralisation of tourism products within the destination creates a tension in providing an individualised personal service experience through the inevitable standardisation of processes gained through economies of scale (Pearce, 1989). This standardisation of product delivery appears fundamentally opposed to the 'collection of gazes' characterised by the modern traveller, as this process of integration subverts “the trend towards the individualisation of leisure, with the personalisation and differentiation of leisure products expressed in niche marketing and cosmetic design variations” (Britton, 1991, p.453). These factors then can work in antithesis to the delivery of quality services now demanded by the

sophisticated collector of gazes, with consumer preferences having changed from idyllic relaxation to the collection of educational and learning experiences couched in hedonistic conveniences.

Finally, the stage within the destination life cycle may influence the organisation of activities amongst suppliers. The most widely recognised contribution has come from Butler (1980) who integrated the product/industry life cycle framework into an evolutionary pattern for a tourism destination. He claimed tourism destinations too have a propensity for birth, growth, consolidation and stagnation or decline. Like the industry life cycle, each of these phases suggests a unique set of supply arrangements: small entrepreneurial firms in the birth stages, this attractiveness inviting larger investments in the growth phase, a consolidation of vertically integrated organisations in the shakeout/maturity phase, and finally decline if no strategic renewal has occurred. While this concept has been widely applied to destination regions, the main criticism has been directed at its generality and it has remained descriptive rather than analytical or predictive (Oppermann, 1995).

4.9 Government as Coordinator

Added to this complexity is the critical, but frequently conflicting role of government in the tourism system. First, it can play a role as coordinator in establishing forums where industry associations and representatives can meet to share information, overcome differences and attempt to coordinate the supply and provision of tourism products. Second, with individual small tourism operators lacking the resources to market internationally and the importance of tourism to many national economies, governments can assume responsibility for representing the Nation as a tourist destination, through providing advertising, promotion and public relations campaigns directed at overseas markets. Included, is the market research function, which provides the forecasting of trends and indicators for future

policy and planning developments (Holloway, 1994). Finally, government may also be involved in the tourism process through its ownership of specific assets, and is considered an important investment partner because investment in infrastructure which frequently cannot be met by local resource-constrained populations. Whether tourism suppliers should be the catalyst for investment in infrastructure with its public good and free-rider characteristics (Hummelbrunner and Miglbauer, 1994), and which ultimately benefits the community through the multiplier effects of tourism receipts (Leiper, 1995), is another question. When private enterprise is unable to invest, and national or regional economic policies are to be realised, the obligation returns to the public sector. Yet this investment can highlight the potential conflict of public sector involvement when its fostering of tourism development initiatives could be at odds with its broader public sector responsibility of conserving the natural and cultural heritage (Pearce, 1989). In its role as promoter, the role of public guardian in the protection of consumer rights is frequently neglected. Pearce (1992) reinforces this in his comparison of international tourism structures, highlighting that most national tourism organisations are primarily interested in promotion rather than environmental and social protection.

Indeed, this complexity of purpose is further reflected at regional level, with the coordination function often delegated to regional levels, as central governments play an impartial role in the promotion and implementation of national policy, rather than favouring specific regions (Grefe, 1994). Regional tourism then, often acts as the intersect between the public and private sector, with regional tourism boards funded jointly by local authorities and the private sector to foster tourism initiatives. Frequently local governments, as partial funders of the regional tourism organisations, become partners in tourism developments. Yet this again highlights the complexity of purpose, as the economic imperative may conflict with the broader statutory requirements of local government as protectors of environmental, planning, and public health and safety regulations (Holloway, 1994).

4.10 Conclusion

The question to be asked then, is who does plan, coordinate, and control what occurs within the destination? Who acts as the social guardian if the State's implicit role becomes promotion rather than protection? To what extent does external investment confer advantages to the whole system? Do destinations inevitably become trapped within multiple levels of sectorial dependence and operations? Can multiple and interdependent arrangements within the system benefit more players?

Despite the rhetoric of the importance of tourism for regional economies, the topic of destination management and coordination has received little attention in the tourism literature (Hall, 1995; Leiper, 1995). Typical of the comments is this by Greenwood, Williams and Shaw (1990), "To further our understanding of tourism management, greater focus is required at the levels of the individual enterprises and the smaller implementing organizations for this is where a large part of tourism policy is made" (p.55). This supports Lyon's (1997) claim for promoting ethnographic studies, in that while policies are understood at the macrolevel, they accumulate at the local or microlevel.

The research that has occurred has included elements of multi-sector and public-private relationships (Pearce, 1992; Jamal and Getz, 1995; Palmer and Bejou, 1995). While Selin and Beason (1991) and Selin and Chavez (1995) have attempted to explore the mechanisms and motivations of how relationships are developed and sustained, their focus remains in an evolutionary model of collaboration (problem setting, direction, structure, outcome) rather than an analytical debate. Indeed, these studies support the comments of those who claim that "attempts to build on theory are rare in tourism studies" (Smith, 1990, Oppermann, 1995, p.537).

The question, then, of how an interdependent tourism destination is managed and coordinated remains unexplored. Significantly, network theory offers an

appropriate lens to examine these details as tourism destinations are constructed from various sectors, with these individual constituent parts forming a cohesive destination network. Its focus on structure and action through self regulating mechanisms provides a suitable context to examine the issues surrounding interorganisational coordination.

5: The Organisation of Tourism in New Zealand

5.1 Introduction

This chapter looks at the manner in which tourism is organised in New Zealand. It focuses specifically on industry-related issues, with regulatory interests discussed in the succeeding chapter. First, this chapter describes the natural environment that commands New Zealand's natural comparative advantage. It then describes the composition of the supply of the tourism product. The chapter then turns to the process of organising and coordinating these suppliers, discussing most particularly the roles and functions of the New Zealand Tourism Board (NZTB), the Regional Tourism Organisations (RTOs) and the Tourism Industry Association (TIA). Finally, the chapter discusses the market volatility and the implications on industry supply and organisation for the next millennium.

Like other nations, New Zealand has experienced significant growth and interest in tourism over the last twenty years, although often with more volatility than current global trends. Indeed, the average annual growth rate in international visitors of 10% in the period 1991 to 1996 (see Table 1, p.6) was treble that of the world growth average of 3.2% (New Zealand Tourism Board, 1996a). Correspondingly, the Asia/Pacific region also suffered the most significant decreases from the 'Asian Flu' in 1997/8 (World Tourism Organisation, 1999). Yet significantly, the 1999 year to November is currently experiencing strong growth of 8.5%, prompting headlines such as, "Visitor numbers topple records" (New Zealand Herald, 1999a).

This growth in visitor numbers to New Zealand over this decade has coincided with a shift from organised coach tours to free and independent travel, from core tourist areas to regional dispersal, and from observation to participation in activities (Kearsley, 1997a). This has enabled such far-flung nations as New Zealand to bask in the popularity of rediscovery. These global trends parallel a deregulated

economic environment in New Zealand, sparking the conditions for a surge in entrepreneurial activity. This has now made tourism the largest single export earner in the New Zealand economy (Statistics New Zealand, 1998).

5.2 New Zealand's Competitive Advantage

With the current upswing in multi-destinational 'wanderlust' tourists (as discussed in Chapter Four), New Zealand's physical location as an isolated global 'edge-dweller' has enabled it to become a legitimate tourist destination through the very factor that has historically been its competitive disadvantage: distance. Coupled with the search for natural environments and the increasing popularity of 'green' tourism, New Zealand's small population base of 3.7million people in a landmass the size of California reinforces this sense of isolation and spaciousness; a far contrast from the populated urban bustle of Europe and Asia. The marketing slogan from the New Zealand Tourism Board (1998a), "the last place like this left on earth" (p.1) reflects this premise.

Driving the New Zealand tourism product is its clear fresh waters⁴, uncrowded spaces and unique flora and fauna, which provide natural backdrops to the experiencing of outdoor activities. A long meandering coastline and numerous lakes and rivers enable travellers to indulge in active water-sports, such as whitewater rafting, water skiing, and jetboating, or passive interests such as fishing or beachcombing. Mountain landscapes provide environments for skiing or tramping; while volcanoes, thermal geysers, mud pools, glaciers and fiords are contrasts for exploration or sightseeing. National parks provide alpine or sub-tropical destinations for sedate hikes or intrepid tramps. Alongside this array of

4: Although this 'clean, green' image is disputed by those favouring much stronger environmental policies in New Zealand.

environments are native fauna, which can also be observed in natural and protected habits. This diversity of landscapes within a small geographical space has enabled New Zealand to become a natural playground for the collection of active and passive travel experiences. The competitive advantage of New Zealand, then, is its diversity of gazes as holiday duration times have become compressed.

Nevertheless, while this natural environment currently takes the spotlight for New Zealand tourism, this has not always been so. The native Maori heritage has traditionally been significant in shaping the New Zealand tourism product, with most of the early tourist icons intrinsically displaying local Maori culture (e.g. Whakarewarewa, Waitomo, and Mount Cook). Although these icons had the natural environment at its core, their uniqueness was based upon interpretation and representation of Maori culture. While increased State control (see later this chapter) has incrementally alienated Maori from the tourism process, more recently there has been an upsurge in Maori pressing for stronger representation and control within their regions. Cities such as Rotorua, largely dependent on the imaging of its Maori culture, have repositioned the personal and spiritual values of Maori within their representations. Thus, current displays are no longer embedded in the uniqueness of traditional gazes such as 'plastic-tikis' and 'poi-dancing', but rather in the representation of cultural interconnections, whereby the social construction displayed is manifested from those within, rather than the identity crafted by the dominant group (Ryan, 1997).

In contrast, the recent European colonisation does not have deep historical traditions, as found in Asia and Europe. Nevertheless, 'Kiwi' culture is characterised by an entrepreneurial spirit, a throw-back to the isolation endured by its early settlers. Being so remote from the 'mother country', New Zealanders have learnt to make-do with existing resources and developed a reputation for their sense of innovation, the 'no. 8 wire' fencing legacy.

5.3 The Composition of Tourism Suppliers

This entrepreneurial tradition is reflected within the tourism industry, with New Zealanders recognised as the originators of such global adventure activities as bungy jumping and cave tubing. Local entrepreneurs were quick to identify these newly emerging market opportunities, developing new products and locations targeted specifically for the young, eager, free and independent traveller. Their interest in novel and exhilarating experiences has attributed to an estimated 127% increase in visitors participating in active experiences during the first five years of this decade (New Zealand Tourism Board, 1996a). It is estimated that there are now some 17,000 tourism-related businesses (New Zealand Tourism Board, 1995), with this growth in supply dramatically changing the composition of the tourism industry. Prior to the 1980s, there was a lineal centralised destination system, with prearranged accommodation stops, organised routes and prescheduled programmes, prompting tourism to be restricted to a limited number of recognised resorts and main centres, routes and activities (Kearsley, 1997b). These current conditions, then, endorse this as a fruitful context to examine the organising activities of networked actors, with practical considerations encouraging inter-sector partnering.

Regional Development

Today, the search for less familiar and routine tourist experiences by free and independent travellers has created demand for accommodation, food and guided activity programmes beyond the main tourist trails. These locations particularly offer the opportunity to participate in the remoteness and isolation of the New Zealand environment. Yet, as earlier stated, the travellers attracted to these locations are more likely to emanate from countries with well developed infrastructures and strong awareness of environmental and social issues. While seeking a remote and challenging experience, these consumers also expect sophisticated levels of comfort, socialisation, and learning opportunities (Ryan, 1998). Thus, the expectations of a comprehensive range of activities and services

go beyond the standardised products for group travel, placing increased pressure on these regional communities to provide supporting services and infrastructure.

Yet this 'discovery' is important to these remote and economically deprived regions, not only because of increased employment opportunities, but also because of the anticipated multiplier effects that this new money generates through the local economic system. Nevertheless, in recent years New Zealand tourism policies have focussed primarily on international demand-side initiatives (discussed in more detail later this chapter), overshadowing the supply-side patterns and implications for regional development. Thus, these changes in travel flows have not been well documented. This scarcity of information is also pertinent to the following section which discusses the current composition of the tourism industry in more detail.

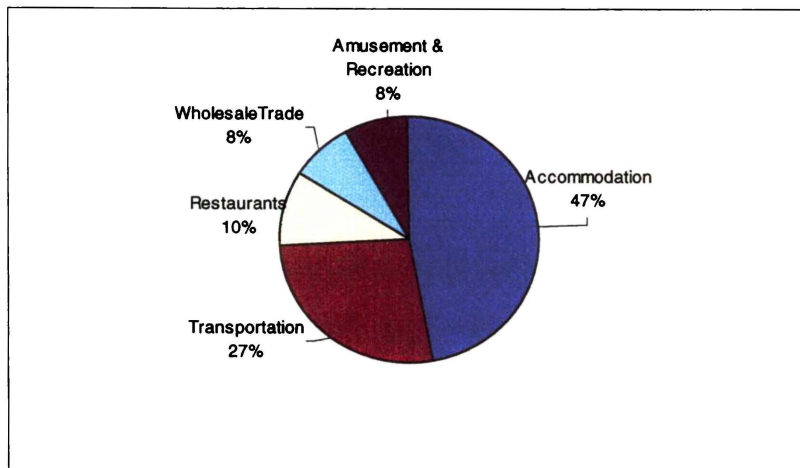
Sectors

Predominately, most of the 17,000 tourism-related businesses will be classified as small businesses, reflecting the trend characteristic of the New Zealand environment with 85.7% of its business enterprises employing less than six people (Statistics New Zealand, 1998). Only 150 of these businesses are of foreign governance (New Zealand Tourism Board, 1995), and less than 30 of the New Zealand-owned firms employ more than 100 employees. There is one national airline, Air New Zealand, two major domestic airlines, eleven major accommodation chains, four major rental vehicle companies and one rail corporation. While the transport infrastructure is dominated by large firms, only a handful of these companies (e.g. Air New Zealand, Tourism Holdings Limited, and Shotover Jets) have diversified their tourism activities to include transport and accommodation sectors in order to control the market (Ministry of Commerce, 1996a). Thus, each of the accommodation, hospitality and attraction sectors are predominately made up of small, independent, often family operated businesses offering a diverse range of products and experiences (Pearce, 1992).

This highlights the specific characteristics pertaining to the ‘hosting’ phenomena, with each sector having strong points of departure, which in turn provides the synergies for inter-sector complementation. Nevertheless, there is limited statistical data available regarding the number of enterprises involved in tourism, their locations, and their employment relationships, and while Figure I depicting the employment statistics within each sector is outdated, it does provide insights into the infrastructural components of the tourism system.

Figure I: Employment by Tourism Sectors, 1988

(Collier, 1994, p. 300)



Of significance, is the minor attention that the activity (amusement and recreation) sector accords, and yet it is this sector which forms the essence of the destination imaging. While the transportation and accommodation sectors are characterised by volume and may be administered by processes and systems of standardisation across locations to assure quality (e.g. hotel chains), it is the attractions sector which represents the features unique to individual locations. Thus, they capture the essence of the destination spirit from which an embedded macroculture may develop over time, and it is these symbols of representation which differentiates one destination from another. This can be seen in the cultural destination

differentiation in central urban locations: Auckland, the City of Sails; Absolutely Positively Wellington; Christchurch, the Garden City; Napier, the Art Deco City, and Queenstown, the Adventure Capital. Other locations have developed around the natural landscape, for example, Rotorua, with both cultural and geothermal environments; Milford Sound, its Mitre Peak; and the Waitomo Caves, its underground caves and glowworm fauna. These images and features of the attraction sector are the activities that travellers use to fulfill their leisure time, and they become the essence of the destination imagery, acting to 'pull' tourists to the area. This essence also becomes subsumed within the complementing accommodation, restaurants and transport sectors, forming an interdependent network not only through the practical requirements of inter-sector partnering, but also stemming from the transmission of destination imagery within the networked macroculture.

Small Firm Specialisation

This specialisation is further espoused through the more recent proliferation of firms responding to the unscheduled and spontaneous travel patterns of independent travellers. These local entrepreneurs have created advantages for the New Zealand destination system, consistent with the characteristics of small firm specialists: innovative product development, local distinctiveness and character, lower cost structures and capital costs, and the flexibility to rapidly change with the market conditions (Grefe, 1994). As such, these characteristics are significant to New Zealand as an 'edge-dweller', in maintaining this distinctiveness for destination representation and uniqueness.

Yet this dynamic structure now makes the industry significantly more fragmented and less coordinated than it was formerly. Being geographically dispersed, these small firms are spatially isolated from each other. Further, the products and services produced by these new firms are fundamentally distinct, with a horsetrekking

business requiring significantly different resource capabilities to a jetboating business, or a backpacker lodge, or a coach company. Thus, there are limited resource synergies. This makes information sharing and coordination between these multiple complementing partners notably complex. Small firms are further handicapped by limited funding, inadequate product knowledge and experience, unsophisticated information technology for market analysis, cost inefficiencies, and limited human resource training (Shaw and Williams, 1994). The current deregulated New Zealand environment too, with minimal entry and exit barriers, low capital costs, and a strong threat of substitutes, engenders a highly competitive environment amongst these small tourism operators. Subsequent high levels of business failure impact not only on the 'cowboy' operators, but also professional organisations as they are forced to counteract the price-wars.

The New Zealand tourism climate is turbulent. Diffusion of tourism into regional locations and their resultant dependency and fragmentation highlights the need for collective coordination among sectors and partners to effectively leverage these advantages. The following section explores the coordination support arrangements that are available to these operators.

5.4 Government as Coordinator

Prior to 1984 and the incoming fourth Labour Government, the New Zealand Government had a tradition of being extensively involved in the ownership and management of tourism activities. In 1901, it established the New Zealand Tourist and Health Resorts Department, making it one of the earliest, if not the first, national tourism organisation in the world (Pearce, 1992). Its mandate was for the management and development of tourism in fifteen scenic and resort areas which were regarded as being too remote to be of interest to private enterprise. By the 1940s, with the introduction of group travel itineraries, the State had tourism-

related interests in a national hotel chain, coach transport, a monopoly rail and airline, domestic travel and booking offices. Together with the icon tourism attractions, this monopoly positioned it with a supply-side advantage over any private tourism operations. This centralisation of market power was evident throughout the New Zealand economy and not targeted solely at tourism. Indeed, until the 1980s, New Zealand's isolation from main markets meant tourism was always of minimal economic and social importance, despite the strengthened Tourist and Publicity Act 1963 designed to encourage a more proactive role in the marketing and development of the New Zealand tourism industry (Pearce, 1992). However, elevation of the tourism portfolio to full cabinet status in 1967 signalled the beginning of an era when visitor numbers began to dramatically increase (see Table 2).

Table 2: Numbers of International Visitors to New Zealand
(Statistics New Zealand, 1999)

Year	1960	1970	1975	1980	1985	1990	1995	1999
Numbers	36,557	154,991	250,000	445,195	596,995	933,431	1,408,795	1,607,241

From that time, and continuing until the Labour Government came to power in 1984, the Tourist and Publicity Department incrementally increased its mandate as the primary representative of New Zealand tourism, with a broad jurisdiction in terms of functions and responsibilities (Kearsley, 1997a).

Unprecedented economic restructuring since 1984 saw a push towards a fully market-driven economy with minimal government intervention, labelled 'rogernomics' after its author Sir Roger Douglas. This process highlights how these structure-loosening trajectories (earlier described by Madhavan et al., 1998) act as catalysts in encouraging the formation of network arrangements. Following from these actions, the tourism sector saw the divestment of the State-owned GTB travel

offices and THC hotel chain, and the privatisation of its transport interests, including coach companies, Air New Zealand and the New Zealand Railway Corporation. Today, there are few state controlled activities, a far cry from its monopolistic past.

The Tourist and Publicity Department too underwent radical change. It was trimmed and renamed the New Zealand Tourism Department. Its clearly defined marketing and promotion function was reflected in a broader policy statement which argued that commercial ventures should stand or fall depending on their attractiveness to commercial investors (New Zealand Tourist and Publicity Department, 1989). The involvement of the private sector in tourism policy began with the New Zealand Tourism Department initiated 'Tourism 2000 Conference', from which the Tourism Strategic Marketing Group (TSMG) was formed. This group included key sector operators to work alongside the New Zealand Tourism Department and developed an ambitious tourism marketing strategy to generate "\$10billion foreign exchange in the year 2000... from 2.9 million visitors" (Tourism Strategic Marketing Group, 1990, p.5). Significantly, this group endorsed a strategy of focussing almost exclusively on the international visitors market, concentrating development within the already established gateways of Auckland and Christchurch and resort areas of Queenstown and Rotorua. This strategy was expected to result in improved marketing and better coordination between the public and private sectors, and it was from this moment that policy initiatives began to favour international demand over supply-side interests.

The election of 1990 saw the National Party returned to power, which advocated a strengthening of the TSMG. The New Zealand Tourism Board (NZTB) emerged from this body, with increased funding and a mandate to concentrate on marketing New Zealand as a destination. Consequently, the New Zealand Tourism Department was reduced in scale, and marginalised to the Ministry of Commerce in the form of the Tourism Policy Group in 1994. In 1998, this body was further

reconstituted as the Office of Tourism and Sport within the Department of Internal Affairs. Associated was an increase in its mandate, with four key objectives identified:

- The development of a framework of policy advice on tourism, sports, fitness and leisure, focussing on quality rather than quantity of advice.
- The sustainable development of the tourism sector as the pre-eminent provider of foreign exchange, and the development of measurement criteria to assist decisions regarding ongoing government investment.
- Improved health and social outcomes from participation in sport, fitness and leisure.
- Researching and maximising national benefits from the interface between tourism, sports, fitness and leisure. (Collier and Harraway, 1997, p.108-9).

While the pragmatics of these policies are still to be developed, this restructuring⁵ is intended to provide a closer relationship between policy advisors and the marketing-focussed NZTB.

5.5 New Zealand Tourism Board⁶

The New Zealand Tourism Board's Statement of Purpose is defined as, "To ensure that New Zealand is developed and marketed as a competitive tourism destination to maximise the long-term benefits to New Zealand". The Board's functions are, "(a) To develop, implement and promote strategies for tourism, and (b) To advise the government and the New Zealand tourism industry on matters relating to the development, implementation and promotion of these strategies" (New Zealand

5: By June 1999, this body was under threat as a result of more recent political intervention, discussed later in this chapter.

6: In January 2000, the New Zealand Tourism Board was renamed Tourism New Zealand.

Tourism Board, 1998b, p.2).

In 1997, the New Zealand Tourism Board (1998a) redefined its strategic plan and unveiled its intention for New Zealand to become “The Best Holiday Left on Earth”. These carefully chosen words are intended to depict: *The Best* (a benchmark against the rest of the world) *Fly and Discover* (as opposed to a ‘fly and flop’ destination, this intent invites participation within the New Zealand environment) *Holiday* (enjoyment and satisfaction) *Left on Earth* (underlies the exclusiveness of the New Zealand destination and its sustainability responsibilities). The essence of this strategy was to move away from the volume-driven focus, to one which creates value and builds brand strength.

To achieve the above intent, the NZTB has defined three key activity areas:

- Destination Marketing - The role of the NZTB is to attract people to New Zealand, to improve awareness and convert awareness of New Zealand to an intent to travel.
- Research - NZTB must provide the nation with quality data so that those interested can make good decisions about risking capital to build sustainable tourism enterprises. These people could be new or current operators, territorial local authorities, or a collection of regions.
- Tourism Marketing Networks - A new idea to assist the industry to build stronger and better holiday experiences for customers. TMNs should build sustainable successful products for visitors to enjoy and provide a mechanism for continual renewal and upgrade of quality (New Zealand Tourism Board, 1998b, p.5-6).

While still being established, these TMNs (for which there are three staff) now include backpacker, cruise, education, ecotourism, freshwater and saltwater fishing, floral and gardens, luxury, walking, weddings and honeymoons, ski, and convention segments (New Zealand Tourism Board, 1998c), and are anticipated to create

needed linkages amongst these special interest groups.

Nevertheless, under its Statement of Intent, the NZTB is still primarily contracted to supply measurable outputs in its three classes (New Zealand Tourism Board, 1998b, p.67):

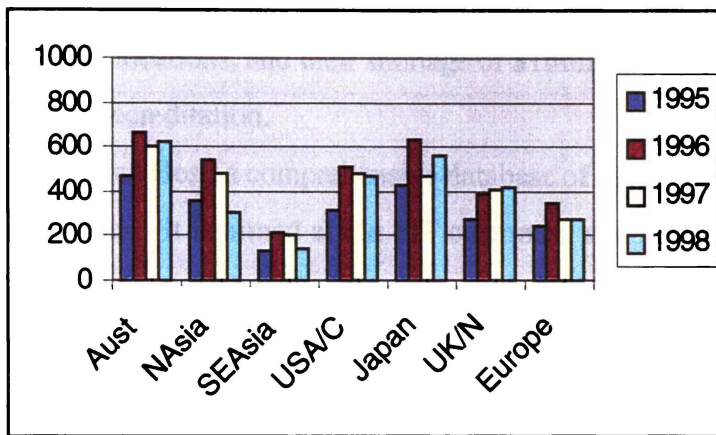
- Output 1 Joint venture tourism marketing (\$20million)
- Output 2 International marketing of New Zealand (\$33million)
- Output 3 Tourism policy, product development and investment (\$2.7million).

With Outputs 1 and 2 receiving \$53million (from \$57million in 1998) to market New Zealand as a destination, this highlights the difficulty not only for individual firms to access international markets, but also strong market failure as benefits from marketing efforts cannot be guaranteed to be returned to the expending firm, resulting in significant free-rider effects. The NZTB concentrates on seven key areas for this promotion: Australia; Japan; North Asia (including Taiwan, Hong Kong, South Korea, China); North America, United Kingdom and Nordic, Continental Europe, and South East Asia (including Singapore, Malaysia, Thailand, and Indonesia). The Board has implemented individualised market development and penetration strategies for each area “aiming to position New Zealand as a distinct and competitive destination and results in terms of visitor numbers, length of stay, visitor expenditure and industry profitability” (New Zealand Tourism Board, 1996c, p.5).

The growth in international visitor statistics reflect the success of this strategy, which has culminated in tourism now being the largest earner of foreign exchange for New Zealand (see Table 3), exceeding the traditional markets of dairy, meat, forestry and wool (New Zealand Tourism Board, 1996c). While visitor numbers have increased 160% over this decade, the amount spent by visitors while in New Zealand has increased by 270%. The mean expenditure per person rose from

\$1938.37 in 1987 to \$2776 in 1995/6, and the average daily expenditure also rose from \$84.80 in 1987 to \$152 in 1995/6 (New Zealand Tourism Board, 1996a, p.5-9). More recently, research conducted by McDermott Fairgray indicates that international visitor revenue has doubled again from \$2.216billion in 1994 to \$4.410billion in 1998 (New Zealand Tourism Board, 1999b).

Table 3: Foreign Exchange Earnings \$000s, 1995-1998
(New Zealand Tourism Board, 1996b, 1998b)



The third criteria, Output Class 3 is the on-shore focus of tourism policy, product development and investment. Its \$2.7million is devoted to the production, coordination and management of the tourism product within New Zealand, and is primarily spent in the promotion of quality standards through the following programmes:

- Kiwihost, a training programme designed to increase the standard of service and hospitality within New Zealand, of which 16,273 New Zealanders have participated (New Zealand Tourism Board, 1996a).
- Visitor Information Network system. Currently there are 81 visitor information centres around the country, designed to improve customer satisfaction by providing accurate, appropriate, and objective information. Although independently owned and managed, the NZTB plays a role in

coordinating and managing these networks.

- NZ Way (Brand New Zealand), a joint venture between NZTB and TRADENZ. A quality standard given to the elite of operators as a recognition of outstanding quality and environmental standards, superior service, and unique New Zealand characteristics. To date, 68 of the 146 accreditations have been tourism companies, most of which come from the Queenstown and Auckland regions. While the NZTB legitimately states that this reflects strong geographical patterns emerging from those licensed to hold the brand, it could also indicate the dispersion of small firms in the more rural locations, and their shortage of \$1million turnovers required to apply for accreditation.
- New Zealand Host; a comprehensive database of 17,000 tourism activities and services. It is aimed at the FIT customer, and provided through the VIN centres, which may then generate customised itineraries and immediate bookings.
- Qualmark; a standards assurance programme set up by the NZTB and the Automobile Association in 1993, to assist businesses to set, maintain and reward standards through objective management criteria and structured feedback. Although trialed in the accommodation sector, there are plans to expand its application to transport, adventure activities and retail sectors.

From this documentation, it can be seen that recent government policy has required its operational body, the NZTB, to focus on marketing initiatives. While arguably a highly successful strategy, it offers limited coordination and organisational support to the production side of the tourism phenomenon, professing that supply should stand or fall depending on its attractiveness to the market. Indeed, the NZTB sees its fiduciary responsibility, as charged under its 1990 Act, as the promotion of New Zealand as a destination internationally, rather than at a regional level from which it would face accusations of destination favouritism.

5.6 Regional Tourism Organisations

Thus, much of the investment, planning and regulation of tourism rests with the local authorities. In New Zealand there is a three-tier local government structure - regional, district, and community (discussed in detail in Chapter Six), and the Regional Tourism Associations (RTOs) which have emerged from this local government framework to stimulate the domestic travel market (Kaye, 1994). The twenty-four RTOs dotted throughout the country are responsible for coordination between local tourism operators, stakeholder groups and their local authorities. Their primary function is to promote and market these regional areas through coordinating various activities amongst suppliers. Many of these RTOs work in partnership with the Visitor Information Networks (VINs) affiliated with the NZTB in the dissemination of information on local accommodation, activities and events. Because of this immediacy of interaction, the RTOs are more likely to influence the travel choices of free and independent travellers rather than the prearranged coach tours, indicating the clear delineation of these travel markets and the different elements of coordination required.

Yet the effectiveness of coordination and marketing espoused by these RTOs depends heavily on the level of support given to each by their local councils. As the primary source of funding, the historic agrarian base of many of these local communities means they are frequently unsympathetic to tourism needs, preoccupied with their own rural decline issues. Added to this are the changes within the Local Government Amendment Act 1992, which permits regional council involvement in tourism only if all their territorial authorities agree (discussed further in Chapter Six). Consequently, there is considerable disparity in the function, role and performance of individual RTOs, and hence many regional councils have no formal tourism policy, strategy or plan to promote or regulate the operation of tourism activities within their regions (Kearsley, 1997a).

5.7 Tourism Industry Association

Finally, there is the Tourism Industry Association (TIA), the national organisation embracing interested tourism suppliers. Formed in 1984, rationalised in 1992, and further restructured in 1997, this association aims to:

- To coordinate and express industry views on tourism issues;
- To provide advice to government, the industry, and the community, and help explore and develop industry issues and viewpoints such as quality and standards, human resource development, and research and information;
- To work as an advocate of the tourism industry; and
- To promote improvement in quality and value in New Zealand travel holidays (Collier and Harraway, 1997, p.116).

While the association is an advocate for its members, it has historically been politically weak, with this low institutional legitimacy a reflection of the fragmentation within the industry and its low rate of membership. Yet, increasingly the TIA is being prompted to take a stronger role in the leadership of the industry (Kearsley, 1997a), and more recent activities suggest this is being heeded. Recent restructuring within the association has allowed a fairer representation for some sectors, with the nine divisional councils now comprising of hospitality, air transport, surface transport, attractions and shopping, marketing and distribution, tourism services, adventure and outdoors, regional, and human resources and education. This restructuring gives a voice to the recently created 'adventure tourism' division which was previously subsumed with the 'attractions and shopping' division.

The TIA now coordinates a variety of industry-related activities, which provide avenues for industry members to share information. The Tourism Rendezvous New Zealand (TRENZ), an annual trade-related three-day event enables local suppliers to display their products to international wholesalers. This business forum is a key

activity integrating both home and host sectors, and provides a vital context to link suppliers and sectors nationally and internationally. A second major event organised by the TIA is the annual two-day Tourism Industry Conference, which includes a special adventure tourism option. The TIA also supports regional 'roadshows', which provide a context for the mixing of local tourism interests alongside national coordinators. Monthly newsletters are sent to members, outlining the current issues facing the industry. Finally, the TIA has recently coordinated a membership discount programme involving related-sectors such as hotels, airlines and phone rentals.

These changes indicate a more proactive stance in the overall coordination of the industry by the TIA, and there is evidence of closer relationships being developed between these three bodies. The new strategy of the NZTB calls for closer partnerships with industry members and the TIA, aimed at lifting the industry's competitiveness (New Zealand Tourism Board, 1997a). Indeed, a recent Tourism News bulletin announced the introduction of formal quarterly meetings between the NZTB and the TIA from February 1999 (New Zealand Tourism Board, 1998c). The introduction, too, of the Tourism Marketing Networks may help integrate more homogeneous elements of various sectors and act as a catalyst for coordination across industry levels.

Finally, the TIA is playing a stronger role in the coordination of the RTOs, with a major feature being the development of a strategy for the promotion of the much neglected domestic market:

The development of a steering group would include key businesses in the industry and would look at domestic marketing, funding domestic research, and the role of the Visitor Information Networks in domestic tourism. Developing this strategy is key to growing domestic tourism and it will give a clear indication of direction as we move forward with the domestic marketing campaign - It's on

in NZ (Tourism Industry Association, 1999).

5.8 Recent Issues

In summary, policy and functions of the key tourism organising bodies in New Zealand have been outlined. It can be seen that the more recent growth in spontaneous new business development around the country has resulted in a disruption to the centralised pattern of industry organisation and coordination. The effect of this has been limited information, policy and direction setting being undertaken, resulting in reduced linkages and connectivity between various sectors within the industry to achieve resource and coordination synergies. This vacuum culminates at a time when suppliers are preparing to leverage what the NZTB claims will be significant tourism benefits from New Zealand being in the international spotlight over the following two years. First, New Zealand hosted the World Cup of Golf in January 1999, the Asia-Pacific Economic Cooperation summit for world leaders in September 1999, and the America's Cup during the summer of 1999/2000. Second, for some, New Zealand was *the* 'hot' destination, as its close proximity to the international dateline positioned it as the first country to see the Millennium sunrise. Finally, some believe visitor numbers are likely to peak when Australia hosts the 2000 Olympics, with New Zealand benefiting from its changed status as a twelve-hour (or more) 'edge-dwelling' journey, to a short three-hour hop across the Tasman Sea.

Nevertheless, deep concerns have been expressed over the extent of gains New Zealand may leverage from these opportunities, and the following section briefly describes the highly public controversy stemming from this concern. The importance of foreign exchange earnings from tourism to the economy has added a sense of urgency to Government initiatives, as it finally recognises the recent difficulties experienced in the industry from market volatility (discussed in the

following section), and aggravated by the vacuum in overall industry coordination.

At centre-stage was the issue of New Zealand Tourism Board independence. In March 1999, the Tourism Minister was accused of interference in the overall management of the NZTB, most particularly in its budget priorities. After months of wrangling, the NZTB's chairman, deputy chairman and chief executive resigned within weeks of each other. It is believed that each received substantial severance payouts in return for confidentiality agreements. These accusations were investigated by the Auditor-General, with NZTB governance and independence from political interference at the core of this investigation. Indeed, the editorial in the New Zealand Herald stated:

[the Minister] went possibly to the limits of ministerial interference last year in an attempt to fire up the Board for a global marketing campaign around the big events in New Zealand over 1999-2000. Whether he overstepped the limit is for the Audit Office to decide (New Zealand Herald, 1999b).

Claims of "manipulating tourism marketing for election gain" (New Zealand Herald, 1999c) have included global marketing campaign strategists, Saatchi and Saatchi, in this debate. A private dinner party between the then Prime Minister and CEO of Saatchi and Saatchi attracted much media attention, highlighting most particularly, although more from curiosity than substance, the potential conflict of interest between the tourism contract and the impending then National Party election campaign contract.

This confusion culminated in the eventual resignation of the Tourism Minister and the decommissioning of the Saatchi and Saatchi global campaign, with the Acting Chairman of the Tourism Board stating that while the global promotion was creative and innovative, it was too expensive. "One of the Board's main reasons for dumping the agency was the likely blowout of the Saatchi plan, with figures of

\$75million to \$100million having been suggested” (New Zealand Herald, 1999d). Whether the government is liable for the \$3million claimed by the jilted agency is still to be determined.

More importantly for those within the industry, was the continuing absence of any clear strategy and direction emanating from the NZTB. While the Board was optimistic for an alternative marketing strategy to be in place by 1st July, others were more sceptical:

There was precious little sign of action before the Saatchi campaign. True, the Tourism Board had what it called a strategic plan for marketing generally. It gave it the title “The Best Holiday Left on Earth”, which sounds more apocalyptic than millennial. Does the Board hope to entice travellers by presenting the country as a last resort? (New Zealand Herald, 1999b).

The arrival of the new campaign, ‘100% Pure New Zealand’, received mixed commentary. The common complaint was of its focus on images of whales, mountains and beaches, which was argued to be “its just too predictable” (New Zealand Herald, 1999e). Nevertheless, others attest that people holiday here because it is beautiful, uncrowded and friendly which reflects the campaign’s premise. “There is a feeling that in a world in which artifice is all too common, we remain authentic... The new campaign is unlikely to win any awards. But award-winning campaigns are not necessarily those that sell the most product” (New Zealand Herald, 1999e).

The Tourism Industry Association has called on politicians to cease their political point scoring, arguing that:

The importance of the year ahead cannot be overstated. The Millennium and events like APEC and the America’s Cup give us an unprecedented opportunity to build profile globally... [Yet the

continuance of this public debacle] has the potential to damage international tourism business relationships and the New Zealand economy (Tourism Industry Association, 1999, p.1).

Thus, at a time when tourism operators were preparing to leverage benefits from Millennium events, the coordination and organisation of the industry remained in disarray. While claims of political interference have been denied, this affair highlights the conflict in the function conferred to the NZTB. Indeed, its mandate has always been to increase the volume of international visitors, and criticisms claiming that it placed little attention on industry matters are ill-placed. This attention on volume, however, overlooks a fundamental feature of the New Zealand destination: its remote global location, which makes it a costly destination to visit and unable to compete on price. The collection of purely measurable outputs such as visitor numbers overlooks some fundamental issues that will impact on the sustainability of the industry. Thus, when the Asian economic woes impacted on the local industry, this volume focus highlighted the fragility of such a strategy.

The final section, following, outlines the market volatility that has occurred over the last two years, and how it implicates the industry.

5.9 Market Volatility and Supply

As stated earlier, the incumbent NZTB focussed on growth from the recently liberalised Asian markets, particularly as these groups demonstrated favourable dispositions towards travel. This growth added substantially to the foreign exchange earnings for New Zealand, but its sudden decline over the period 1996-8 as the Asian woes unfolded, prompted media headlines such as, “Tourism despairs as numbers fall” (New Zealand Herald, 1997a). Yet even before the Asian economic crisis, there were strong indications of unrest.

First, there was a condensing of travel tours which had a significant impact on different sectors within the industry. Prior to the crisis, Korean and Taiwanese tours were shortening their stays from a norm of nine days to four days (New Zealand Tourism Board, 1996a), with reduced multiplier effects being abruptly felt throughout the industry. Hotel occupancy rates were reported to have dropped by 10% that year (New Zealand Herald, 1997b), and other sectors such as transport, duty free shopping, retail outlets and visitor attractions typically reported flat returns.

The consequence of these condensed tours was a fiercely competitive industry environment, as operators fought to retain access within the diminished destination package. Wholesalers in the generating destinations became increasingly price-driven within their home markets as they charged their tours out at cost, while placing increased pressure on in-bound operators to concede larger commissions. Thus, commissions from the activity sectors became more and more consequential, as each sector endeavoured to compensate for their eroding margins. These practices were claimed to undermine the reliability, efficiency and stability of market channels (Gnoth, under review), frustrating the fine-grained exchange relationships required between sectorial partners to transcend industry fragmentation. Most at risk were the small specialist firms with limited bargaining power. Indeed, it was claimed that Korean tour operators demanded their clients be charged in \$US rather than the significantly weaker \$NZ, which resulted in lavish commissions and kickbacks for these inbound operators. They deemed these necessary due to the inadequate pricing strategies in their home countries (Ko, 1996).

The disadvantage and inability of New Zealand to compete as a price-driven destination becomes even more apparent when woven with the construct of the travel experience. As an 'edge-dweller' New Zealand offers its low population density and scenic environments as a playground for collecting interactive

experiences. However, the price-driven four-day tours allowed little opportunity for recreation. These travellers begin their stay after an early morning arrival with a 12-14 hour coach trip 'visiting' the North Island triangle of Auckland - Waitomo - Rotorua - Auckland. Day two is spent flying to the South Island in preparation for day three, which involves a second twelve hour day from Christchurch - Queenstown - Milford Sound - Christchurch. These intense travel experiences of some 700 kilometres per day offers little opportunity to interact, enjoy or play in these selected environments, the essence of the tourist experience. Not surprisingly, empirical research indicates strong levels of dissatisfaction from these practices (Wang, Kandampully and Ryan, 1998).

Indeed, it is this process of individualised experience which becomes the central pull of the peripheral New Zealand location: wide access to remote locations, which makes it more compatible to being a value-added destination, vindicating the long-haul travel expense. These features are more representative of those visitors from New Zealand's traditional markets, who have been overlooked in favour of the more impressive growth from Asian groups. While the daily spending patterns from these markets is often less than the Asian groups, they stay in New Zealand longer⁷, travel to more remote landscapes, with their foreign exchange becomes more readily dispersed within regional economies.

Significantly, during the years of dramatic growth from the Asian continent, the numbers of visitors from traditional markets began to fall. While tighter economic conditions in their home countries was cited as the primary reason, dissatisfaction with the quality of experience has also been acknowledged. There have been claims that New Zealand has not maintained its value-driven focus, and the high numbers of tourists visiting icon attractions resulted in overcrowding and inter-

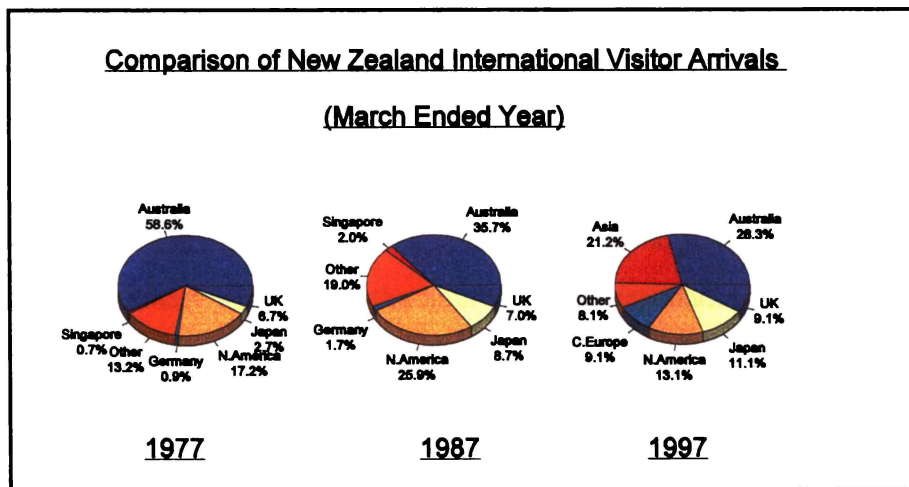
7: For example, German FITs are claimed to stay an average of 41 days (New Zealand Tourism Board, 1993a).

cultural intolerance (discussed in Chapter Nine). The standardisation of product and shorter attraction tours to accommodate this overcrowding is claimed to have led to a disenchantment from these traditional markets, damaging the reputation of the New Zealand destination. Also of consequence may have been the impact of South Africa as a competing destination. Following the election of Nelson Mandela, South Africa embraced an extensive marketing campaign aimed at the European and American markets. The attraction of the exotic game parks and wild life, and the similarity of time zones for the Europeans assisted in its recognisance, and thus contributed to eroding New Zealand's competitive advantage.

Nevertheless, while these combined factors resulted in some decline of the higher spending markets of North America, Germany and Japan⁸, they still remain the major contributors to visitor arrivals (see Figure II) and expenditure.

Figure II: International Visitor Mix

(New Zealand Tourist and Publicity Department, 1987, p.10; NZTB, 1996c)



8: High average visitor expenditure from Switzerland (\$4068), Germany (\$4066), Thailand (\$3969), and Japanese (\$3893); is compared to those spending less from UK (\$2830), South Korea (\$2253) and Australia (\$1828); (New Zealand Tourism Board, 1996c, p.7).

These markets are more likely to stay with family and friends, especially the British, with their foreign exchange earnings dispersed within the local economy. The American and European group tours, for instance, venture further than the golden triangle of New Zealand tourism, with their economic transactions again more regionally dispersed. Thus, the outcome of the earlier volume-driven policy overlooks the broader repercussions of the tourism phenomena. Not only did this strategy offer limited visitor satisfaction in recreating its clientele, but it also reduced economic infusion through peripheral regional economies.

Yet intriguingly, as Asian visitors have reduced, these more traditional markets have increased, with Table 4 comparing market growth rates from December 1997 to December 1998.

Table 4: International Visitor Arrivals, December 1997-December 1998
(New Zealand Tourism Board, 1999).

Australia	Japan	N.Asia	S.E.Asia	Americas	UK	Europe
16%	-2%	-40%	-27%	10%	8%	3%

This return to favour from traditional markets has prompted headlines such as, “Tourism turnaround as visitor numbers surge” (New Zealand Herald, 1999f), and illustrates the volatility of the tourism phenomena. The years 1998/9 have seen political uncertainty within from the South African destination, posing significant questions regarding the safety of travellers to this region. This factor has intensified the profile of peripheral nations such as New Zealand, which remain free of large scale violence. The current weak financial currency too has assisted in the promotion of New Zealand. Finally, the significant advertising campaign by the Australian Tourism Council too has brought benefits to New Zealand. As the host of the 2000 Olympics, Australia has heavily promoting itself as a place to visit outside of the main Olympic season. New Zealand has realised significant spin-off effects from these marketing initiatives through its proximity to Australia, with

visitors seek to gain value from the costly Antipodean experience.

In summary, this section has highlighted the volatility of the tourist generating markets, with this dependency implicating significantly on industry operators. The concertina effect of supply and demand creates a continuing dynamic structure, a consequence of the low barriers to entry. Thus, while market growth creates significant opportunities in product development adding positively to the destination value-net, market reduction can result in significant competition driven by volume and price. As cost control and product quality deteriorate, the wide interface between consumers and suppliers can become adversely affected, as less information is transmitted between suppliers, leaving consumers ill-informed to make decisions. With 'value' being discounted in the New Zealand context, customer dissatisfaction can negatively affect the reputation of the destination.

5.10 Conclusion

Interdependence among these tourism suppliers then, becomes a central issue for destination leverage, and this chapter has described the structure and organisation of the New Zealand tourism industry. The chapter began by describing the New Zealand environment and the nature of its comparative advantage, which paradoxically lies in its strategic disadvantage of remoteness and isolation from the major continental markets. Yet in a global context of standardisation, fast-lane living, and overpopulation, this isolation amidst a diversity of unspoilt landscapes makes New Zealand an exotic 'edge-dweller' destination. Nevertheless, it still competes from a strategic disadvantage, with the cost of long-haul travel and the time-factor so pertinent to our 20th century lifestyles, preserving New Zealand as a peripheral destination in the global context of tourism.

The current growth in spontaneous travel has initiated major structural change

within the industry, allowing it to “spread from a milk run of predictable destinations to permeate the most remote destinations of the country and to affect the lives of many more people than simply those who work in tourism” (Kearsley, 1997a, p.58). The result has been the formation of two discrete, although not disconnected markets. Alongside the traditional tourist trail, targeted primarily at volume markets, is a multiplication of players and sectors, which has enabled an infrastructure of regional investment to emerge.

Thus, in recent years, a significantly new network structure has resulted, with changed network positions and movement in organisational centrality. Significantly, this new structure, largely inhabited by small operators with little institutional legitimacy, succeeds the earlier oligopolistic structure, posing significant problems for coordination. While the TIA endeavours to take a stronger leadership role in the industry and the NZTB redefines its strategic direction, the operation and management of the tourism industry continues to struggle within an environment of fragmentation, isolation and limited coordination. “There are few big players and many small operators, unable to plan strategically and think beyond their own immediate market needs and competitive situation” (Kearsley, 1997a, p.58). These conditions supports the use of network analysis as the most appropriate lens to review inter-organisational supply. How do these groupings of networked organisations coordinate their activities?

Further complexity is added to this coordination process with the withdrawal of the State. Amidst current political rows, there has been additional debate regarding the involvement of government in the subsidisation of the tourism industry, particularly as the current Government supports free-market policies. Indeed, agricultural industries such as timber, wool, and dairy are also in decline and have been refused state support (The Independent, 1999). Nevertheless, these accusations of bias from ministerial politicians overlook the propensity for market failure associated with the phenomenon of tourism. Individual operators cannot create international

market visibility, nor manage the consequence of significant free-rider effects. Further, the partial industrialisation of this industry acknowledges the significant multiplier effects generating through multiple sectors, destinations and regions from the foreign exchange infusion. These factors suggest focussed and coordinated efforts are needed, involving both public and private sectors to profile and manage the essence of the New Zealand destination imagery.

Before turning to the illustrative case study which discusses how these issues of interdependence, coordination and organisation are enacted, the following chapter describes the regulatory issues around which the New Zealand tourism operators need to comply. These legalistic requirements become particularly relevant when suppliers are mutually interdependent, as organisation not only involves direct partner interaction, but also stakeholders realised through regulation. Thus, these regulatory mechanisms provide an avenue for conditioning commercial self-interest.

6: Regulation of Tourism in New Zealand

6.1 Introduction

As the preceding chapter demonstrated, collective organisation within the New Zealand destination is limited. While this permits an environment favouring flexible supply arrangements, it also produces an industry structure with little coordination and information flows which may constrain collective destination leverage. Yet regulatory frameworks are claimed to facilitate the coordination process as instruments of integration. The Ministry of Commerce confirms that:

... a well designed legal framework can reduce the costs of doing business by enabling firms to organise their affairs effectively. It will also assist in allocating resources efficiently, not least by allocating and enforcing property rights and thus ensuring that firms are able to transact and capture the rewards of their investments (Ministry of Commerce, 1996a, p.5).

These frameworks can be used as support and coordinating mechanisms for encouraging collective interdependence, while also establishing compliance through adapting interdependent organisational action. In this role, these regulatory mechanisms assume a custodial responsibility of public guardianship and through this, community stakeholders become assimilated into the domain of tourism-related activities and action. This process has become further legitimised with substantial legislative reform taking place in New Zealand over the last twenty years. The devolution of decision making from the State to local communities has enabled communities to become more actively involved in tourism destination management.

This chapter describes this regulatory environment and its relationship with the tourism industry, focussing most particularly on issues pertaining to the Conservation Estate, the Treaty of Waitangi, Local Government, the Resource Management Act, and safety issues within the adventure tourism sector. It sets the

scene for later chapters which illustrate how those within the private sector grapple with issues of coordination and regulation, and the manner in which these mechanisms construct or constrain organisational and interorganisational action.

6.2 The Department of Conservation

The Department of Conservation (DoC) manages almost a third of New Zealand's land area, and with the natural landscape being the essence of the New Zealand tourism destination, there is substantial interdependence between DoC and tourism interests. These lands managed by DoC include two world heritage areas, more than 30 national and forest parks, wilderness areas, hundreds of reserves, marginal strips around lakes, riverbeds and coastlines (the Queen's Strip), and other protected areas. Internationally recognised species and ecosystems unique to New Zealand are part of this, with "a number of them having very ancient lineages going back several million years" (Department of Conservation, 1996, p.9).

DoC emerged from a restructuring of the Department of Lands and Survey and the New Zealand Forest Service in 1987, and took over the conservation responsibilities of these offices as they were incorporated into the Conservation Act 1987. DoC's overriding goal is "to ensure that the intrinsic natural and historic values of areas managed by the department are not compromised by the impacts of visitor activities and related facilities and services" (Department of Conservation, 1996, p.12). To achieve this, DoC is guided by several regulatory statutes including the Conservation Act, the National Parks Act, the Reserves Act, the Wildlife Act and the Marine Reserves Act. Throughout these Acts are references to the natural tension that exists between the guardianship role and the provision of access for public recreational use. The Conservation Act, for instance, defines conservation as "the preservation and protection of natural and historical resources for the purpose of maintaining their intrinsic values, providing for their appreciation and

recreational enjoyment by the public, and safeguarding the options for future generations". The National Parks Act 1980 too, recognises that "...the public shall have freedom of entry and access to the parks, so that they may receive in full measure, the inspiration, enjoyment and other benefits that may be derived from mountains, forests, sea coasts, lakes, rivers and other natural features" (New Zealand, 1997, p. 526).

To fulfil these goals, DoC has two primary responsibilities: facilitator and regulator. As a facilitator, DoC's responsibilities include the provision of facilities and services for users of the conservation estate. This interdependence between DoC and tourism operators is predominantly collaborative, but confrontation does occur, as evident in the dispute over the upgrading of visitor amenities at Cape Reinga (at the tip of the North Island). Local tourism operators claim they agreed to the introduction of a levy charged by DoC for the use of the Ninety-Mile beach reserve, in return for the improvement of visitor facilities at the Cape. While tourism operators argue that these improvements have not happened and are considering withholding their levies (New Zealand Herald, 1999g), funding difficulties and Treaty claims (discussed in the following section) are likely to be the inhibiting factors restricting DoC's facilitation role.

DoC also becomes a regulator of commercial activity, with its responsibility to monitor the effect of tourism activities within the national park regions, reserves, riverbeds and coastlines under its mandate. Managing access, monitoring visitor flows, and regulating specific enterprise operations which may damage water systems and other fragile environments, form a critical part of DoC's role. This is necessitated by the increased popularity of outdoor recreational activities, including both domestic and international visitors (Kearsley, 1997b). Indeed, issues of overcrowding of New Zealand's 'frontcountry' settings is under particular scrutiny, and concern mounts over the displacement of people into more remote and fragile

backcountry areas, ill-equipped for increased visitor flows. Significantly, DoC also retains responsibility for managing most of New Zealand's historical tourist icons, including Milford Sound, Mt Cook National Park, the Abel Tasman coastline, Punakaiki, Franz Josef and Fox Glaciers, most of the major skifields including Ruapehu and Mt Hutt, the Rotorua geothermal areas and the Waitomo Caves (3/4 of which is owned by local iwi). Many of these 'icons' too have been under pressure from visitor overcrowding, and DoC becomes involved as the regulator of commercial actions within these regions. These responsibilities fall heavily on DoC however, as it is currently beset with funding difficulties, increased visitor flows and safety issues following the Cave Creek tragedy⁹.

To assist in management of the conservation of the estate, DoC furnishes special compensations to authorised firms, allowing them access to operate in these areas. There are some 500 of these partnerships, which include concessions for air, water and land transport; guided treks, hunting, and fishing trips; skifields; and accommodation. They are characterised by "the concessionaire facilitating access, larger groups, seasonal peaks, structured timetables, and making key decisions" (Department of Conservation, 1996, p.38). The purpose of the concessions is to limit the use of natural areas rather than to introduce constraints on business (Ryan, 1997), again highlighting the interdependence of conservation and economic outcomes. Nevertheless, while these concessions effectively become a barrier to entry for potential competitors, the Conservation Amendment Act (1996) places new responsibilities on applicants to identify possible 'effects' of their proposed activity through the Resource Management Act (see later this chapter). This process brings an additional accountability perspective into the operations of these concession enterprises, which in time may reduce their oligopolistic advantage.

9: Fourteen students lost their lives when a DoC viewing platform collapsed in 1995.

Thus, the tourism sector, with its high dependence on lands associated with outdoor recreation, has a strong and reoccurring interdependent relationship with DoC. This can sometimes be adversarial as DoC, gatekeeper and mediator, endeavours to balance the profit imperative of commercial enterprise alongside its social guardianship of sustainable resource conservation. Ironically, DoC's responsibility is to satisfy the needs of the resource supplier; a contrast to current marketing philosophies where the focus is on firstly satisfying the needs of the consumer.

6.3 The Treaty of Waitangi

Management of the conservation estate is further complicated by recent Maori claims for the restoration of many of these lands under the Treaty of Waitangi. This arises from Article II of the Treaty which acknowledges the special relationship of the indigenous Maori and their customary rights to the natural resources of this country. This founding document is playing an increasingly prominent role in the governance of New Zealand. As these land claims are being negotiated, they signify a changing relationship between Maori and Pakeha, one in which substantial conflict has emerged over the privatisation of these former Crown lands.

While many Pakeha feel that a return of these lands to Maori ownership will reduce the earlier freedom of access the public had to the conservation estate, there are deeper issues of cultural identity which undermine this conflict. A fundamental difference between the two cultures exists in the ideology of land practices and belief systems. The manner in which these natural resources are currently managed reflect a Western and more commercial orientation, said to deny the special spiritual values of land recognised within Maori culture. Barber (1992) comments that:

The Pakeha attitude is that the land belongs to you. But to Maori, you belong to the land. Your identity as a Maori over many generations is written on the landscape and will be there for a long

time after you have gone (cited in Hall, 1996, p.169).

This is reflected in the nature of Maori land ownership, where 'ownership' resides within one's whakapapa (or genealogy, extended family). Under Maori Land tenure, ownership becomes a very complex form of organisation, with decision-making a collective process, frequently involving long sequences of debate until consensus of all members can be reached (Walker, 1987). This 'Maori' way of debate can be a source of frustration for those with a Eurocentric perspective of individuality. Indeed, because of this slowness at arriving at recommendations, many Pakeha assume Maori decision-making never happens, and fear the consequences of delayed action and development associated with the conservation estate once it is returned to Maori ownership.

This conflict over the ownership of the estate impacts on those operating within the tourism sector, introducing more layers of stakeholders, and influencing the ability of operators to manage independently. It also entrusts DoC, as the manager of the conservation estate, with a mediation role as it endeavours to balance the demands from commercial tourism interests with those of its Maori owners in seeking to retain the estate's spiritual values¹⁰.

The Treaty of Waitangi document is also influencing the supply of tourism product in other forms, and retaining traditional 'customary rights' has become a primary focus of current interpretations of the Treaty. There have been instances where radical Maori have asserted customary rights over prominent tourism-invested landscapes. Because there is no legal precedent, this places their actions beyond the

10: An example of this was the occupation of Lake Waikaremoana by Maori protestors, who argued that DoC contravened its 1974 agreement as it continued to grant favour to commercial tourism interests (New Zealand Herald, 1998)

jurisdiction of current legislative requirements¹¹. The consequence of these actions has been not only to deny tourism operators access to these landscapes, but also gives these new Maori suppliers distinct advantages over their competitors. These instances have resulted in considerable public discourse, involving not only direct stakeholders of Maori, tourism operators, DoC and local councils, but also the broader community. Any final outcomes will create influential precedent for the supply of New Zealand tourism destination product.

In summary, these issues relating to Maori and land ownership are undergoing a significant shift, resulting in a transition and re-emergence of Maori into tourism delivery (Ryan and Crofts, 1997). The use of the Treaty of Waitangi document in conventional law has provided a legal avenue for Maori to gain stronger representation, with most of this occurring within a context of collaborative partnerships between Maori and Pakeha. Yet because of the historic nature of land and cultural confiscation in the past, there is still much distrust of the legal process in some communities, and this has resulted in instances of confrontation, occupation and protest to gain representation. The consequence for tourism operators is an uncertain environment, as they face issues of operational and governance change.

6.4 Local Government

With tourism happening at the 'coal-face', local government inherently becomes directly involved in tourism-related issues. This becomes even more evident when broader policy issues are unclear, and local regulations are called upon to mitigate commercial actions. In New Zealand, local government currently comprises of a broad structure of 12 regional and 74 territorial councils, and 160 community-based boards, which were created under the Local Government Act, 1974. Substantial

11: Currently Mt Ruapehu, on which a major skifield resides, is subject to a land claim.

modification took place in the 1989 Amendment Act, and this was followed by a comprehensive financial management focus in the 1996 Amendment Act 3.

The overall purpose of the 12 regional councils is to provide operating parameters and policy on environmental matters. Their primary activities include pest management, resource management, flood and river control scheme management, civil defence, and regional transport planning and passenger transport services. Regional councils are required to monitor, and control if necessary, the manner in which natural resources in their regions are used so that they can be enjoyed by future generations (Department of Internal Affairs, 1997). The function of the regional councils then, is primarily as regulatory agencies.

At the territorial (local) level, the purpose of the 15 city and 58 district councils is to operate the regulatory functions described by their regional councils and to provide facilities and services for the local community. These activities include:

- Regulatory - in that they issue and enforce laws in their local community through resource management, building, plumbing and drainage inspection, civil defence, pest, litter, and hydatids control.
- Democratic - elections, meetings and public consultation, and civic functions.
- Utilities - water supply, sewage, rubbish collection, building and health inspection.
- Roothing - footpaths, roads, traffic signposts, and parking facilities;
- Social/cultural/recreational - citizens advice, libraries, museums, parks, and community centres.
- Commercial - parking facilities, convention and sporting centres.
- Other - administration and economic development (Department of Internal Affairs, 1997, p.6).

These local government structures have a strong influence on both demand and supply of the tourism activity either through their support or their resistance of local opportunities. Indeed, the devolution of power to local authorities under the 1974 Act permits local authorities to now play a stronger role in promoting their regional destination, enabling them to benefit from the rise of independent travel to regional areas (Kearsley, 1997a). The level of support is determined by the economic contribution tourism is perceived to make to each local economy (Duncan, 1995), through the provision of utilities, amenities and public good infrastructure. While arguments abound as to the equity of local communities paying for the amenities of the transitory visitor, the existence of these amenities can influence the length of the tourist destination stop and hence may significantly increase the economic contribution of visitors into the area.

Local government also influences the tourism process through their affiliation with the regional tourism organisation (RTO), the marketing and promotional tourism arm of these regional areas. The twenty-four RTOs are responsible for the coordination of local tourism operators, stakeholder groups and the local authority, with their primary function being to image and differentiate their local destination. There is considerable disparity in the function, role and performance of individual RTOs, a reflection of the level of support given to each by their local council, as discussed in the preceding chapter.

6.5 The Resource Management Act

The RMA Legislation

Despite frequently having no overall tourism strategy, local and regional government plays a powerful role in the regulation of tourism and its associated activities through the Resource Management Act 1991 (RMA). This Act replaces the many previous acts based upon the compliance of activities, with the purpose

of the RMA being “to restate and reform the law relating to the use of land, air, and water” (Ministry for the Environment, 1991, p.7). The distinctiveness of this legislation is its ‘effects-based’ approach; with the central guiding principle being assessing and controlling the effects of activities, rather than controlling the activities themselves. Implicit is a partnership of balance between commercial interests and the preservation of ecosystems for the future. These goals are congruent with those of DoC, and intrinsically become entwined with the conservation of environmental resource use:

- (a) To balance the needs with those of the environment by ensuring that the use of resources does not endanger or irreparably damage (such as by pollution) any ecological system(s), including our own;
- (b) To ensure that acceptably high standards of environmental quality (such as our urban environment) are maintained; and
- (c) To ensure that the environment and its resources are used in such a way as to protect the ability of future generations to meet their needs (Ministry of Commerce, 1993, p.4).

The RMA promotes the sustainable management of natural and physical environments, and covers land, coastal marine areas, river and water beds, water, discharges and noise emissions. Sustainable management within the RMA is defined as:

Managing the use, development and protection of resources in a way, or at a rate, which enables people, and communities to provide for their social, economic and cultural well being and for their health and safety while -

- (a) Sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and
- (b) Safeguarding the life-supporting capacity of air, water, soil and

ecosystems; and

(c) Avoiding, remedying, or mitigating any adverse effects of activities on the environment (Ministry for the Environment, 1991, p.21).

Of particular significance is Part II Section 6, Matters of National Importance, which becomes embedded in the overall purpose and principles of the RMA. These Matters of National Importance are defined as:

- (a) The preservation of the natural character of the coastal environment (including the coastal marine area), wetlands and lakes and rivers and their margins, and the protection of them from inappropriate subdivision, use and development.
- (b) The protection of outstanding natural features or landscapes from inappropriate subdivision, use and development.
- (c) The protection of areas of significant indigenous vegetation and significant habitats of indigenous fauna.
- (d) The maintenance and enhancement of public access to and along the coastal marine area, lakes, and rivers.
- (e) The relationship of Maori and their culture and traditions with their ancestral lands, water, sites, waahi tapu, and other taonga (Ministry for the Environment, 1991, p.21).

Contained in s.6 is reference to the unique features characteristic of the New Zealand landscape, which the Act contends can be protected from inappropriate development. This is of particular significance to New Zealand tourism interests because many of the 'icon' destinations are centred around these unique features, and thus s.6 allows a broad diversity of stakeholders to influence and assert action over the commercial operations of these attractions. This severely complicates their management, when government policy through the NZTB has demanded volume-

led tourism strategies over longer term sustainability.

Administration of the RMA

The responsibility for administering this act is placed at local government. Regional councils have a pivotal role in preparing broad policy statements which set out the objectives, guidelines and standards for the integrated management of water, soil, geothermal resources and pollution control within their local region. These regional and district plans identify standards and rules for which proposed activities can be assessed in terms of their actual or potential effects. The regional and coastal plans may impose rules to prohibit, regulate or allow activities regarding air and water pollution, water and soil conservation, and regulating the use of water and air contaminants (Department of Internal Affairs, 1997).

At the district (or territorial authority) level, the emphasis of responsibility is on the effects from which the land is put to use, which takes a more operational perspective. Central to this is the identification of the environmental outcome and the proposed management plan of that activity. To this end, applications for resource consents occur through an assessment process of the environmental impacts of the proposed activity. This audit of environmental effects should achieve the following:

- (a) To identify whether a proposed activity will or could create adverse environmental effects;
- (b) To determine the type, scale, and interrelationships of any identified effects;
- (c) To determine whether such effects could be avoided or reduced;
- and
- (d) To evaluate whether the overall benefits of a proposal sufficiently outweigh any adverse effects to allow the consent to be granted (Ministry of Commerce, 1993, p.8).

There are five types of resource consents (land use consents, subdivision consents, coastal permits, water permits and discharge permits), along with four types of activity classes (permitted activity, controlled activity, discretionary activity, limited or restricted discretionary activity, and non-complying). There is also a prohibited activity for which no consent may be granted. The consent process involves resource consent application preparation, public submissions, the decision, and the opportunity to appeal. Significantly, the submission process is set up to involve community consultation, including local iwi.

This consultation process is a key feature of the new legislation. While the Act's overriding purpose is to provide a framework for environmental sustainability, its method of achieving this has shifted from a bureaucratic central government structure, to enabling local governments and communities to become part of a more decentralised process. Yet, there is currently much debate concerning the administration and cost effectiveness of the Act. With the implementation of the Act now under the jurisdiction of local governments there is wide spread comment of the limited additional resources given to local councils to meet these increased responsibilities (The Independent, 1997a). While the Act is said to have cost some \$15million to formulate, only \$30,000 has been allocated to local councils to enact implementation. Local authorities accuse the government of "dumping an administrative change on councils without help. They say national guidelines and training originally promised never occurred" (The Independent, 1998a). Consequently, they struggle to define a statutory process which regulates environmental effects with environmental sustainability, while still allowing for market driven profit agendas. Accusations of bureaucratic heavy-handedness and the proliferation of the former 'zoning' mentality of land use may well be pertinent, but comprehensible in view of the little assistance given to the implementors.

Implications for Tourism Operations

Fundamental to the effectiveness of the RMA, is how it is being used to regulate commercial behaviour. The RMA has raised the consciousness of business regarding environmental matters, in that operators are now aware of the repercussions of their conduct that goes beyond immediate self-interest. Interdependence of business activity and community development can be seen in the development of collaborative value nets. Indeed, partnerships between local community stakeholders and tourism operators are illustrated by landcare projects as both groups seek sustainable outcomes that minimise the deterioration of the natural landscapes they are mutually dependent on.

However, the costs involved in implementing this Act may fall heavily on certain actors. Land owners, for instance, may face unexpected costs to meet the 'effects' based standards, such as requests for retiring land or increasing water integrity. Issues arise as to the equity of changing the rules and then requiring private land owners to bear the cost of achieving long term public good (The Independent, 1997a). The corollary of this is the prohibitive cost for communities to oppose some resource consents, particularly when against big business. Indeed, there have been instances when local communities have not opposed consents because of the risk of substantial costs being awarded against them¹².

The RMA is also argued to provide fertile ground for allowing trade competition and increases the regulatory barriers to firm growth. Through the public submission process, the RMA can be used to restrict resource consent applications, effectively encouraging elements of anti-competitive behaviour. There are indications of

12: The Watchdog group challenged Coeur Gold NZ in 1994 over its environmental discharges. Coeur Gold won the case. While the original claim of \$435,000 was not awarded, the \$40,000 (reduced to \$20,000 after appeal) was enough to retract the appeals of other environmental groups, fearing bankruptcy (The Listener, 1995).

lengthy and expensive planning procedures as objectors to any development can delay the process for a considerable amount of time at no cost to themselves, but at a substantial cost to the potential developers. At the centre of this is the cost of the consent process, which under the Act is ostensibly met by the 'effector', rather than the public. These types of trade wars are said to rarely absorb the costs of administering the formal mechanisms of the RMA at council level (The Listener, 1995). The Commerce Commission has recommended that because of the growing bureaucratic nature of the Act, the consent process be awarded to private consultants, which would then allow local governments to focus on the overall planning role. It also recommended the introduction of penalties for those using the RMA for anti-competitive or irrelevant objections (The Independent, 1997b).

In conclusion, this section has outlined the changing operating conditions for business conduct, which now includes an awareness of environmental responsibilities. These include both local authorities and legislation which, at a community level, enable the construction of longer term sustainable imperatives, yet also provide fertile regulatory systems to inhibit inter-organisational competition. These influences too implicate on tourism activities, with suppliers now more accountable to stakeholders and interdependent complementors for their activities, actions and outcomes.

6.6 Safety and Risk Management

Also of significance to the tourism process are the regulatory issues surrounding the management of safety and risk. As discussed in the preceding chapter, the essence of the New Zealand destination is its diversity of environments in which to 'play'. Indeed, New Zealand now has the reputation of being a major adventure destination, with 71% of all visitors participating in at least one adventure activity (New Zealand Tourism Board, 1996c). The tourism industry, as discussed in

Chapter Four, acts as a vehicle to manage the risks associated with these experiences. These suppliers have access to suitable sites, and provide both equipment and guides with the skills necessary to negotiate the unfamiliar environment on behalf of their clients (Berno, Moore, Simmons and Hart, 1996). Nevertheless in undertaking these adrenalin related activities, there will always be both actual and perceived risks associated with situations of potential danger. These risk factors are a result of an unpredictable physical environment, a wide range of consumers with varying degrees of skill and fitness, and operators with different levels of training and experience (Ministry of Commerce, 1996b).

Because New Zealand is promoted as a destination with an advanced social, economic, legal and political infrastructure, many travellers will (incorrectly) assume that the same well developed regulatory structures of training and competency will be in place as in their home country, and that all activity encounters they experience will be to a certified standard (Ministry of Commerce, 1996b). Differences in price are expected to reflect quality variances, not minimal safety standards. However, legislative risk and safety certification is not required, a consequence of both Government devolution and the emergence of this sector during this time. This section describes the legal frameworks that do exist and how they implicate on risk and safety management. It outlines industry fragmentation, New Zealand's unique Accident Compensation Scheme, sector-related training programmes and the formation of generic Codes of Practice.

The adventure tourism industry comprises a broad range of diverse activities, from bungy jumping to deep sea diving to cave tubing. Most of these businesses are small owner-operated concerns, reflecting not only the market opportunities from growing tourism demand and high levels of entrepreneurial innovation, but also the low costs of entry. These entry costs are particularly low in New Zealand because operators are not legally required to have separate insurance policies covering client

injuries, with the costs and compensation for injury being transferred to the public arena under the current Accident Compensation Corporation scheme (ACC). Cited world-wide as an enlightened example of legal reform (Campbell, 1996), ACC was established under the Accident Rehabilitation and Compensation Insurance Act 1972 to provide comprehensive no-fault social insurance for personal injury by accident. It applies to all persons injured in New Zealand, whether citizens, residents, or visitors. Central to this Act is the exchange of receiving fair compensation and rehabilitation for injury, and in return the abolishment in common law of the right for injured people to sue. However, with costs estimated to be rising at an average of 25% per annum (New Zealand Employers Federation, 1995) the changes in the 1992 Act are claimed to have eroded this earlier contract, questioning whether the entitlements are now a fair and equitable compensation for injury (The Independent, 1998b). The removal of lump-sum compensation, increasing reliance on employer premium contributions for non-work related accidents, and higher employer levies, has resulted in the Act being under attack from many sectors (Campbell, 1996). Yet a comparison of Australian workers compensation schemes by Sir Kenneth Keith reveals that New Zealand ACC levies are almost half of their Australian counterparts (Campbell, 1996).

The current 'no-fault' ACC system has protected tourism operators from issues of negligence. However, increasing pressures suggests more professional accountability will fall on the sector. Indeed, a spate of recent adventure-related activity fatalities¹³ has received international press questioning New Zealand's credibility as the 'adventure capital of the world'. While there is no evidence to suggest that the risk of injury is higher in New Zealand than elsewhere, the effect of any adventure-related death reaches further than the company concerned,

13: The summer of 1995/6 experienced 7 adventure tourism-related fatalities: 2 rafting; 3 ballooning; 1 kayaking; 1 whalewatching. The 1996/7 season involved five deaths: 3 skydiving; 1 horsetrekking; 1 caving. The two seasons, 1997/8 and 1998/9 were fatality-free.

affecting competing operators, the regional destination, and New Zealand as a destination. For example, the CEO of Shotover Jets stated at the Adventure Tourism Conference in 1996 that their business dropped by 50% after a rafting fatality on the Shotover river, “because the name Shotover was there, people wouldn't go near that river”. This fatality has also provided a precedent for legal action, with relatives filing a legal case against the United States travel agent who recommended New Zealand as an adventure destination. Implicated too are the rafting company and the Queenstown District Council who are being sued for negligence (New Zealand Herald, 1997c), with this case still under deliberation at the time of writing (1999).

Indeed, this case not only challenges the right to sue, but also undermines the New Zealand ACC system and is likely to increase compliance costs for local operators. However, the incident highlights the more stringent requirements required by other nations. For instance, within the European Union, it is the booking agents who are responsible for ensuring client safety, with certified regulation assisting to inform of operational professionalism. This practice also affirms the actions of a major Japanese wholesaler, JTB, when it ceased to book certain adventure activities in New Zealand, due to its perception of high risk for both the client and wholesaler.

With few statutory requirements, no standardised peer safety reviews, no entry safety audits, and no compulsory certification and training schemes, cowboys and copycats inevitably become part of the industry configuration. With little information on the professionalism of service delivery of these individual businesses, consumers are frequently unable to make informed choices. As a result, there has been renewed pressure for more stringent management and control of the perceived risks and dangers with calls for industry/government cooperation in developing and administering safety standards and codes of operation for all adventure activity operators.

Currently there are some regulatory and voluntary compliance mechanisms within some sectors. The New Zealand Mountain Guides Association operates under international regulations, while the New Zealand Bungy Jumping Federation operates within a Standards NZ structure. Voluntary codes of practice do exist within the New Zealand Professional Fishing Guides Association, the New Zealand Hunting Guides Association, the Sea kayak Operators Association, and the New Zealand River Guides Association. However, with such a wide disparity of activities, New Zealand Adventure Tourism Council (ATC), an industry enacted body, is endeavouring to establish generic Codes of Practice which may be appropriated to the whole industry. Their drafted Codes of Practice cover the areas of legislation, safe operation, environmental care and customer service (Tourism Industry Association, 1997a).

These drafted codes of practice have been partly a response to the need for industry-driven regulation, but also recognition that many small operators act within a vacuum of information and ambiguity characteristic of fragmented industries, and also legislative overload. Indeed, the Ministry of Commerce Tourism Policy Group details current legislation with particular application to the adventure tourism industry as the Commerce Act 1986; the Consumer Guarantees Act 1993; the Fair Trading Act 1986; the Health and Safety in Employment Act 1992¹⁴; the Accident Rehabilitation and Compensation and Insurance Act 1992; the Maritime Transport Act 1994; the Civil Aviation Act 1990; the Crimes Act 1961; the Occupiers Liability Act 1962; and the Amusement Devices Regulations 1978. These statutes, they claim:

...prohibit anti-competitive behaviour, provide some redress for customers where operators fail to deliver a quality product, prohibit misleading or false statements to customers, protect the welfare of

14: This Act requires employers to identify and control workplace hazards. This has implications and responsibilities beyond the operational plan, as the tourism activity occurs within the workplace context.

employees, provide a compensation regime for personal injury for customers and employees, provide incentives for operators to take an adequate level of care, place responsibility on customers (visitors) undertaking risky activities, in cases where they are aware that these activities are dangerous, and set out duties of employers and others relating to the health and safety of employees or other people in relation to amusement devices (Ministry of Commerce, 1996b, p.6)

Yet the ability of small operators to comply with these legislative frameworks, with minimal industry and state support, encourages entrenched attitudes of mediocrity and substandard performance deliveries. Data regarding accidents and injuries involving tourists remains hidden, with coverage under the ACC legislation permits their claims to be included in bulk statistical generation. Indeed, Page and Meyer (1996) argue in their exploratory research into tourist accidents that “many agencies do not perceive tourist accidents as a problem for their members in the absence of definitive primary data... and this maybe a potential barrier to attitude change” (p.684).

The Adventure Tourism Council now sees itself playing a critical role, not only in providing voluntary industry regulation, but also as the coordinator of disseminating information of ‘best practice’ to its network of members to help alleviate this deficiency. Of particular concern is the initiation of international litigation exposing the vulnerability of all New Zealand operators in the provision of these risk related activities.

Outdoor training and assessment programmes for those involved in adventure-related activities have been available for some time. The Mountain Safety Council provides courses of instruction in basic skills for outdoor recreation and education

aimed at leaders of groups, especially schools, while more professional qualifications can be attained through The New Zealand Outdoors Instructors Association (NZOIA), which provides generic standards for most outdoor activities. Both organisations have operated on an independent and low key basis for many years. However, changes in the New Zealand education system during the 1990s with the development of the New Zealand Qualifications Authority (NZQA) has attempted to modularise and standardise all educational activities. Outdoor modules are now also included under the NZQA, but are criticised as being prescriptive accounts, rather than a practical orientation of delivery and assessment. From this dissatisfaction, the Sport, Fitness and Recreation Industry Training Organisation (SFRITO) was set up under the Industry Training Act in 1992, partly as a response to providing a practical orientation to NZQA. Organisations can enrol their staff for work based training, while other organisations contribute with specialist training schemes as the providers.

There has however been little coordination, standardisation or moderation of these programmes. Nor has there been any concerted effort to introduce a national awareness of the need for more risk management within the industry. To what extent voluntary regulation mechanisms drive the adventure sector in its search for international competitiveness remains uncertain. Of interest, is that of the twelve adventure-related fatalities over recent years, only 3 of these were in sectors with no regulatory mechanisms. Rafting, whalewatching, ballooning and skydiving come within the jurisdiction of the established and legitimate regulatory bodies of the Maritime Safety Authority and the Civil Aviation Authority.

6.7 Conclusion

For small tourism businesses, the management of the environmental resource becomes complex and interdependent. Access to the resource may be dependent

upon multiple variables such as ownership and governance issues which become inextricably tangled with the Treaty of Waitangi and the management of the conservation estate. Further, the effects-based process of the RMA enhances the interdependent nature of the managerial process, with both stakeholders and competitors playing a critical role in the regulation of organisational business practices. Thus, the supply of the tourism product becomes a complex story of resource interdependency, entwined with bureaucratic processes, sustainable resource management, commercial interests, community based environments and anti-competitive commercial behaviour.

This chapter concludes Part One of the thesis, which began with an analysis of organisational interdependence, examined through a network perspective of structural and process arrangements. A descriptive account of the tourism phenomena followed, setting the context for a detailed discussion of the New Zealand tourism industry networks. At the forefront of this thesis, is the coordination and management of these interdependent networks, and these chapters described the fragmented nature of the New Zealand tourism industry and how it constrain voluntary coordination. The thesis then discussed the regulatory frameworks that may be drawn upon to harness organisational compliance to leverage industry coordination.

These chapters have set the stage for an illustrative analysis of these issues which occurs in Part Two of the thesis. Part Two describes the case study, and thus is context-bound and centres around actions involving the specific. It demonstrates how a network of organisations collaborate to enhance their tourism destination leverage, while concurrently competing for organisational advantage. Overlaying this process of interdependence, is the influence of broader stakeholders, as they constrain and construct organisational action. The following chapter describes the context of this case study, highlighting the evolution and construction of this

tourism destination.

7: The Emergence and Construction of the Waitomo Caves Tourism Destination

7.1 Introduction

This chapter commences Part Two of the thesis, the field interpretations and it explores the construction and evolution of the Waitomo Caves tourism destination. This chapter takes an historical perspective, discussing the origin of the destination, the political actions surrounding its control, and its evolution to the present day. Overriding this story is a structural perspective which demonstrates how action has framed the development of the destination to its present configuration. This historical context sets the scene for later chapters which describe the interactions between actors, and how these interconnections both construct and constrain organisational action within the networked community. This chapter, then, illustrates the fluidity and change of the network form.

7.2 The Context

This story is set within the Waitomo Caves village, a rural isolated village in the heart of the King Country farming district in the North Island of New Zealand. The village has a population of 307 people, yet it hosts 500,000 visitors each year. Its claim to fame is its core tourism product - the Glowworm Cave. This forty minute tourism experience consists today of a passive 200 metre stroll through grand and imposing limestone formations within the cave before concluding with a 'mystical' river float amidst a sky of glowworm formations twinkling like a universe of stars in the darkness. Despite its isolation from the main tourist trails, the Waitomo Caves have continued to be one¹⁵ of the 'Jewels in the Crown' of New Zealand tourism for more than a century.

15: These five 'icons' have historically included Rotorua, Waitomo, Mt. Cook, Queenstown and Milford.

7.3 Tourism Beginnings

The Waitomo Caves village nestles within a fifty square kilometre geological karst system of more than 600 underground limestone caves which include water routes, a variety of geological formations and home to thousands of twinkling glowworms no bigger than mosquitos, which inhabit the narrow chambers of the limestone caves. The Maori word 'Waitomo' means 'water entering the hole in the ground' and is the essence of the core tourism product, the Glowworm Cave. There is evidence of occupation of the Waitomo area dating back to 1350AD, as the original settlers from the Tainui canoe moved inland (Morgan, 1983). The area was renowned for its inhospitable landscape of thick bush and scrub and became the cradle of the dissident Maori King movement which shunned European sovereignty. It was not until the early 20th century that there was substantial European influence in this King Country region.

Glowworm Cave

The Waitomo Caves were unknown to Europeans until 1887, when local Maori Taane Tinorau disclosed the Glowworm Cave to his friend, British surveyor Fred Mace¹⁶. Mace's publicity of the cave and its spectacular glowworms resulted in widespread interest, especially since the world famous Pink and White Terraces in Rotorua had, the preceding year, been buried and destroyed by 20 metres of mud from the eruption of Mount Tarawera. An official expedition to map, survey and photograph the Waitomo area occurred in 1889. Issues such as potential visitor access to the cave, preservation of the cave environment and the future involvement of the local Maori were documented at that time by the Crown's chief surveyor, Thomas Humphries.

Noting the Crown's interest, the entrepreneurial Taane Tinorau began guiding

16: Who later married Taane Tinorau's first wife Te Nekehanga Tutawa.

visitors through the cave and by the end of 1890, 360 visitors had been escorted through by local Maori. This was a truly 'wanderlust' tourist experience, which began after a journey by train or carriage, with a five mile excursion via a six-foot-wide clay track to Waitomo. "These roads were for horses, for springing carts, drays, buggies, traps, wagons and therefore the grade of the road was of prime importance and often the easier grade was found by going around a hill rather than over it" (Morgan, 1983, p.27). And after arriving:

...the road was very bad... we were given a good supply of candles and rolls of magnesium wire and we stumbled along on foot as well as the darkness permitted. Twenty minutes brought us to the side of a mountain where there was a small door fastened by a padlock... [After the cave experience]... we were all very hot and tired, as we had been walking for four hours without any rest (Massey, E. 1914, cited in Arrell, 1984, p.26).

While Taane Tinorau played the lead role in the first tours of the Glowworm Cave, his legal ownership to the cave resource was never clearly established. This caused considerable tension among other members of his family hapu, jealous of the commercial gains that he alone was obtaining. Nevertheless local Maori were only too aware of the confiscation of lands that had occurred in other regions and they quietly conceded to Taane's claims, hoping that their silence would avoid undue attention from the more menacing Government intervention.

Eventually, Taane Tinorau ended up with 8 of the 27 half-shares in the 756-acre Hauturu East No.1A No.6 Block surrounding the Cave, while the Crown successfully obtained a further 10 of those half-shares. In 1899 the Otorohanga Maori Land Court ordered the block to be subdivided into six portions, and the Crown purchased 300 acres of this land (which included the Ruakuri Cave, significant in later discussion). The land immediately above the Glowworm Cave was also ordered to be subdivided into a four-acre block, with the Government

assuming ownership of one acre and the Maori owners retaining three acres.

Significantly, this partial ownership of the cave was never sufficient for the Crown, as seen in a letter from Humphries to the Undersecretary of the Lands and Survey Department, 9/11/1889 :

When satisfactory arrangements are made between the Government and the natives, by purchase or otherwise, it will be necessary to make some more extensive improvements; small punt, iron ladders similar to those in engine rooms, wire netting for protecting certain portions from the pilfering tourist, etc., which if done now, would only increase the difficulty of dealing effectively with the native owners (Arrell, 1984, p.17).

The need for protection was argued as the motive behind government control, “I fear that the natives will not be able to prevent it [despoiling]... the Government should either purchase the site of the cave or in some way, with the consent of the natives, assume control and management of them” (Humphries, cited in Arrell, 1984, p.14). Despite years of unresolved negotiation with the Maori owners, the Glowworm Cave was forcibly nationalised under the Scenery Preservation Act of 1903, which was widely understood to have been introduced solely to acquire the cave. Three years of protracted court proceedings saw the dispossessed owners receive £625 compensation for their loss. In later years, the presiding judge acknowledged that he had great difficulty in establishing a land value for the tourism activity, as he was used to dealing wholly with agricultural and waste land (Arrell, 1984).

This event was a major milestone in Waitomo history, as from this time the indigenous people were slowly dispossessed of their land. Following Tane Tinorau’s death in 1907, significant chunks of land were taken under the Public

Works Act and repatriated to European settlers. While this process had already occurred in other regions, it appeared that the inability of local Government officials to intimidate Taane Tinorau, and his usage of the European court system, left a legacy which enabled his descendants in later generations to successfully renegotiate the return of these lands. Today his descendants, the Tane Tinorau whanau¹⁷, retain a significantly larger representation of land ownership than other whanaus in the Waitomo area, a heritage of Taane Tinorau's acumen. A great-grandson commented:

Our great grandfather was such a stubborn man and he refused to sign any document pertaining to the sale of land. It was only when he passed away in 1907 that they were finally able to enact the proclamation act of the Public Works Act to take the land. But it took them from 1887 to 1907 to get control. That's why you'll find that the Tane family are the majority freehold landowners around here. That's our inheritance.

Ruakuri Cave

One of the balloted properties from the Crown's newly purchased Hauturu East Block was acquired by James Holden¹⁸. Beneath this property was a major subterranean cave system, and in 1904 James Holden asked the Tourist and Scenic Resorts Department (hence referred to as the Tourist Department) to clarify their long term intent before he undertook major investment in the cave. As a consequence, the Crown too nationalised the Ruakuri Cave in January 1909 under the Scenery Preservation Act. The Crown claimed the cave to be of national importance due to its great scenic wonder which exceeded even the beauty of the Glowworm Cave. This cave has become the subject of considerable controversy

17: Whanau is an extended family unit.

18: James Holden later married TeAue Tane Tinorau, one of Tane's 17 children.

later in this story.

Aranui Cave

The last major tourist cave to be discovered occurred in 1910 by a local Maori, Ruruku Aranui, while searching for one of his pigs which had disappeared down a hole. After lighting a match, Aranui realised that this cave too could be of major importance to the area. It was quite unlike the other two caves with its delicate pure white forms - a stark contrast to the large and grand limestone formations of the other two caves. Fortuitously, for the Government, the Aranui Cave was located on the land previously nationalised to obtain the Ruakuri Cave and the Tourist Department now assumed responsibility for the management of all three tourist caves.

It can be seen that during these years, the local indigenous community were displaced from the tourism phenomena by the confiscation of their lands. This constituted the Government as the sole actor in the tourism arrangement. The motive for nationalisation was steeped in its role as agent for environmental resource protection and cave conservation for future generations of tourism visitors.

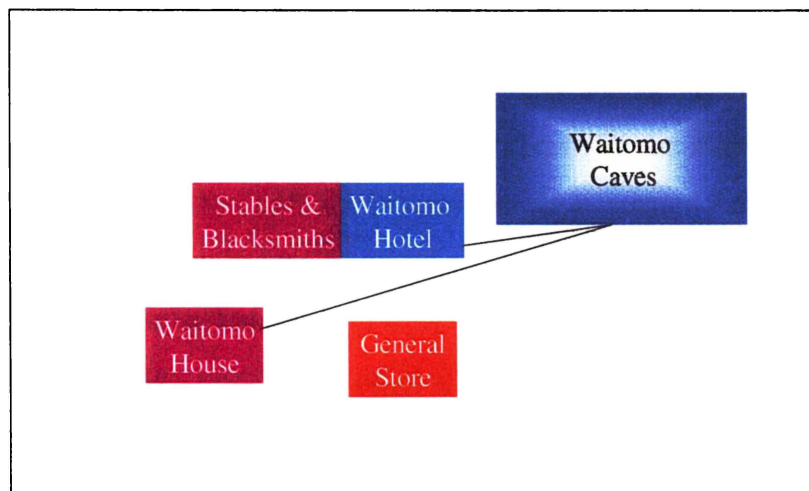
7.4 The Destination Embryo: 1910 - 1969

Legitimacy of the Waitomo Caves destination came in 1911, with an official opening of the Aranui Cave by the Minister of Tourism. By this time, the commercial enterprises comprised of a regular coach service between Te Kuiti, Hangatiki and Waitomo, a blacksmith's shop¹⁹, stables and the general store. The

19: When the THC decided to build the tavern in the village, "they were amazed at the number of old horse shoes, nails and scraps of iron which they unearthed. They did not know they had found the site of the village smithy" (Morgan, 1983, p. 20).

accommodation sector was monopolised by the Tourist Department, with the purchase of a private boarding establishment, Waitomo House, in 1905 and the construction of the government hostel in 1908, forming the old wing of the present Waitomo Hotel. The following Figure III illustrates a structural representation²⁰ of tourism supply within Waitomo, as at 1910. The lineal connections depict the formal governance relationships between the suppliers. These representations throughout this chapter illustrate the changing nature of the network structure, rather than the informal business transactions.

Figure III: The Structure of Waitomo in 1910



The community also grew during this time, with considerable European settlement reflecting the region's primary identity as a farming district. Early accounts of the area name the pioneer families who still form the core of Waitomo today - Davis, Tane, Holden, TeKanawa, Stubbs, Tarrant, Dimond and Johnston. These early settlers established and funded a number of small schools, with the current

20: This visual representation follows the format used by network analysts (Burt, 1992; Krackhardt, 1992; Madhavan et al., 1998). Its purpose is to visually depict connectivity between actors. In this instance, the nodes represent organisations, based upon their geographic position within Waitomo, and their connecting ties.

consolidated Waitomo Caves School eventually built by the Auckland Education Board in 1924, opening with 14 pupils (Waitomo Caves Jubilee Committee, 1985). It is this farming community, together with the indigenous Maori people, who, although alienated from the tourism process at this point, become important later in this story.

Over the following decades there were few structural changes to the destination and the village remained small with elementary support activities. Further business operations included a postal agency in 1918, the Wattles Guest Lodge in the 1920s and the camping ground in the 1940s. There were alterations to the hostel in 1928, aimed at inducing tourists to stay longer. Infrastructural support saw telephone lines installed in the Waitomo Caves village in 1910 and the state highway to Hangatiki was tarsealed in 1931. Paradoxically, the advent of motorised transport and the improvement of the roading system threatened the development of Waitomo as a long stay destination, with a return journey now possible within a day.

The Tourist Department

The Waitomo Caves remained a single-attraction destination, with no system of complementation developed to entice visitors to stay longer. This reflects the instrumental role played by the government in its development. Indeed, the mandate for the Tourist Department was to consolidate the area, as evidenced in this comment from the Minister of Tourism at the official opening of Aranui Cave in 1911. The Minister was quoted as stating that he “hoped to see the Tourist Department pay its way, [as the caves] had been rather unpopular owing to the cost” (Arrell, 1984, p.39). Consequently, despite the three Waitomo Tourist Caves being the most profitable of the Tourist Department’s interests from 1910 to 1954²¹,

21: While records are incomplete, revenues were shown to have risen from £994 in 1910, to £3574 in 1922. Further, visitor numbers rose from 4483 in 1915; to 24,000 in 1938 and 82,150 in 1956 (Glowworm 44,285; Aranui 21,439; Ruakuri 16,426).

there was no reinvestment returned to the Waitomo asset. A request for the installation of electric lights in 1911 in the caves did not eventuate until 1926 (at a cost of £1400). Significantly these were argued as necessary, not solely because of the inefficiency of the magnesium wire, but also because of the environmental damage caused from the smoke and wax from the candles causing the cave formations to darken (Cave management issues are the primary focus of Chapter Eight).

Further evidence of the Tourist Department's monopolistic control was evident in its attitude to conservation and preservation issues, cited as the reasons for justifying nationalisation of the caves. In 1953 a scientific report was released, claiming that the Glowworm Cave was dying, not only from the growth of algae on the walls after years of neglect, but also because the cave was physically drying out. It was later discovered that the primary cause of this was the removal of forest cover in the area which significantly quickened the water runoff and hence reduced the water flows seeping into the cave. At the same time, there was frequent flooding of the Glowworm Grotto, causing much visitor disaffection when, upon arrival, the cave was closed. This too was later detected to stem from road works further up the stream which was causing severe silting and flooding of the Glowworm Grotto. While the Waikato Valley Authority (District Authority) was requested in 1955 to clear the Waitomo Stream of silt and sediment to help alleviate this problem, it did not do so until 1961, reflecting the low priority it attached to the caves. These events highlight the inadequate knowledge on cave management and conservation possessed by those in charge of the management of the caves at that time and expose the broader effects of these managerial actions on the community within which they are located. With the economic imperative being the prime purpose of the Government's involvement in Waitomo, the social obligations to the local community were largely ignored.

The Tourist Hotel Corporation

In 1957, the Tourist Department handed over control of its Waitomo operation (caves and hotel) to the Tourist Hotel Corporation (THC), a newly created government-owned hotel chain established to support tourism in out of the way places. The creation of this new structure under the Tourist Hotel Corporation Act 1955 coincided with the emergence of mass global tourism, as international travel became progressively more accessible to the middle classes. This enabled the Government to exploit large amounts of revenue from the caves under the THC governance despite public censure of these actions. Indeed, in 1965, an editorial cartoon in a national newspaper asserted that “now on holidays about 1500 visitors queue at the Waitomo Hotel each day to pay as much for their tickets as the caves cost” (New Zealand Herald, 1965, Appendix A). The sale too, of stalactites from the souvenir shop at the hotel to tourists did not cease until the 1970s.

Alongside these exploitive practices, hierarchy and bureaucracy characterised the THC administration. A cave guide recalled:

We were just workers, pawns, we just did the work. It was a typical old-school approach to how general managers ran hotels. There were separate areas where we ate along with the reception people. They didn't even eat with us! So you had management, administration and then staff. THC had that policy right from the start, them and us. Their cash generation was very high, but we never saw any of it.

These delineations went further than just administrative practices, with the exclusion of local involvement in the employment structure, further separating economic benefits from the social community. A hotel manager illustrated:

In the past, the village didn't get much of the tourist dollar because the business was just the Hotel and the Caves. The majority of that money went out because it belonged to the

THC chain and that was situated elsewhere. I was talking to Ronny about when he first started here, when he was a young lad and he said that the majority of people lived in, which implied that they were not local. Now we have very few. We have 4 people who live in, so 10% of our staff live in, whereas 15 years ago, 10% of the staff lived out.

And another participant reconfirmed this perspective:

There were still plenty of local people employed and they did get their supplies from Otorohanga businesses, but it was their attitude. If there was a management position, they always filled it from outside, from Wellington. We didn't know how to do things.

Maori weren't allowed to be employed. It was just prejudice. The only way Maori could be employed was as kitchen-hands, they were never front-line staff. They didn't want to know about us. Just to show you, when Matthew first came aboard here in 1963, he had to give his address as c/o Post Office in Te Kuiti, because the THC would not hire local Maori. That was a very contentious issue.

This separation of governance from the local community is further evident within this story, as narrated by a Taane Tinarou descendent:

As a child I was educated here at the Waitomo school and one particular day my grandfather came and walked through the school grounds, much to the horror of the local headmaster. He approached my grandfather and said, 'Look you can't come here. This is Government land, it belongs to the Education Department. You can't walk here'. And I can still see the fury on my grandfather's face as he turned around and said to the headmaster, 'This, I'll have you know, where this school

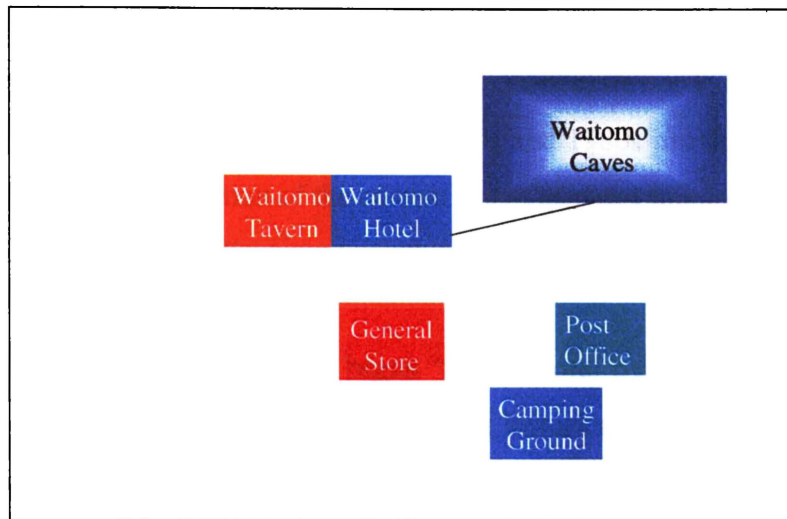
stands today, if it weren't for my mother, you wouldn't be here teaching'. That was her homestead you see and they took her off it to build the school. Now my grandfather knew that, but the headmaster didn't. He only worked for the Education Department and as far as he was concerned it wasn't a public thoroughfare. You had to come around the road to go up there, not through the school. So here we were in there, trying to learn to speak English, trying to learn what the English curriculum was all about and he wanders through!

It was a misunderstanding by both parties. The schoolteacher wasn't aware of the history and my grandfather wasn't aware of what the rules and regulations were regarding Crown land, or whatever they called it in those days. You see this place here, for example, this was the Post Office and this belonged to the Education Department and the hotel and all the grounds there belonged to the THC. And there was nothing that indicated that this was once ours. As we grew up we had to accept that, because that was the rule of the day.

Throughout this documentation is a separation of tourism-related activities from the local community and this section described the limited structural change that occurred during these formative years. Despite its environmental edict, the bureaucratic and hierarchical administrative practices of the governing agent focussed on a narrowly defined agenda of revenue acquisition, which excluded environmental protection, reinvestment and local contributions. Employment and supply inputs were preferred from external sources and while this reinforced the separation of the economic agenda from the local community, it also signified an ignorance regarding the role of complementation within the tourism arrangement. This affirms the use of formal authority (French and Raven, 1968) and control over this critical resource (Pfeffer and Salancik, 1978) in structuring this destination.

Thus, the government agent, as central actor, operated within Waitomo with few relational ties, illustrated in Figure IV. The formal governance connections have been reduced from those in Figure III of 1910 and there was limited structural change occurring over those intervening years.

Figure IV: The Structure of Waitomo in 1960



These actions illustrate that the absence of relational exchanges means that benefits accrued to the central actor through its attachment to the institutional environment were not transmitted into the community network. Investment, profit and control were directly returned to the government, and “the tourist system or infrastructure becomes separated from the rest of the culture and natural flow of life” (Cohen, 1972, p.172). Crick (1989) too commented on these repercussions, stating that “where sectorial linkages are weak, the multiplier effects in a developed system will not occur... rather the benefits, unlike water tend to flow uphill” (p.316-7). Stemming from this mandate, was the increasing alienation of the local population from both the tourism process and decision making (Britton, 1982; Butler, 1992; Hall, 1994). This inertia of action was allowed to continue because the other

players in the network were of such peripheral standing that they were unable to exert pressure. This confirms Rowley's (1997) observation, that a central player in a skeletal network had autonomy of action.

7.5 The Seeds of Discontent 1970 -1987

By 1970 the Waitomo Caves had been a tourism destination for seventy years, yet over that time its structure had remained essentially stable. Its macroculture had developed around the unique passive cave experience, stewarded primarily by the THC's control processes. However, the 1970s and 1980s provided considerable challenge to the continuation of the current status quo and this section profiles the seedlings of change and discontent.

Although small, the first change began "at the hotel over a few beers", after renovations at the hotel uncovered interesting historical pieces which preempted discussions on the establishment of a fledgling museum. A participant reminisced:

A group of people that felt that the memorabilia of the village should be kept and displayed and there was a passion for getting it out there. It was pioneer... the breaking of the country and the history of the hotel in particular, that it was an old carriage house and how it linked to the caves. It was a very romantic thing.

As a result, a specialist caves museum began in 1970 in two empty rooms within the hotel. It continued there for six years, until the local museum community sought more permanent space within the village. At this time, the THC became involved, ostensibly to reclaim favour from the negative press it had been receiving. Another local continued:

At that stage there was a lot of public criticism of the THC's running of the caves. The papers were giving them a negative

reputation so the pressure was on them a bit and when we asked them to guarantee the loan of \$70,000 to build the museum building, they did. Then we had to persuade the bank to lend us the money with the THC guaranteeing it. So the THC were paying off the principal and after four years they decided they may as well pay it all off. So they paid it off and we got a debt free building as the first stage of the museum.

This action was possibly the only partnership that the THC initiated with local enterprises. The museum was created to complement the tourist cave experience with its interpretation/education focus and by its official opening in 1981²², it was attracting 24,000 visitors per year. Over time, under the auspices of the museum director²³, it became recognised as an influential centre for karst education. Its director acknowledged:

A lot of people have said it's the best they have seen in the world - people from universities and people who have a special interest in caves. I wouldn't think it is the best in the world, but it is up there with them. It is quite well known.

Nevertheless, while the museum originated as a complementor to the cave tourist experience, the effect of the Waitomo Caves being a short-term destination meant it had limited flexibility in 'interpreting and educating' the dominant group-travel market, which comprises 70% of the Glowworm Cave visitors (discussed in detail in Chapter Nine). This has meant the museum depends solely on the much smaller FIT market, the implications of which are discussed in Chapter Ten.

A second opportunity for product diversity was identified by a local farmer and

22: By local MP Jim Bolger and later a New Zealand Prime Minister.

23: Recipient of a Queens Service Award in 1991 for his services to the museum community.

part-time Glowworm Cave guide, who foresaw the growth in international group tours. He opened a small lunch restaurant on the family farm and while it was initially aimed at the American group market, its focus quickly moved to the more flourishing Japanese market (the first of the Asian group travel markets to arrive in New Zealand). The restaurant did well, “Nearly all the Japanese people who came to Waitomo ended up here for lunch and I think it was a fairly gradual steady growth, about 20% every year”. Its success stemmed, they believed,

...from offering a quality service that was better than the THC. The story we heard was that they could have 600-700 people down there booked for lunch. There would be about four staff on and at 2pm, because he was a public servant, a Government employee, the chef went home! And if there was no food left - tough luck sunshine!

By this time, the inertia of the THC was causing widespread concern within the Waitomo Caves community and while it created opportunities for the emergence of both competitors and complementors to enter the destination system, the repercussions were widely felt. A former manager of the hotel stated:

The THC was a Government hotel chain. In its last years, this hotel here was losing \$1000 a day. Unbelievable! We gave a lot of input, but they weren't too keen on developing it and doing a lot of things to it. There was about a 5 year period where everybody knew the THC was ended and it really got quite bad towards the end. It was very centralized and they had people in Wellington ordering our toilet rolls and stuff like that. Everybody would make bad jokes about it.

By the end of this period, the only capital development into Waitomo by the THC was the construction of a small shop, administrative facilities and toilet block in 1982 outside the Glowworm Cave and while adequate for the 225,000 visitors at that time, there was no provision for growth. Thus, these facilities still stand and

attempt to host a 100% increase in visitors (450,000) since that time. While one participant defended them, “I know its easy to say they were terrible, but they did make a contribution and I think its important that we do recognise that they weren’t always the bad guys, although there were times when they were perceived as such”. Nevertheless, incidents were narrated which confirmed the THC’s active constraint of development within the destination.

We found a house for removal that we wanted to put on a section we had just bought. The THC fought us against it. Their argument was that we were an eye-sore on the landscape, because at that time there were no houses anywhere near the hotel, although this was three kilometres away. They objected on amenity values, and it was a specified departure from the District Plan which said you had to have 10acre subdivisions. But in end we won, mainly because we had a strong standing within the community and it became a fight between the local community and Wellington. But some time later we found some letters from the General Manager who we now believe was stirring the pot. I believe the real reason for their objection was because we were running a little caving trip and they were concerned that it could impact on the Glowworm Cave. It was bizarre.

Pertinently, it was public pressure over the deterioration of the Glowworm Cave that had the most influence during that time. In 1974 the THC responded to these criticisms by forming the Waitomo Caves Scientific Research Group responsible for scientific research on cave hydrology and microclimate. The THC also appointed a caves manager with a scientific background.

However, these incremental changes were overtaken by a critical event which exposed the extent of long term neglect. In April 1979, the glowworms turned off their luminescent lights. Thus, because there was no tourist ‘attraction’ to

experience, the Glowworm Cave was forced to close for four months. This resulted in the formation of the Waitomo Caves Research Committee to ensure a more systematic approach to scientific research of the cave environment. The cause of this disaster was finally attributed to the THC replacing the original entrance way with a grill door which changed the airflows within the cave and disturbed the glowworm ecology. This incident was particularly embarrassing for the government, as recounted by a cave employee:

They opened up the entrance and put a big open grillwork, some fancy thing that looks like a big spider web and stuff like that. They did all that and it affected the whole cave system. Suddenly, a day's worth of labour in opening up the entrance closed it for three months. So that was the first real learning experience with respect to cave management and since then the THC to their credit said 'Hey, we haven't a clue what's going on here'. So they instituted a research group and put PhD students and Masters students down there and they looked at various aspects, in-house systems and things like that for collecting good baseline data.

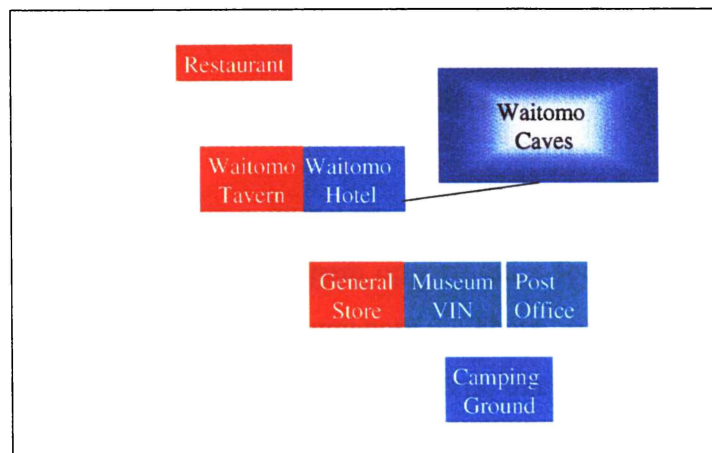
Thus, recommendations for long term monitoring of the Glowworm environment were made, with reference specifically to cave hydrology and climatic conditions that may affect the cave ecosystem. Over time, installation of these environmental monitoring systems is claimed to have made the Waitomo Caves as having one of the most sophisticated underground monitoring systems in the world. An employee commented:

We were able to bring the management of the Glowworm Cave up to the highest level. We were advising people all around the world on how to manage caves and how to develop them. We would have been corresponding with some 30 or 40 other different operations and advising them.

A second area of environmental management, involving above-ground processes, also had its origins from this time. Continuing concern over the high levels of silt and sedimentation within the Waitomo stream led to the formation of a group interested in the sustainable land management of the broader karst system. In 1983, the Government supported a proposal involving the THC, the Waikato Valley Authority and local farmers in modifying the use of farmland in the catchment district, which could reduce the flow of silt and mud into the Waitomo stream. This initiative formed the nucleus of the future Waitomo Land Care Group discussed in Chapter Eight.

By this time, the Glowworm Cave had been operating as a major tourist attraction for 100 years and while there a few complementary attractions within the area, a destination ecosystem of yield creation had never really developed, as illustrated in Figure V. The density of linkages with other businesses within Waitomo were few and the Glowworm Cave continued to operate independently, as depicted by the formal connections. However, the increasing inertia of the THC organisation and its inability to respond to the acceleration of mass tourism created opportunities for local enterprises and they began to leverage from the embedded legitimacy of the tourism icon.

Figure V: The Structure of Waitomo in 1987



7.6 Emergence of the Destination Ecosystem 1987-1997

The dramatic growth in international visitors to New Zealand during the late 1980s, the inert state of the THC and the growing frustrations within the Waitomo Caves community all crystallised into major upheavals over the following decade - the most substantial in Waitomo since the birth of tourism 100 years ago. These changes enabled development to occur, with the icon status of the Waitomo Caves giving rise to opportunities from which an ecosystem of complementarity could finally emerge. This section profiles these changes. First, this section describes the emergence of the adventure market and complementary enterprises. Second, it illustrates the changes that occurred at a social level, with the revestment of the previously nationalised lands back to the Maori people. Finally, it describes the withdrawal of the THC from Waitomo and the involvement of a new central actor within the network community.

Adventure Caving: Embryonic Stage

By the late 1980s, the Glowworm Cave product had evolved into a soft tourism experience, with its short time frame and standardisation of delivery process a response to the pressure emanating from the intersecting tour operators who were keen to move their groups quickly through Waitomo and on to the more substantial Rotorua destination. However, as the number of FIT and youth travellers to New Zealand suddenly increased, this short passive stroll through the Glowworm Cave did little to either recreate or re-educate the adventurous spirit - the essence of the experience for these more 'wanderlust' travellers.

Nevertheless, with its unique limestone karst formations, flora and fauna, the Waitomo Caves region offered superb opportunities for participation in leisure, environmental and aesthetic experiences. These opportunities were soon appreciated by two local recreational spelunkers, one of whom had experimented with a fun trip that recreational cavers used to clean their clothes after caving. They

foresaw the potential in commercialising this 'laundry trip', and after trialing it on backpackers staying at the local caving hut, they formed a commercial partnership (AT1) in October 1987. They described it as an ecotourist business and their philosophy was to “have fun, educate and conserve the cave experience”. Suited out in wetsuits, the rafters and guide walked through native bush reserve and after entering the cave, floated down the river stream in inner tyre tubes and lanterns amidst the darkness and glowworms of the capacious Ruakuri Cave²⁴. Thus, it involved the re-creating essence of tourism and incorporated both leisure and personal growth experiences from activities which took place in these dark underground water systems. That this new venture fulfilled a need was evident in the rapid growth of this business. Twenty-two customers were guided through the cave in the first month of operation, rapidly rising to 5657 after their first year and doubling to 10,953 in 1989. Characteristically for entrepreneurs, the trip did not involve a lot of expensive equipment - a wet suit, an inner tube and a van for transport, “their dowries” a participant confirmed. Other local facilities were used to provide product support - the showers and changing facilities were rented from the local rugby club and the museum acted as their booking agent. As their numbers grew, so did their need for administrative offices and the relationship with the museum became embedded as AT1 rented office space within the museum building (discussed further in Chapter Ten).

Shortly afterwards, a second adventure venture (AT2) was initiated by a non-local person, who came to Waitomo expressly to develop an adventure tourism business. He attested:

After the sharemarket crash, I left New Zealand for a few months, thinking what a dump it was. But coming back I was thinking of New Zealand as a land of totally unexplored

24: They operated for 8 years in Ruakuri Cave on the basis of a handshake with the Holdens.

opportunity, because you go to all these places and they are overcrowded, polluted, no quality of life, the traffic, all the problems that they have and all the natural resources that they have, have been wrecked. I couldn't help thinking that New Zealand was an undiscovered paradise and that convinced me to launch into some type of tourism venture. I only had a few specific ideas in mind then and one of them was a tourist cave, an adventure caving business at the Lost World cave.

The Lost World name derives from an Arthur Conan Doyle book at the turn of the century, who wrote about this explorer who travelled to a high plateau in Patagonia or somewhere and discovered all these rare animals, dinosaurs, unicorns, mammoths those types of things! Jules Verne type of thing. And that book was called 'The Lost World' and when the first guys looked down through one of the shafts in Lost World in 1906, normally you expect to see blackness, but because of light coming through an adjacent shaft you could see right up to 300 feet into the swirling mists and strange plants and filtered light. Any moment they expected to see pixies come dancing out and they called it after that The Lost World!

Well, I went and saw the landowners and said that I wanted to turn their hole in the ground into a tourist attraction and they laughed at me and told me that I was a nut, that no-one would ever want to pay money to go down a hole which to them was a major liability on their farm. Anyway, basically they were prepared to play my silly game if I was prepared to wave some money at them, so they gave me a lease and away we went.

This product involved a 100-metre abseil into the cave shaft, followed by a four hundred metre ascent out of the cave. This organisation, in time, too shared the

booking space and office at the museum, alongside AT1. The operator related, “The museum had some empty space, so we leased alongside AT1: offices and desk space downstairs and we share equipment, faxes, photocopiers, computers that type of thing”. These relationships are further discussed in Chapter Ten.

A third adventure operation (AT3), officially began its operations on 1 July 1992. This trip was a cave tubing trip in direct competition with the AT1 product and was a conscious effort to target the established market. The cave needed substantial modification to meet the cave tubing requirements, “We spent 8 months reconstructing the cave for the product; steps, handrails, etc, with final planning consent from the RMA taking another 12 months”. The advantage for the AT3 business was their reduced overheads. Being part of the local whanau with interests in communal land ownership, they were able to use the local marae as a base for operations. They were also able to source guides from their respective families, some of whom had been unemployed for some time. This operator stated that, “We take considerable pride in that we have been able to provide employment, give these people a purpose and help them develop a pride in what they do”.

Very soon people started to come to Waitomo just to these adventure trips which were described as “changing the nature of tourism in Waitomo as they brought back overnight stays in Waitomo”. By 1996, an estimated market of some 50,000 people came exclusively to Waitomo for these caving adventures.

The first support activity during this early time was accommodation provided by a local farmer, who would pick up backpackers and let them stay in his home. He recounted:

The only place to stay was the hotel and it probably wasn't filling the need. It was an Italian girl who suggested that I open as a hostel, so I just put a sign at the bottom of the driveway and I'd leave a note on the door and when I'd come

back from work there was sometimes people staying here. But after I got married, my wife didn't want to spend her life with a house full of backpackers. So that's when we decided to build down there, 1990-1991. It cost about \$200,000 to build that. A lot of backpacker buildings are older, like old motel units and things like that, but to go and specifically build something for backpackers it costs quite a bit and it takes a while to get a return from it. But we knew, we were using this place for three years and we were able to put about 15 people up here and over the summer period we were turning 20 or more away a night, so we knew we already had our clientele. For backpackers, a lot of it is word of mouth and that's probably the best advertising.

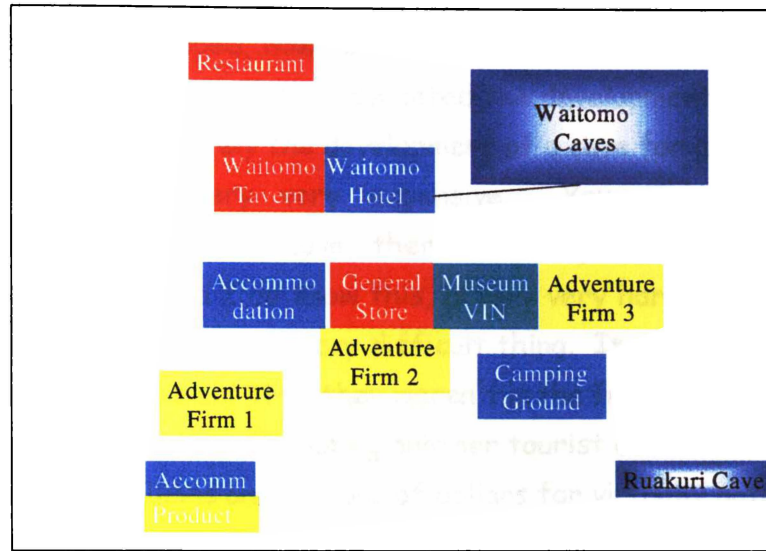
This operator soon diversified into offering horsetrekking activities. This venture originated from a phone call from the hotel one day, requesting the use of his horses for holidaying Americans who wanted to ride. "It started from there, with 2 or 3 horses, people wanting to ride and it just grew from there".

Other more peripheral enterprises were developed over these years to extend the destination stay. A guest lodge was established with 6 motel units. A part-time canoe caving operation was started by a former AT1 guide, and an agricultural pioneer show with jet-boating activities also appeared. Other diversification from farming interests included a small family-style cave, an angora-rabbit farm and a Maori village, which has since closed down. Currently the campground and Supreme Store are upgrading their premises, with both operations being leased.

These new enterprises complemented the core adventure experiences, adding value to the 'pull' factor of a longer stay tourism destination and forming the development of a small 'value-net'. Thus, an ecosystem of interdependence began to develop from the establishment of these adventure activities, as illustrated in Figure VI. It

can be seen that for the first time, there are significant exchange relationships occurring amongst the destination suppliers.

Figure VI: The Structure of Waitomo in 1992



Revestment of Land

Coupled with the emergence of these local suppliers are the structural changes that occurred at a social level. This section now turns to these issues, which highlight the integral threading of both social and economic actions embedded in this thesis. Embraced in this section is the cave resource, the essence of the Waitomo tourism experience. It begins by describing the actions linked to Ruakuri Cave, raised to prominence from the overcrowding pressures within the Glowworm Cave (detailed further in Chapter Nine). This section then profiles the revestment of the land, including the Glowworm Cave, to the original Maori hapu owners. Finally, it describes the current actors involved in its management.

Ruakuri Cave

While the Waitomo region is renowned for its extensive cave systems, only a

limited number of those caves are commercially viable because of access difficulties. This has placed the Ruakuri Cave, which for more than a century has been greatly subordinate to its renowned but congested Glowworm neighbour, at the centre of future development. A former manager remarked:

Ruakuri cave was one of our tourism caves but it was only partially developed, nowhere near its potential, maybe only 10% of its potential. We advocated the development of that cave. Unfortunately the development of a cave for a tourism attraction is very very expensive. You can't get a wheelbarrow into a cave, there are steps... any kind of construction and I do know this, is very very hard in a cave; carrying materials is a very difficult thing. It would be very expensive. The old THC, they weren't in the frame of mind to spend big money in developing another tourist cave when they could get millions and millions of dollars for virtually nothing. Their profit retention from the cave was very very high.

However, pressures for further development of the Ruakuri Cave were constrained by contentious ownership issues. Indeed, it was not until 1984 that the Holden's, who were balloted this property in 1903, understood that they had legal ownership of much of the land above Ruakuri Cave. Recent land surveys in the area indicated that the boundaries drawn up under the nationalisation process of 1909 had been recorded incorrectly and the Holdens, the Department of Conservation (DoC) and the Waitomo District Council all had claims to the subterranean cave. Following this discovery, subsequent negotiations between the Holdens and the THC over a partnership to the tourist operations of Ruakuri came to an impasse. The Holdens finally issued a trespass notice to the THC in February 1988, with the THC responding by immediately closing the Ruakuri tourist operation. During 1989, both the Holdens and THC independently applied to the Department of Conservation (DoC) for commercial licenses to reopen the tourist cave.

However, the issue of who should have the licence to operate the tourism operation was overshadowed by a claim which was lodged to the Waitangi Tribunal for the revestment of the Ruakuri land to the Maori hapu²⁵. Central to this claim, was the existence of burial site outside the main entrance-way into the tourist cave. As this was the only pathway into the cave with unhindered access, this claim put the immediate reopening of Ruakuri on hold. Further, there was increased pressure to recognise the area as a Waahi Tapu²⁶, and on 3 May 1991 it was declared an 'Historic Place' under section 50 of the 1990 Act. The land included was the sacred burial site outside the main cave entrance, the karaka trees in front of it and the small alcove above the cave which also contained a burial area. Its management became the responsibility of DoC, with the following objectives:

- To show respect and sensitivity for the iwi's concern over public use of the burial grounds in the vicinity.
- To cater for the potential intensive recreational use of the walk track in an important historical area.
- To provide for protection of natural features (karaka trees) of the entrance area considering its use for general recreation, the reorientation and the nature of the locality and assembly point for cave visitation (Department of Conservation, 1993, p.3).

The following years saw a divided community, stemming from controversy over the Ruakuri Cave. "It's sure left a few scars around Waitomo" said an observer. On one side, were supporters wanting the creation of a Maori Reserve to protect the tapu site and these people were against any commercial activity connected with the cave until that occurred. However for others in the community, there was noticeable frustration that Ruakuri could not be reopened to alleviate visitor

25: Hapu is a Maori subtribe.

26: A sacred area of spiritual significance to the Maori people, which excludes human access from the site.

dissatisfaction from the pressure on the Glowworm Cave and they were angered by the on-going setbacks. While the Holdens endeavoured to find partners to help fund the creation of a new entrance-way into the cave, commercial expressions of interest quickly waned on hearing of the waahi tapu and Maori land claims within the area (discussed further in forthcoming chapters).

Glowworm Cave

There were other land grievances deposited with the Treaty of Waitangi and on 14 June 1990, 20 hectares of land was revested to the Ruapuha-Uekaha Hapu. This land was a portion of the original Hauturu East No.1A No.6 Block confiscated in 1903 and included the subterranean Glowworm Cave, the THC hotel land (but not the hotel asset) and \$1million compensation. Following the revestment, the Ruapuha-Uekaha Hapu Trust was formally constituted from the members of the four local whanuas: Tanetinorau, Te Whatakaraka, Te Ao Haami Haereiti and Te Riutotu, with each having their own respective beneficiaries to the resources in the Waitomo Caves area. A hapu member reflected:

All they [the Crown] were interested in at that time was the rent that they were going to project from the sale of tourism. And all I can say is that they had it for 80 years and I'd hate to guess at the amount of revenue that they drew from it without any compensation, a) to the original owners because it was taken under proclamation; and b) to the family that owned the front block of the cave that was used to get in. That was the essence of which the family got together to submit a grievance to the Waitangi Tribunal.

This revestment of the land to the hapu came with the condition that the Crown retained a one quarter interest in the Glowworm Cave until the year 2022 when it would revert freehold to the four whanau trusts. This interest is administered by DoC, whose purpose is to ensure that the cave resource is managed in accordance

with both conservation regulations and a contractual commercial operating license²⁷. These conditions are overseen by the Waitomo Caves Joint Management Committee, represented by one member from each whanau, two from DoC and two members from the commercial licensee. The role of this committee is stewardship, which they define as:

...protecting both ecological and Maori interests, specifically in: administration of the licence, management of the resource by the licensee, automated and scientific monitoring of the resource, support for the Waitomo catchment restoration scheme, visitor monitoring, development plans by the licensee, research, monitoring of income, applications for special access ie filming, weddings etc., visitor safety and cave cleaning (Waitomo Caves Joint Management Committee, 1996, p. 6).

Changing Commercial Governance

This section has so far profiled a restructuring of the network through an external trajectory (emergence of the adventure market) and internal action (revestment of the land). These changes began to etch into the social fabric of the Waitomo Caves destination. A more dynamic and fluid network structure starting to emerge, with localised decision making now embodied within the community. These changes continued as the State withdrew from its commercial activities and the Glowworm Cave became managed by private enterprise, as described in the following section.

THC Hotel

While the land was revested to the hapu trust, the commercial operations of the caves and hotel remained with the THC, known as the licensee. However, in 1990, the Labour Government finally sold the THC chain of hotels to an American owned

27: Revenues from the cave were distributed: 85% to the licensee, 12% to the Trust and 3% to DoC.

company, the Southern Pacific Hotels Corporation (SPHC) for \$74million. Although burdened with a \$100million debt, the Government was loudly criticised for selling too cheaply and this criticism was further inflamed when SPHC succeeded in an out-of-court settlement (estimated at \$1.5million) with the Government for this outstanding debt. SPHC then proceeded to negotiate with the Maori landowners and DoC for a permanent operating license to manage the caves. These negotiations were slow and protracted, and the agreement was not finalised until December 1994, four years after the negotiations began. The official license gave SPHC the right to manage the Caves until the year 2006, with the right of renewal for a further 16 years (2022).

For 80 years, under both THC and SPHC, the cave and the hotel have been run conjointly. While the cave had generated high revenue, the hotel had been allowed to fall into considerable disrepair and was estimated to operate at a \$500,000 loss each year. The hotel manager stated:

When I came here, only half the rooms were able to be used and even they were in a terrible condition. The other rooms hadn't been occupied for 20 years, well they hadn't been touched for 20 years, a lot of them were leaking, their roofs were leaking and they were damp and horrible and had just been used to throw junk into, just for storage.

Despite these neglectful conditions, those working within the hotel endeavoured to improve the asset. The following comment by an ex-manager reflected the extent and intensity of actions undertaken to improve conditions:

We had a 12% growth in visitor numbers going through the cave, so that compounding with a price increase gave me a really good revenue base and although we had a budget every month with revenue and profit and everything, we could siphon a little bit off here and there to do some work on the hotel! But we couldn't do it overtly, because they would say, 'Oh you

can't spend that much money on the hotel' ... so it all had to be done under maintenance rather than capital development.

During the mid-nineties, efforts were made to target the growing backpacker market with the conversion of some rooms to backpacking facilities²⁸. However, the mixing of jandalled backpackers paying \$16 a night and other guests paying up to \$120 a night having equal access to facilities, caused dissension among both staff and guests. Further, heavy reliance on low-margined backpackers did little to alleviate the high fixed cost of operations²⁹. A THL manager remarked, “SPHC tried to use the same formula to run a small country hotel that they use at the Park Royal or the Centra. So they've got a huge wage infrastructure that just can't be sustained there”.

Another participant reaffirmed the insufficiencies of SPHC management:

SPHC tried to turn that [THC] policy around with their Service First scheme, but at the end of the day they basically still had the same system of how they ran businesses. Looking at a lot of the hotels in the South Island, they've just raped the assets they had. I stayed at a couple of them down South and they were just so run down! You walk out into the carpark and all the paving stones have got grass growing through them. You look in the toilets and they have got broken pans... That one was the Hermitage and the other one was the Te Anau hotel. They just seemed to have taken all the money and run away with it.

Fuelled by a deteriorating international situation, “At one stage they were channelling their money back to Australia on a 24-hour basis to prop the company

28: By changing the room configuration, the hotel was no longer able to accommodate a coach-group.

29: The electricity account alone is claimed to be \$9000 per month.

up there”, SPHC on-sold the licence for the cave and hotel on 1 April 1996 to Tourism Holdings Limited (THL, formerly the Helicopter Line, a New Zealand company with a reputation for high cashflow tourist operations). In a complicated agreement, the THL bought the management licence to operate the caves, but retained SPHC to manage the hotel operations. However, this contract was suddenly revoked by THL in October 1996. By this time, negotiations had begun to revest the hotel asset to the Tane Tinorau whanau, and this occurred on 6 February 1997 (Waitangi Day) at a cost to the whanau of \$600,000. Now, the Glowworm Cave and hotel land had been returned to the Hapu Trust, with the Tane Tinorau whanau owning the hotel asset.

THL

The THL corporate strategy is “the development of tourist transport and attractions in the major tourist centres throughout New Zealand” (Annual Report, 1996, p.2). The acquisition of Waitomo was interpreted cynically by locals as “wanting to control most of the tourism outlets in New Zealand”. At this time, THL’s portfolio consisted of major attraction outlets in Auckland, Queenstown, Milford, Waitomo and Mt. Cook. With transportation being their original core business, their focus had been on moving people from activity to activity. Their helicopter related activities were still visible in Heliski, Helijet and Heliscenics. Another key division, Leisureport, was a major player in the campervan market, under the brand name of Maui. Their tour coach market included Johnstons (charter), Great Sights (FIT) and Newmans (FIT) and there had been a recent withdrawal from the GIT market with the sale of Southern World Vacation coaches. THL’s corporate strategy has been to sell off their hotel interests with the exception of the original THC hotels, which complemented their tourism activity arrangements in the icon regions of Te Anau, Milford and Mt Cook.

Today, THL’s activities include the icon activities, with Waitomo Caves

complementing their portfolio. The sale of the Waitomo Hotel reflects the short-term Glowworm Cave destination stop and the redundancy of overnight accommodation. THL's focus now centres on moving people in and out of their key attraction areas, which include Milford, Mt Cook, the Waitomo Glowworm Cave and Kelly Tarlton's in Auckland. Indeed, despite its divestment of all activities other than its core base of aircraft activities, campervans and key attractions of Kelly Tarlton's, Waitomo Caves, Red Boats in Milford, THL has still retained its status as the largest tourism company in New Zealand (New Zealand Herald, 1999h).

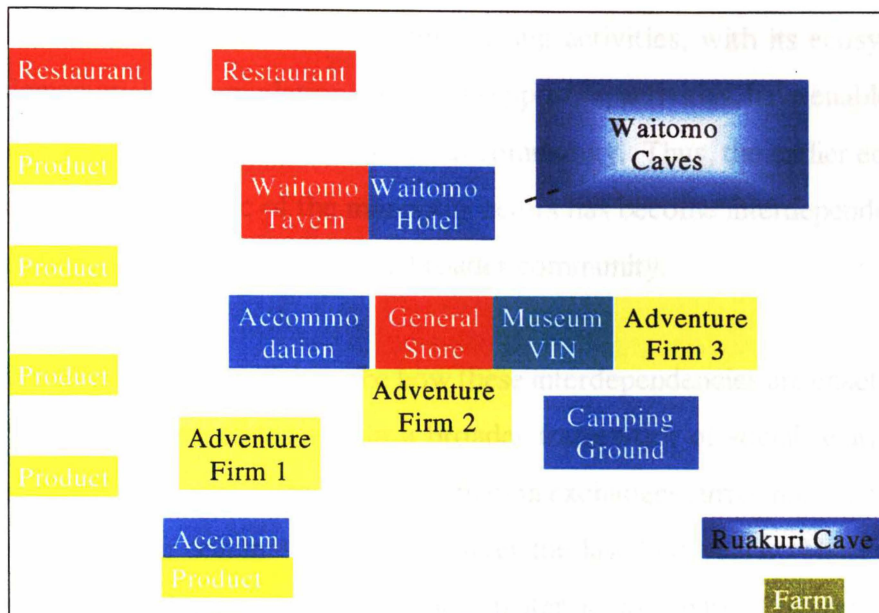
While the restricted actions of the preceding THC and SPHC have stymied the development of a coherent destination system, the emergence of new players in the network system raises questions about THL's future role. Will its actions be congruent with its predecessors? Will the new actors constrain the influence of THL in the system? Will its economic imperative be influenced by the social embeddedness of the destination? It is these issues that will be explored in more detail in the following chapters.

7.7 The Waitomo Caves Village in 1998

Today, the Waitomo Caves destination is comprised of 12 formalised businesses and other part-time hobby interests. Together this small community of 300 people employs 168 full-time equivalent jobs. The core Glowworm Cave product remains the icon attraction, but the adventure caving products have created a new market complementing the core activity and provide important secondary nodal positions within the network. The support activities include restaurants, accommodation, the general store and the museum/VIN centre. More recently, other activity products have emerged to extend the destination attractiveness: horse riding, cave canoeing, 4wd, a pioneer heritage show and a rabbit shearing shed. While these are more

peripheral players in the structural arrangement, they are complementors to the destination system. The 1998 structural arrangement is illustrated in Figure VII. This representation depicts the organisations, the nodal positions, which form the essence of the data collection in the following chapters.

Figure VII: The Structure of Waitomo in 1998



Embedded in this destination is a complexity of ownership, governance and interdependence, all of which contribute significant influences on the destination organising activity. While the economic business activities are structured through customary and transparent practices, the collective dynamic of Maori landownership on which many of these activities occur brings substantial complexity into decision making. Further, the interdependence of the karst system (cave environment), ensures an integral organising process of social, environmental and economic imperatives.

7.8 Conclusion

This chapter has provided a description of tourism development within Waitomo. It has used an architectural perspective to illustrate the dynamic nature of the network and the implications of the relational nodes. This process has involved a change from a single central actor disconnected from local requirements, to a *broader destination network structure* that encompasses a denser interconnectivity of complementary activities. Together, the land revestments to the local Maori people and the emergence of adventure caving activities, with its ecosystem of complementary accommodation, food and supporting activities, have enabled more decision making to be yielded to the local community. Thus, the earlier economic imperative characteristic of the monopoly actors has become interdependent with the ecological and social lives of the broader community.

The following chapters will describe how these interdependencies are enacted, with economic action embedded within a broader framework of social relationships. These chapters will explore in detail information exchanges surrounding contextual issues which have dominated Waitomo over the last four years. These ‘topical concerns’ referred to in the ethnographic chapter act as points of reference within the following chapters:

Chapter Eight: Management of the Environmental Cave Resource

Chapter Nine: Management of the Glowworm Cave Tourism Product

Chapter Ten: Management of the Adventure Products

Chapter Eleven: Formal Coordination: Education, Conference and Marketing

These chapters will examine the process of network action and its social complexity, which may both create and constrain the destination direction through the relational features described in Chapter Two.

8: Management of the Environmental Resource

8.1 Introduction

The following four chapters describe and illustrate the negotiated order that emerged from the observations, conversations and interaction of the Waitomo inhabitants during the ethnographic research process. For over one hundred years, the karst environment has been at the core of tourism in Waitomo and the management of this resource is central to this discussion at both an environmental and commercial level. This chapter is divided into two parts. The first part focusses on the environmental management of this resource. It begins by describing the environmental management of the Glowworm Cave itself. It explores in detail the interactions involved with the underground cave environment: the implementation of physical monitoring processes, the negotiation involving the new hapu landowners, after 80 years of exclusion from the managerial process, and finally, implementation of the operating license which involves the hapu Trust, the Department of Conservation (DoC) and Tourism Holdings Ltd (THL).

The second part explores the implications of the changing network arrangement after the emergence of the adventure market. With a denser flow of network connections, THL and the Glowworm Cave become only one actor within this larger network arrangement. This part discusses these broader interactions between multiple operators surrounding the use of the cave environment for tourism purposes. Central to this discussion is the substantial collaboration that exists between competitors and complementors to attain sustainable above-ground land management, while still remaining competitive with their daily operations. The first section discusses the formation of a landcare group, illustrating a collaborative process involving various sectors of the community. The second section discusses the implications of competition and how individual actions impact on the broader network, with interdependence constraining both individual organisational action and destination leverage. The third section discusses the involvement of the

regulatory authorities, as business practices intrinsically include them in the tourism phenomena. Finally, this section concludes with discussions relating to developmental changes at Ruakuri Cave, promoted as an alternative to the overcrowded Glowworm Cave.

8.2 The Glowworm Cave

All cave environments are sensitive environments and need to be carefully managed. Indeed, any human presence within a cave has some detrimental effect and spelunker enthusiasts have long argued that the carrying capacity of a cave is zero (Aley, 1976). Although the Waitomo karst region has hundreds of caves, those with adequate access for tourism purposes are rare, posing a significant constraint on the tourism phenomena. Thus, the uniqueness of this cave environment for 'collecting gazes' becomes potentially potent in the delivery of symbolic images to differentiate the tourist experience (Urry, 1990).

Specifically, the Glowworm Cave has additional sensitivities which require specialist management. First, the glowworms themselves demand particular attention, not only because of their association with the cave environment, but viewed from the boats, they become the point of differentiation for this tourism attraction. Second, the Glowworm Cave is small compared to other international tourist caves, yet its uniqueness makes it by far the most visited cave within the Australasian region (see Appendix B for visitor numbers to the Glowworm Cave over this time). Its management then, requires significant expertise in balancing the long term sustainability of this sensitive cave and glowworm environment alongside high levels of commercial utilisation.

Yet, as discussed in the previous chapter, sustainable environmental management practices were not part of the earlier governing agent, THC, until circumstances

forced a more proactive approach in the 1970s. Over the ensuing twenty years, systems and processes have been developed and implemented, and now claimed to be one of the most sophisticated systems in the world. This process has occurred over time, with substantial input from external 'weak-ties'. Scientists from National Institute for Water and Atmospheric Research (NIWA) have been consulted on issues of water quality, Department of Conservation (DoC), Environment Waikato Regional Council and Landcare have been involved in environmental land management, while academic educationalists from universities have too participated in extensive consultation.

8.3 Underground Management Practices

This section discusses the implementation and management of these systems and processes for underground environmental care. It begins with a discussion on the limited actions of the governing agents as earlier identified in the preceding chapter, focussing particularly on the perspectives of those within the community. It then discusses the actions and outcomes of the new licensee and the consequences resulting from the appointment of a karst manager.

The recommendations of the early Waitomo Caves Research Committee (1974) focussed on three areas of karst management that required specialist monitoring systems:

- Cave hydrology controls which measure water flows within the cave. These measures help establish at what point visitor numbers pose strong threats to the cave environment. Areas monitored are lampenflora removal, establishing patterns and impacts of high water levels and flooding, impacts of siltation.
- Climate control measures enable readings of air depth, humidity, air movement and direction. These measures give indications of the amount of

carbon dioxide within the cave, airflows within the cave and inside/outside air humidity relationships.

- Glowworm biological systems are studied in relation to the above microclimate factors. These focus particularly on identifying the critical climate variables which impact on glowworm survival.

The Monitoring Systems

Different perspectives exist in interpreting the impact of the monitoring systems and how they are used to enhance the cave environment. This section explores these differing viewpoints during the SPHC governance and the transition to THL. A former manager of the SPHC operation in 1995, espoused corporate philosophy, when describing these systems:

We've got very sophisticated monitoring systems in the cave and we watch the levels and how the caves are reacting to the influx of people. I would close the cave if I had to get the airflow flowing through the cave again. We'd close it for 15 - 20 minutes. Get everyone out, let the cave air itself and bring them back. We are restricted by the Co2 level in the cave. We hold them. We hold people back until the cave clears of it's Co2 level. It's part of life. But it snowballs and effects everyone.

Nevertheless, others in the destination took a more cynical view. A participant declared:

Oh, they just push them through. They have up to 3000 people a day there and they all come between 10 and 2. Do you think they would ever close the cave for half an hour? Just think of the consequences!

Further criticism was forthcoming, with many in the community believing that while the THC and SPHC organisations went through the process of creating these

feedback systems, there was limited attention on the results and their outcomes. This perspective was publically endorsed by Chris de Freitas (1997), a University of Auckland geologist:

Monitoring has been done off and on for 16 years. However, the collection and assembly of data relied on cave guides and administrative staff taking readings and maintaining instruments themselves. Gaps in the data and poor equipment maintenance reducing the quality of the data. Moreover, as the set was assembled manually, processing and analysis was difficult and time consuming. The accumulated microclimate data gathered in this way was transferred from paper records to a computer compatible data base and analysed. The results showed that there are many large gaps in the data record and that the reliability of measurements at certain times and for certain extended periods is suspect due mainly to lack of equipment maintenance and instrument failure (p. 59).

In defence of these early systems, the cave manager claimed that advances in technology today now make those earlier processes appear totally inadequate, rather than it being a reflection on a lack of organisational commitment:

On one level, yes, it has taken us 20 years to implement those recommendations. But what has happened in that 20 years is that technology has moved ahead. Now, instead of going down and physically counting the glowworms on the grid, we now have a camera down there to do it automatically for us. So 20 years ago they wanted things done and we did it. I'll show the Co2 machine they used then - you blow into it and you read the results. Now that was technology at its best 20 years ago. Now we have these little probes that come back to the computer and tell you what the limits are. So just because it was 20 years ago that those recommendations were made,

they still did them.

While accepting the limitations of these manual systems, there is evidence that the monitoring processes were not being adequately managed. For instance, an accumulative computerised electronic monitoring system was installed in 1994 to measure the three environmental activities. While the operation of this system was contracted to NIWA, the contract was claimed only to specify the installation and collection of data, not the analysis of results. When asked why this was the case, the karst manager commented:

With NIWA, there was only a requirement to collect the data, there was no formal contract to calibrate the data. I think it was something they just never thought about. It was only after the ACKMA (Australasian Caves and Karst Management Association) conference that the data started to get analysed.

This suggests that those at the cave were unaware of the importance of data analysis and its ability to offer insights into predictive relationships and trends. Public exposure of the inadequacy of the monitoring process was expressed by Professor Paul Williams at the Australasian Caves and Karst Management Association conference held in Waitomo in April 1997. Professor Williams' opening address damned the administrative processes of managing the systems, pointing his finger most particularly at the caves management and at the DoC representatives, with their guardianship role. The cave manager commented:

Paul's attack was right in some aspects. He wasn't so much blaming management, but the hierarchy that was running it and that probably was a valid complaint. It all costs money and people here were never prepared to invest the money in the equipment. Both the THC and SPHC had no understanding of what monitoring was all about. They didn't have a clue and there is no way they would approve any investment. And even today you could probably use the same complaint because we

still have directors to go through, who probably don't think we need a certain item here in Waitomo more than a helicopter needs a new motor in Queenstown.

A local conference participant further elaborated:

It was pretty provocative and it was done deliberately. I think Paul was just being a realist. They were being poorly monitored. They'd set up this gear in the cave, it wasn't read on a regular basis or any formal basis whatsoever. I think initially it was, but then it faded away, you know, there didn't seem to be any problems, so why read it? A lot of the gear wasn't sensitive enough or was placed incorrectly, so it wasn't actually doing what it was meant to do. I think that provocative remark actually precipitated NIWA coming in and revamping the thing. It's a very proactive system at the moment. They get an instant read out within the cave of what the Co₂ levels and stuff like that are and they can virtually say, hey although we have this limit, I suppose, of 200 people an hour, they can get a really accurate read on what's happening in the cave to the extent that they can afford to say, "lets hold this group... let's not send anyone to the organ loft, the Co₂ levels are too high up there", that sort of thing, so I think it was good. That's what a professorial role is all about, to be provocative and to spur things on.

These comments highlight organisational inertia and while minimal investments were made, there was no care to protect and sustain the fragile cave environment. The comments confirm a single-directional flow of information, with limited reciprocity in converting this data into active knowledge from which to accumulate strategic leverage. While NIWA did carry out the terms of the contract and provided a report of the 2-year findings in 1995 (de Freitas, 1997), their position as technical advisor meant they were in a position to provide management with more supportive

guidelines than they did. This demonstrates the inactivity resulting from the weak-tie association, the consequence of which enabled the THC to continue its exploitive stance. This not only deprived Waitomo actors the opportunity for strategic renewal, but it also left the community bereft of organisational learning and strategic capability development.

The Hapu Landowners

The primary responsibility for the implementation of these systems rests with the Waitomo Caves Management Committee whose function is to ensure the conditions of the commercial operating license are adhered to. Its purpose is to weave the incongruous protection of the environment with the commercially-driven activities and it sets out explicit conditions of organisational action with a particular focus on a protection edict. Key members of the management committee are the hapu and while their representatives comprise four of the eight member committee, any hapu member may attend meetings. However, while retaining their spiritual attachment to the land as observed in the Waahi Tapu at Ruakuri, estrangement from the commercial process for over a century has left these people void of commercial and technical exposure, and ill-prepared for the activity of enforcing compliance over the large commercial organisation. This section illustrates the distrust that emerges, not only between Maori and European, but also in conflicts associated with Maori collective decision making, all of which have contributed to inhibiting local opportunities for strategic leverage. A commercial operator explained this historical consequence:

It is important to understand where the Maori people are coming from. They used to be very good commercial operators, they had eighty percent of the shipping trade, flax mills etc. But all that was taken away from them and they lost a lot of that business acumen. Now that they have been handed the resource back, they have been forced into a situation where they have to form groups, form Trusts. Now

they have inter hapu, inter iwi relationships that they have not had for a very long time and now they have to deal with the conflict and pressures of commercial activity.

This legacy of distrust stems from both land confiscations and alienation from commercial activities. A cave guide illustrated:

My personal belief is that because the land issues are over Maori land and because historically, if you go back over land records in Waitomo there are lots of really devious dealings, lots of questionable land dealings. I believe enough of them to know that if I was a Maori person in the village I would be feeling a bit put out in the sense that the whole of the tourism economy in Waitomo benefits the European. Yes, it provides jobs for the Maori people, but they don't have a major role.

This is reiterated by another guide, again highlighting the integration of commercial activities with land ownership:

Every operator outside of the whanau is non-Maori. I have always recognised that people who are non-Maori tend to dominate the scene. And the Maori whanau are up against a brick wall all the time trying to retain and hold onto what they consider is theirs without getting into conflict. And I really think that for the whanau to request or demand different things happen is harder because they are up against... they are 1% against 99% in their decision making. And that's a very difficult thing. I mean they fight over, well not fight, but there's conflict over how the rugby field should be managed, there's conflict over the use of the land at the museum, there's conflict over a multiple of different things that are happening. There's conflict over Ruakuri, Aranui - who owns it, who doesn't. And even though they have a percentage of ownership and a percentage of income from the caves, I don't know if they have much clout when it comes to the real

decision making.

An alternative perspective is presented by a local farmer, illustrating the extent of this distrust and constraint within the community. This comments highlights his lack of confidence in commercial opportunities arising from the land revestments and the inertia that can result from multiple inputs into decision making:

They are just holding everything back. It's the same with the hotel, they want it back. They're causing problems... with so many different owners over the domain, but they won't agree on anything. That's the trouble with Maoris, a lot of them won't agree on anything. Doesn't matter whether it's fisheries or whatever. It's a country-wide thing. They can't all just sit down together and say 'Hey we'll do this'. They can't make decisions.

While this comment represents impatience at the lack of commercialisation that has occurred following the revestment process, it also highlights the complexity associated with building consensus among multiple actors. Indeed, difficulties establishing consensus amongst strong ties is further illustrated in this comment by a Waitomo resident, as he describes the influence of family members no longer living in Waitomo, yet who have an equal voice in Waitomo related-issues:

I think one of the biggest problems that the Trust has, is that they have members who haven't really got a true concept of what has happened in Waitomo, what is happening in Waitomo and what is likely to happen. They don't know what is going on a lot of the time in Waitomo. And they come in here, presumably with their own opinions of how they perceive Waitomo to be, when in actual fact they do not know what Waitomo is like. And I guess we, the people who live in Waitomo, are to blame for that because we have allowed that to happen by standing aside.

On a theoretical level, this comment suggests that peripheral ties are party to less accurate and timely information than those more central actors, but they are still able to assert influence. Thus, as information is transmitted through third parties, distortion and time reduce its accuracy and this potential influence can be a constraining factor. This becomes particularly pertinent in the Waitomo context, driven by collective Maori decision-making and the desire for consensus. This makes the process slow and a source of frustration for commercially-orientated individualists. A whanau member confided, "The biggest hold-up is the local whanau. You have to meet with them and decide what they want and you need to get total consensus, because there's no way you want to arrive at a solution and then someone else will say, No I don't want that!"

Nevertheless, criticisms have been directed at the Trust by those wanting to increase the managerial and technical competence of their local people. A participant explained:

The Maori whanau need to be saying 'ok if we're going to be taking over this asset in 22 years time, we've got to put into training, management and recognising that our people when we do get to get it, have some say in the buildings that will be here by the time we take over'. The problem is that they haven't got the infrastructure or the strength of people. I mean for people to have the confidence to argue and insist that these are the things that we need they've got to have the skills to recognise that's what they want. And they're not going to have that for as long as they don't have an opinion.

And another participant too admitted concern over the implications for her people:

In the six years that the whanau have been getting income and managing the caves, I have not seen them putting into place training opportunities for their own people to be trained towards managing this asset. That to me is a crying necessity.

If the whanau is looking at taking over the asset in 25 years time and that they are able to manage it efficiently, one would presume that in anticipation of that they would be saying 'Ok, where's the partnership? You teach our people to be good managers for when they finally get to take it over. And you have an obligation to do that because that's what we want'. But they're not doing things like that and that is something that they should be looking at.

While revestment of the Glowworm Cave in 1990 offers increased opportunities for the community, the legacy of disenfranchisement and path dependence continues to inhibit strategic renewal. Distrust surrounding commercial activities has created a void in managerial and technical learning and the hapu Trust, as landowners, remain heavily dependent on expertise within the Waitomo Caves Management Committee.

The Cave Operating Licence

Included on the Management Committee, is the Department of Conservation (DoC), which has faced particular criticism for failing to enforce the conditions of the license. DoC's position has been a difficult one, not only because of the complexity of issues they face in Waitomo, but also because of the significant structural changes the organisation faced following the collapse of the Cave Creek viewing platform in 1995, when 14 students died. "Whenever anyone asks how I am, I always reply... highly restructured" responded a non-Waitomo DoC employee warily. Because of these on-going sensitivities, DoC has endeavoured to build strong partnerships within the community. A DoC representative explained, "We are in a difficult position, as we are trying to build collaboration here and not be seen as bullies. Our role as guardians includes re-education".

The cave manager shared his perspective on the management committee meetings:

We always get our hands smacked. We go for our three

monthly spanking! We more or less go into battle at a meeting. It's DoC and the hapu against THL. Owners against leasees. They basically tell us what we haven't done, ask why not and when we are going to do it?

He elaborated on the information he needs to report at each meeting:

They want visitor numbers, revenue, facts like that. But there's also the physical aspects of the cave, such as the upgrading of the Cathedral floor... At the moment it is the contingency plan that is at issue. We've just put through the first draft for that. So in 3-4 months we should have a plan that everyone can work with. The one we work with at the moment was formulated for 1990-1995. The 1995-2000 we have finally got approved this year [1998]!

This sense of frustration at the delay in establishing policy by the committee was further evident in this comment:

There's also a safety plan to put in place, a diesel spill contingency plan. That is, if there was an accident on the road and all that fuel went into the creek... we have to somehow stop that diesel going into the cave. And we have got two minutes... and before we can respond to it, it is probably in Otorohanga!

One of the conditions in the licence was the requirement for a cave manager with a scientific background in cave and karst. Yet following the resignation of the cave manager in January 1996, who was by that time also general manager of the hotel, there was a gap of eighteen months before the position was finally filled. While there was frustration at the slowness of a re-appointment, the current manager of the cave defended:

SPHC probably didn't want to make an appointment for a GM, because they didn't know what was going on [with the pending

sale of the cave licence]. Even now, they are still hesitant somewhat, because they don't know what THL are going to do. Everything is still up in the air. So we are still chugging along as we did before. Because of that, the manager of the hotel at present hasn't had a lot of association with the cave. Anything that happens down here he will leave with me. So I have taken on a role of looking after the place until, or if, they appoint a GM. Also within the licence, this is why the hesitancy has come through with SPHC, in the licence anyone that is a joint manager in the caves must have a background in karst. The hapu and DOC have written that in the licence, stating there is a need for a person with knowledge of that field. Of course, karst is a very loose term they use and can be interpreted in many ways!

And a cave guide further defended:

I am not sure I agree with it anyway. The argument where they say it's important to have a cave and karst manager... You can take all these glowworms out and put them in a tunnel and put the same water through it, look after the resource and you'd have the same product. So it shoots that argument down that you need a cave and karst person. What you need is a person who's able to have the knowledge of everything that is happening with the glowworm cave and to have the ability to call in the different consultants when required.

Nevertheless, it has been demonstrated that the hierarchical nature of the earlier organisations limited the ability of local actors to use that advice, suggesting that 'buying in' information was not enough for organisational enactment.

Other issues also emerged to delay the appointment of a karst officer:

The community felt really strongly that Robert be cave

manager, so that was always a sticking point with the Trust. He has been finding his feet over the years and now he is totally comfortable with the job. He spends so much time just smoothing things over in the community. He is wonderful with that, because he is both the THL representative and a whanau member. The community has totally supported him.

July 1997 saw the appointment of a university Master's graduate as a karst manager, "Yes, I'm a compromise!" she joked. However, her addition to THL has brought considerable technical skills into the Waitomo destination and has set in place a series of steps to develop a stockpiling of organisational capabilities. Environmental management, information systems, staff training and development programmes have all been initiated.

The introduction of computerised monitoring systems giving immediate and on-going calibrations of CO₂ levels at four points within the cave has significantly improved relationships with the management committee. The karst manager elaborated:

I remember when I first started, we would walk into the management meetings and Robert would say, 'Ok Kate, we are off for our spanking!' And now we go in and its like we are getting our bums patted. It's really neat. I've really noticed a change in the relationship since I've been here. I can recall being very scared the first management committee meeting I went to. All this stuff about getting our knuckles wrapped!

While an earlier THL North Island general manager, responsible for the Waitomo Caves discussed his desire for improvements to the cave management programme, these ideals never occurred. He explained:

We are looking at the moment for better instrumentation to go in there for measuring some of the stuff, but when we do

put it in we will do it in such a way so that the parameters we are measuring are visible to everybody. I want the staff to be much more alert and aware of key parameters. I want the public to be educated. Oh there are black boxes, but the data is down loaded relatively infrequently. I mean if we had monitors there or something like, or digital displays which were showing the readings, there's an opportunity for all of the staff to be a part of what we are doing. There's an opportunity also for the visitor to be informed on how we do manage environments like this. I think it's an educational opportunity. So that's our goal with that.

However, those responsible for the day to day operations of the cave reacted to those remarks cynically. A guide replied:

Oh, he wasn't too keen on improving things! He kept everything close to his chest. He says all the right things because he knows about this stuff from his experience with Kelly Tarltons. But he never did anything, he was never going to sacrifice the bottom line! And that is the way that company works.

Today, however, the investment of a karst manager with technical expertise and THL organisational support for achieving these goals has brought significant renewal to the cave management process. More particularly, she has identified two important areas for future research and community involvement.

First, she explained concerns about the environmental control guidelines recommended within the license:

I think the recommended guidelines are not quite right, especially with the intensive data we are getting now. The opening and shutting of the door, the CO₂ limits we have in place..They are all based on 1970s data, where the calculations

were done on the Waipuna Cave and I've come from a background where we were taught that you can't pick up some data from one place and apply it to another, unless all the variables are the same. So that is something I would like to have reassessed, because I have never really felt confident with that data.

So if I can take that information to them and say, 'Look, now we have more intensive data, we can see that this relationship isn't quite right', then we can apply to DoC and the management committee to see if we can have it altered. What that means, is that the CO₂ level isn't the problem which they used to think it was. It's only when there are extreme weather conditions that it is affected, like difficult flood situations. But the general day-to-day, its not the problem.

That the environmental guidelines are based on 20 year old data, again confirms deficient organisational capabilities. Today, however, with specialist knowledge being injected into the organisation, substantial organisational renewal is occurring. She elaborated:

THL have been really supportive about bringing in post-graduate researchers, so its been quite good. Chris de Freitas has been involved as well, which is really exciting. There's a girl in Australia who is setting up lab experiments on some glowworm lava populations in incubators and we are helping her with that. So it will be quite interesting in following her experimental design. My attitude is, 'Let's get these people interested in research in caves', and its cheaper to employ this person doing a masters at \$1500 than a consultant at \$5000. The way I look at it, is that you are getting them educated and they may be my future employees.

The second suggestion the karst manager identified for improving cave sustainability involved developing closer relationships with community:

What I would really like to see happening, although it may not, is cooperative research between all the operations, especially with the glowworms and things like that... Looking into the physiological controls, like we know the basics, but there's never been deep research into ..eg at what point of humidity will the glowworms shrivel up and die; what are the temperature constraints... above a certain temperature or metabolism rate going to change so much that their lights go off... just little things like that. The actual relationship between the glowworms and the microclimate.

I picture it would be a combined funding effort... although I don't expect them to contribute a huge amount. So you've got each operation so you can use all the different caves as individual study sites as comparisons, so you've got someone at each cave who is confident about going down and do an assessment of the population at that time. So you can ring around, so someone rings up and says 3/4 of my lights have gone out, is anyone else having the same problem? What is causing this? So you can get more of an idea of what is happening. That type of thing. So if JoJo did ring up and say that 3/4 of his glowworms lights have gone out, we could find out if its just happened to him, whether it's a localised effect, whether its spread throughout the catchment... things like that.

In summary, this section has illustrated the changing environmental management processes that have occurred following the change in governance. As new information is brought into the destination, through the weak tie links and structural holes, learning-based activities are occurring around these activities. Further, the

arrival of a karst specialist demonstrates the process in which the specialist information is being passed through third parties for the creation of strategic knowledge within the tourism destination. This is further illustrated in Chapter Nine.

8.4 Aboveground Management Practices

The chapter now turns to the aboveground land practices and highlights the interdependence of the broader catchment area impacting on the Waitomo Caves karst system. Through this narrative, is a strong thread of collaboration, involving multiple levels of public and private partnerships. This section discusses these interactions within the broader community, of which THL and the Glowworm Cave is but one member. Prominent in this section, is the heavy interdependence and collaboration, primarily initiated by the adventure market operators and their weak-tie connections.

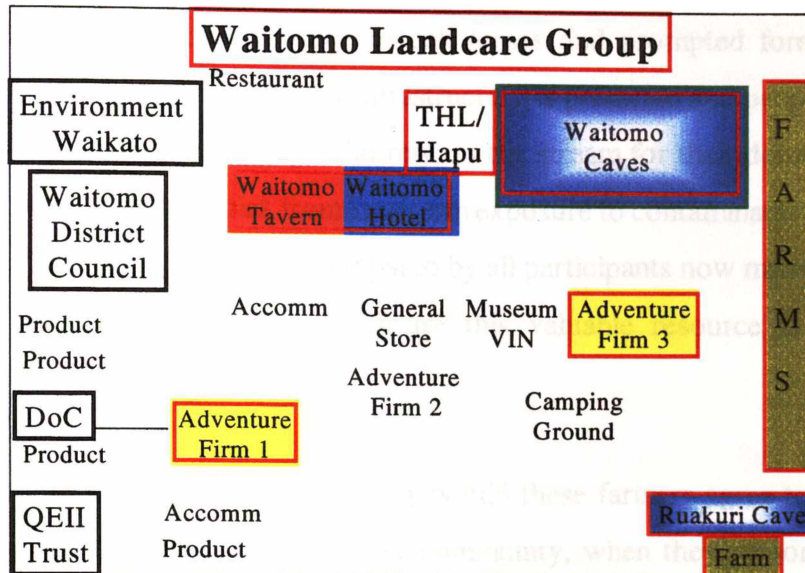
Landcare Group

At a geological level, the topology of the Waitomo landscape is characterised by small, detailed, rolling country, indicating few areas of flat land. Any development or environmental changes have the ability to cause erosion, with subsequent silting effects running into the cave streams and stirring up the waterways. This is significant because high levels of water quality is essential to reduce erosion within the cave environment and to support healthy glowworm populations. Consequently, limiting the amount of water siltation and the renewal of the natural bush area which provides the midges, the glowworms' food source, have become critical issues facing both environmentalists and the commercial tourism operators. This has resulted in the formation of the Waitomo Landcare Group, as explained by an operator:

It all began again with a workshop run by Lyall Babbington

from Environment Waikato. He was a person that worked on synergy and other peoples energy and stuff like that! Well, he was instrumental in organising a workshop and there was a strongly indicated outcome that the community would like to become involved in the landcare. People pointed out that in 1984 or 85 the Waikato Valley Authority, as it used to be known, had a rehabilitation scheme for the Waitomo catchment and had actually gone and negotiated with a lot of land owners about retiring pieces of land, planting and replanting riparian strips. So a lot of that planting... it was incomplete... all that work was destroyed, the goats browsed out all the trees and stuff like that, so a lot of goodwill was lost because of that. All that money was wasted. They spent an amazing amount of money - we are talking in terms of hundreds of thousands of dollars and we wanted to do something. So this time we actually got involved ourselves and formed a local group so we could keep control of it.

The outcome of this meeting was the formation of the Waitomo Land Care Group in 1992, with its objective being "to protect the Waitomo Caves system from sedimentation and enhance them through appropriate and sustainable land management practices" (Environment Waikato, 1996, p.8). Underlying this was an intent for cooperation amongst businesses to ensure the long term viability of their tourism operations. Participating in this network were Environment Waikato, Waitomo District Council, DoC, QEII Trust, AT1, AT3, THC and the Hapu Trust, with the composition of this group including four regulatory bodies, all with land interests in Waitomo and four local business operators. Figure VIII illustrates the current participants in the Landcare Group. The strong-ties are indicated by red, and the weak-ties are encased in black. There is also a governance connection between AT1 and DoC, with AT1 represented on the regional DoC Board.

Figure VIII: Waitomo Landcare Group, 1998

Almost all of the primary tourism businesses contribute to this group, with each organisation having made a significant economic contribution to up to enable the land care programme to be carried out. "It's been a bit of a gamble, but it's a gamble with the best of intentions. Hopefully I can say that the \$20,000 I spent back then was the best thing I ever did to support our future, rather than putting it in my back pocket", said one adventure operator.

Central to these land care projects have been the recipients, the landowners, who have benefited from the replanting process, the establishment of forest areas and fencing off of waterways. Over the period 1992-1997, 500 hectares of bush has been protected. This included 300 hectares of land which have been retired from pasture and replanted in production trees, 50 kilometres of fencing to restrict stock from the streamways and 45 hectares of pasture pole-planted to protect it from erosion. In its first two years, there has been a reduction of 60% in the sediment load in the Waitomo Stream (Environment Waikato Regional Council, 1998). The report continued:

These actions have enhanced water quality, improved the appearance of the cave, prevented erosion loss, increased stock shelter and shade, reduced stock losses and prompted forestry returns. Local community infrastructure is protected and people in the Waitomo township, who rely on the stream for their domestic water, are at less risk from long term exposure to contaminants. An Asset Management Plan prepared by all participants now maintains the protection works to ensure this valuable resource is not jeopardised again (p.68).

Yet the question has to be asked, why would these farmers agree to retire their farmland for the welfare of the wider community, when they personally do not receive a tangible benefit? As farmers, they are reliant on that pasture for commercial revenue. An operator explained:

Well, that's the big ask, because that's what you are doing. You are asking these people to take a segment out of their farm and people like Chris and James have taken a lot of land and retired it. It tends to be land that would never ever have been farm land anyway, but they've still got to pay rates for it, so in a way they still need to get a benefit from it. But by retiring it and giving it to QEII under covenant, then it takes that bit of land out. Ok, they don't get any more out of that, but they've got it fenced which is going to help the rest of the farm. They've also planted huge areas of pine forests, which at the end of the day, they are going to be the benefactors of that. So it's an investment for them.

The establishment of these pine forests however has caused some local backlash. When these forests come to be harvested there is considerable concern that the only road access is through the sleepy Waitomo village, ill-equipped for handling logging trucks. A resident conferred:

Hopefully, you see, 25 years down the track, when those trees are to be cut down, we may have a new law passed into parliament that refuses to cut any trees down because it is in such a critical area! So we have got 25 years up our sleeve, we are buying time!

Most of the local landowners have received some benefit from these initiatives, including a tourism operator who explained his reasons for participating, "The land's not much good when all it does is grow gorse, so I've had benefit from the fencing programme." While another operator and landowner stated:

The intentions of the Landcare Group are good. But I am sometimes a little bit worried that it's a gravytrain for farmers to cosmetically develop their farms. Admittedly we ask them for support in doing this and the only way to do it is to give them a helping hand. The unfortunate thing about it is that it has probably started about 50 years too late. But I think in the long run, with the problems that were there, we've worked on and successfully overcome them. But it's a time thing and it will be about 30 years before we really see the benefits. Basically we are making their places look like golfcourses for them to sell them in the next ten years!

Cooperation, facilitation and mutual benefits have been the key to the success of the Landcare group, with Environment Waikato playing a major coordination role. Indeed, the Landcare report stated that "the Waitomo Landcare Group is very strong... the work is almost complete... and it is increasingly becoming a 'watch dog' over land practices in the area, encouraging other landowners to look after the Waitomo environment" (Environment Waikato Regional Council, 1996, p.8). To achieve this, a member from Environment Waikato stated their early objective was to "facilitate the development of trust, so that the group can eventually run itself without our involvement in the long term". This process has given legitimacy to

the guardianship or 'watchdog' role by the community over both landowners in their resource management practices and commercial operations in their dependence on limited cave resources. This is a substantial shift of direction from the earlier exploitative commercial orientation of THC, SPHC and THL whose management structures paid scant regard to the interests of the local community.

Comparing the formation and development of the Landcare Group with the enactment of environmental monitoring processes earlier described by the commercial licensees, highlights a significant difference in the outcomes of these organisations. Although there are many players involved in the Landcare Group, suggesting more complex organising arrangements than the commercial operator, there has been concerted action and delivery of outcomes. Information has been transmitted from the weak-tie arrangements through multiple actors within the network, ensuring the transmission of information continues through redundant ties to enhance mutual benefits. Indeed, benefits and contributions are not observed and contained within individuals, but are only observable within the framework of the network group.

Competitive Tensions

Despite the successful formation and performance of the Landcare Group, commercial tensions also co-exist and through exploring these relationships in further detail, the negotiated order that forms and is constructed by network dependence becomes apparent. Issues surrounding environmental management and landcare have become central to the competitive process and pose challenges when attempting to facilitate trust and reciprocity between direct competitors. This section describes the actions of these commercial operators, embedded in a social network where all participants are dependent on the longevity of the karst environment.

Having embraced community support for landcare, there has been public censure at any changes to the karst landscape by private owners. Recently, one adventure operator modified the entrance-way to a caving operation, arguing that this development was necessary to ensure the safety of his clients. He clarified:

I think my obligations under OSH are such that I needed to have better egress in an emergency. And that was what initiated the idea. So if we were going to all that trouble, then we might as well use that egress for an entranceway as well. In the past the only way to get into this huge spectacular area of cave, is by leaping tall buildings and swinging across. So now instead of swinging across caves and climbing up cliffs and all that stuff, you can just open this door in the side of a hill and walk through a pipe and get into the same place.

However, those in the community did not see these modifications in the same light, fearing that these actions could have negative consequences throughout the karst system, with the now stable waterways being disturbed. Yet it was not only the potential for environmental damage which concerned the community, but also that these actions were occurring on one of the farms which had received benefit from the Landcare group. The following statement reflects the depth of community feeling:

I don't know if I'll be keen on paying the next [landcare] subscription until we get some hard and fast ground rules set in place for the catchment as far as the land owners are concerned. If we are going to give these farmers money to look after the land, then once they get these little grants and put in their fences and grow their trees, then on the other hand we don't want to see them putting in a digger into the side and opening up a cave. And we are talking about the two farmers who would have been the major benefactors of the land care group. We are not giving money to support them and

then on the other hand they just blatantly go about and bugger things up for us.

These comments were representative of many in the community and highlight how the information transfers within dense networks reaffirm shared understandings within the macroculture. As this information was passed on within the community, the issue of client safety was overlooked in favour of the environmental issue, with both economic and social values becoming intertwined and interdependent.

Thus, these complexities have wider repercussions than the immediate actors and involve a broader web of network relationships, emphasising the grid effect of information transfers. While the action itself may have been inconsequential, it became important in that it had significant consequences for the broader network:

We were seriously looking at going for one of the tourism awards this year and it was with the catchment. If you put that up as the pinnacle for a pilot scheme for an area, the land care group and publicity got out that a few of the farmers put diggers in the side of the cave, then we would be crucified!

The description of this event demonstrates the process of interdependence and how information exchanges coordinate and safeguard the interests of the broader value-net. This is caused by an embeddedness of past actions, making the shorter-term economic imperative subordinate to the social values within the community which bind and act as social cohesion. The strong ties within this community illustrate the velocity of information exchanges and the reaffirming of set values through third party transfer. When economic imperatives are promoted over social values, collective sanctions are developed to restrict access to valuable information.

The continuation of this story further highlights conflict associated with different value-sets. The operator defended his actions:

I've got no problems with making a cave assessable and that's where I would be at variance with the entire caving... recreational cavers world. They don't mind trashing caves themselves, but they don't think the general public should be allowed to. They seem to think they are self-appointed guardians. Probably guarding their own commercial interest at the end of the day.

On hearing of these developments, his competitor had this to say:

It's not my role to comment on what other people do. But resource management to me is important. Our business comes from a caving background and cavers sort of have a feel for things. So there's got to be a reason for doing it. So if you are developing something, the first question has got to be 'Why do it?' And if the reason why is just to make money, then it's not a good enough reason for doing something.

Yet another operator, who works closely with both businesses summarised the relationship like this:

When you compare these operators, you are talking about two totally different people. One is an ultra, if I can say, eco-tourism concept. Whereas the other is a very astute businessman. He's come from Auckland into an area like Waitomo and first of all, obviously there is a conflict there straight away. He's bringing big ideas into a little country so straight away he's rubbing people up the wrong way.

What these actions and comments illustrate, is the introduction of a different value-set into a less commercially-driven macroculture. The arrival of the new operator into the destination brought new routines and processes, as characterised by a 'structural hole' connection. Yet the assimilation of these commercial values into the destination has met with resistance from the broader network group and hence

the 'gossip' connectivity placed around his activities, marginalising him from the network.

Regulatory Authorities

Regulatory authorities also become entangled in the competitive environment, as operators use legalistic frameworks to impede their competitors delivery of the tourism product. This becomes particularly significant within cave environments, with substantial involvement from the district and regional councils.

A significant illustration of this form of interaction involved a new tourism caving product development by AT2. The partnership involved the cave owner, who is a major benefactor of the Landcare Group. This relationship is even more complex, because this owner has a further land holding of Ruakuri Cave, which borders onto the AT1 product entrance. Modifications were made to the cave entrance for the new product to be accessible to the public, which again caused concern within the community over the potential disturbances to water quality and the broader karst system. The AT2 operator described the situation from his perspective, noting the forthcoming involvement of the regional council, Environment Waikato:

Chris [the landowner] was keen to get this product up and running. He tried years ago, before he knew me, he tried to get AT1 to develop, or at least show them around the caves, but they weren't interested. He'd been stonewalled by them for a long time and this forced them to take him a bit more seriously. It's quite interesting because when they got up there, AT1 said, 'What do you mean by putting this pipe in here?' And Chris's saying, 'Well what about the three tons of concrete you poured into the top of your ProductII shaft and what about your two artificial dams you've got in that cave?', which they promote as a natural trip. And AT1 said, 'Oh, but we know what we are doing'. Incredible arrogance really.

Chris's development is nothing compared to those things. So I don't see why he should be stonewalled by people with that sort of attitude. Especially when they are actually affecting water on his land. They may actually have to take at least one of those dams down now because it's illegal. It's a completely illegal dam and it's affecting his land. They were not entitled to erect a dam backing up water onto his land. Environment Waikato are aware of this now. Only because AT1 dragged them into this pipe issue, so it's sort of karma really!

However it was not AT1 who notified Environment Waikato over the potential cave development, "While everyone assumes it was AT1 who called us in, in fact it wasn't them at all. It was another Waitomo interest group", an Environment Waikato representative confided. He further elaborated on the difficulty of being the environmental policeman in such a tight community. First, he referred to the impact of historical events. The weir dam discussed above, for instance, was erected some years earlier by recreational cavers, with AT1 then utilising the existing formation. This made the question of who was responsible for the dam problematic.

The second, but more significant issue, was Environment Waikato's power to demand compliance which was curtailed because of the limitations within the Resource Management Act (RMA). "No-one thought of caves when they were constructing this piece of legislation. It is a hole! Under the definitions of water courses and water beds, we can regulate. But it has left us in a difficult position where we can't do anything if it's a dry cave", stated the representative. This omission has been publically recognised and at a workshop in 1998 in Waitomo on cave and karst management, Professor Paul Williams stated that he believed there could be a specific section on cave and karst in the Regional Plan. He claimed this could be achieved by applying the section on Wetland Environments to cave and

karst and changing just a few key words. While he typed it out to show how it would work, one participant was sceptical about any outcomes. "It wouldn't happen because the district council, the planners and scientists at Environment Waikato are beholden to a group of regional councils and until you can convince those councillors, it won't happen!"

This comment highlights again the constraints surrounding the enactment of this complex legislation. In constructing the RMA and its effects-based consent process, little assistance has been given to local councils. Indeed, it is claimed that only \$30,000 of the \$15million Act formulation budget has been spent on implementation. Thus, while council inactivity may be interpreted as inertia, they also acquired this devolved process without adequate support. The regulatory manager made several comments to support this. First, he identified their lack of resources:

The real issue is that we are so under-resourced and I can't be out there all the time, so I rely on a number of local people who bring things to our attention. Pat... on community issues, John on environmental issues. Now this is not so much telling tales, but more keeping us up to date... that sort of relationship.

Dependence on certain actors to provide information on activities within the destination gave rise to reciprocal and advantageous connections, acting to embed these relationships into the institutional environment. The regulatory manager again endorsed:

It's all very dynamic out there and business-wise it's pretty hard and the first thing I know about things is usually when I see a sign up advertising a new product. Obviously these things are happening under the ground and the first things we know are when someone says, 'Have you heard there's a new trip organised?' I can recall a lovely example of seeing

something in the local paper, where our mayor, now this was a few years ago, had gone out there to open a new business and I didn't know anything about it! And yet it had involved all sorts of alterations in caves. There are so many of those situations have occurred and in some cases we have had to give consents retrospectively.

The other thing which is quite interesting, is the cowboys in the tourism industry and we have some of those in Waitomo, they are cowboys when they start off, but in time they get themselves secure in the marketplace and they are doing a good job. There are others who are very quick to come along and say, 'Have you seen Joe Bloggs out there. He's now looking at this and that'. So it's quite vicious in some ways in the way they go about things.

Second, the regulatory manager acknowledged that the consent process was complex and the gap between water and air use which required regional council consent and land use which required local council consent, was not readily transparent to the consumer:

If you wanted to modify a cave, put a stairway in, or build this, or do this around the corner... those sorts of things, those are issues for the Waitomo District Council because they deal with the land. But the consent process can be difficult because some of them quite naively think... Oh, I've been along to Environment Waikato and they said as long as I get a consent for that dam I am putting in, then I am ok. Now that maybe ok from Environment Waikato's perspective but that doesn't mean they have consent for the land constructions. So, if someone comes to me and I think there are issues that Environment Waikato needs to know about, then I make sure that they go and see them. I would give them the phone

number of the person they need to talk to and I would ring Environment Waikato and say this is what's happening here. And they do the same with us. It's a pretty good working relationship.

Environment Waikato, however, believed the Waitomo District Council could be more forthright in their regulation, commenting, "I reckon they could do a lot more than they do. They have the amenities zoning already, but do little to implement it or monitor it. They also have s.6 [areas of 'national significance' within the RMA] and they don't use that at all!" Again the regulatory manager acknowledged the difficulties:

One of the difficulties is that I don't know anything about caves! So I rely on people who do have the knowledge... whether it be the university, or DoC, or local operators, or whoever. Now a classic example is the re-opening of Ruakuri Cave and of course they have a great idea of blowing a hole in and going into the cave in another way. Now I don't know what impact that will have on the environment. So I need to get help from the experts.

Nevertheless, while Environment Waikato noted some discrepancies in the practices of the district council, flaws in their own procedures were exposed under conditions of heavy flooding in 1998. An earlier Landcare project involved retiring a portion of land to become part of the QEII Trust. Environment Waikato's responsibility was to build a dam to reduce the silting into a nearby cave, which is used for AT3's tourism activities. The severe flooding of 1998 dramatically affected the slipways attached to this dam and a mud slide of large boulders slid into the entrance of the cave and closed the tourism operation for over a month, receiving considerable assistance from his competitors during this time. The cause of this mudslide was directed at Environment Waikato's engineering capabilities. Gossip in the community attested that, "It appeared that they were working from a draft plan, not

the formally approved plan".

In summary, this section has outlined the extensive interdependence within the destination on landcare practices. While substantial collaboration occurs, the competitive process narrows the focus to short-term interests. Of note, is the operator most accused of opportunism is not a contributor to the landcare group. The involvement of external agencies is directed at creating a sustainable environmental management system, yet commercial activities pull these agents into their daily activities through competitive actions. Again, there are suggestions that information on 'what should be done', does not equate with 'what is done'. Part of this process has been the recent devolution of decision making to local authorities. While this has empowered communities with more concerted action, these regulatory bodies remain ill-equipped to implement these issues. Again, this demonstrates the natural tension between commercial activity and environmental conservation as communities attempt to seek more proactive measures for control.

8.4 Ruakuri Cave

This story becomes even further entangled with the addition of interactions implicating the Ruakuri Cave. As discussed earlier, this cave was operated by THC as a tourist cave in conjunction with the Glowworm Cave until 1986, when it was realised that incorrect surveying had denied other stakeholders interests in Ruakuri. The result has been confusion and inaction because of the multiplicity of the recently-inherited ownership and stakeholder interests.

Of the five hundred-metre subterranean cave system, four hundred and fifty metres is owned as part of a private family farm, while the remaining fifty metres of cave, including the commercial entrance-way, has been revested to the local hapu. Adjacent to the commercial entrance way is the ancestral burial site and the story

is told that the immigrant Holden's disturbed some of these ancestral bones, thereby desecrating the sacred place. Because of this, any attempts to re-open Ruakuri over the last ten years by the Holden's have been stymied, with the current inertia a consequence of these historical actions.

Others, however, believe that these issues misrepresent the central issue, which is claimed to be personality clashes. A participant confided, "The whanau won't let them use the entrance. They talk about things, but it really comes down to a personality conflict". Another participant, a guide, also commented, "I mean for years they were walking past the waahi tapu everyday and taking people in and it didn't worry them then".

While these clashes affect relationships within the community, this quarrel has also singularly stymied potential development of Waitomo. Overcrowding within the Glowworm Cave had significantly affected visitor satisfaction and the inability to re-open the second cave was frequently a source of both debate and frustration in the community, as they feared dwindling tourist numbers and reduced economic activity in Waitomo as a consequence of visitor dissatisfaction (discussed further in Chapter Nine).

The Holden's first attempt to reopen the cave was with the THC. However, overwhelmed at the prospect of no longer having outright ownership rights to the cave, they refused any negotiated consensual operation with the Holden's. Since that time, the Holden's tried to gain support with the local community to re-open the commercial cave, however the fractured nature of family relationships, and the complexity of Maori decision making meant an inability to find common ground. A participant explained:

These are very complex interrelationships which we don't understand. Here, DoC worked with Jimmy and some local Maori people and reached agreement over elevated platforms

and a whole strategy on reopening the cave entrance. Then a different group of people met [from the hapu] and they said 'no'. So that initiative fell over.

A similar perspective was also expressed by another participant, "The Holden's wanted to use the original entrance way into the cave and it went on for three years and every time they got so far there was a barrier put up, and then another barrier". It was at that stage that finding an alternative entrance into Ruakuri was pushed, as commented on by an independent tourism operator in Waitomo:

I told them to forget the natural entrance. It's a 200 metre walk to the entrance. You are dealing very often with a middle aged group and walking is not an easy operation when it is a bit undulating. So therefore when it rains here so often, it's also rather a wet experience! So I thought why not come into a different area and put a hole in the side so that people are protected from the elements.

Yet, even in looking for other options, there were still on-going battles, "They said 'yes, you can use the cave, [using a new entrance-way] but you can only come so far as the waahi tapu stretches'. Which turned out to be as far as you could see the daylight, so that boundary changed every day!"

It was the Helicopter Line (now THL) who began firm discussions in 1995 with the Holden family over the re-opening of the cave by developing another entrance. The former manager of THL professed:

Using the existing entrance-way is the easiest option, but it's a complex issue. Drilling a tunnel would be quicker and although it's a larger capital expenditure up front, when one takes into account the time it would take to resolve some of the issues, it has to be the front runner.

However he acknowledged that the relationship between the two direct parties did not eliminate the involvement of wider stakeholders, whose absence could adversely influence their desired outcomes:

The hapu have a fairly close interest in what we do with Ruakuri and because they are part-owners in the cave, I also consider them to be our business partners. So in a funny sort of way we are a medium between the Holden's and the hapu, whether we want to be or not.

And he continued:

It's a sad story actually. It's left a few scars around Waitomo and it would be quite nice to have those resolved if nothing else. I mean Maori are a very pragmatic people. There are ways and means for Maori to handle tapu. I think that at Waitomo huge emotions ran high and led to attitudes and positions being fixed in concrete. So I think there's a lot of talking to be done about that. So, from the position of reopening the cave, the entrance-way is not an issue, but from settling differences in the community it is.

Also part of these discussions was the AT1 tourism company, who had for some years been operating out of the Holden's section of the Ruakuri Cave. While they fully supported the re-opening of the cave, it left their operations vulnerable, not only from the impact of an additional product operating in the cave, but also because they had never had a formal contract to operate out of Ruakuri. Another of the village participants commented on this:

Originally AT1 felt a lot of apprehension, a lot of mistrust, fear. They were really concerned that they were going to be tossed out and probably would have taken the thing to court if that had taken place. So what's happened is that AT1 have got an assurance that they will be able to operate within the cave at the same time as the THL and that their tours will not

be adversely affected. But there may be some obstruction on both sides, so they've set up an arbitrator situation to handle disputes.

AT1, however, communicated a philosophical attitude towards the future, based upon their previous history of trust:

Because we operate in a split resource that is owned by DoC, we signed a licence to operate in the area with DoC in 1993. At that time the resource owners said that they didn't feel comfortable with that, so we operated on a formal license with DoC and a handshake with the resource owners and they just said, 'We'll align ourselves with DoC'. So we left it at that and didn't worry about the other initiatives. You've just got to have faith in people that's all. I mean, if a person says, 'My handshake is as good as my word'... if you can do that for eight years, it breeds respect. You can sit down and say, 'Hey, we've operated this way for eight years, why should a piece of paper make any difference?' I think if you can survive eight years on a handshake, I think you've got a very good baseline to operate from.

The embedded nature of this relationship established over time and repeated performances, AT1 felt, gave them an advantage in vying for a beneficial outcome:

It means that we have a partnership with the Holdens. They've agreed that we are partners to some extent and to me that's a positive step. We can sit down, in fact we have sat down at the negotiating table with the Holdens and said, 'We're here. We're from Waitomo and we're wanting to work with THL'. That's nice. But at the same time they have to think the same way that we do. Maybe they do, maybe they don't. That's an issue because I think that the way the dollar works...! There are two issues here... One is whether they

respect or acknowledge that we've lived in the cave for eight years. We know how it works, what it's like and stuff like that. The other issue is that someone big like the THL can come along and they have a lot of clout because they can wave their cheque book. Now I can wave an environmental cheque book, but I can't wave the big dollars.

Nevertheless, AT1 was aware that their stockpiling of mutual benefits may not have been equivalent to the potential commercial outcomes promised by the more powerful suitor. Indeed, this could suggest that their stable and established strong tie was structurally redundant, with the new tie offering new innovations and greater benefits. He elaborated:

Sure we don't feel as vulnerable as we did with just a handshake. When you get a big company, they can put a lot of pressure on a handshake, they can make it very sweaty so to speak, so I think in our negotiations with the Holden's to actually sit down and go through the license and get it down on paper, agree on it. I think that it's that process more than that final document that's important. Because what they're up against, they've spent a long time trying to negotiate with the other parties, a long time. And we decided to do ours with them as quickly as possible. So we had a draft that was done up they looked at it and their legal advisor said 'This is nonsense, I just don't like the way it's written at all'. So we said right and threw it in the rubbish bin and we started from scratch again.. And the next one that came out, they said ok there were issues here, but we went through it very quickly and listened to each other. So it's been a very positive process.

The proposed venture would significantly impact on the AT1 operations, as their rafters have a fifteen minute walk through a secluded native bush area before

entering the cave. This area is now scheduled to be turned into a buspark:

They are dressed in their wet suits and rubber tubes... It is an important part of preparing them for the cave environment and now they want to put a concrete bus park right in the middle of it! I mean if they've got big tunnelling machines up there and we've got a trip trying to get into the cave at the same time and this noise and stuff going on, it could have a dramatic effect. The glowworms may all go. The trip would not be the same as it used to be.

However, there was room for cooperation. Another operator expressed:

They could work in conjunction. Again you can turn a negative into a positive. That could be an attraction in itself. There are vantage points inside the cave where you can see the rafters going through. It's quite high and it will be dark and you'll see these lights as people are floating through. So, if the trips were scheduled properly, there would be an opportunity of viewing the rafters floating through the cave. So on the one hand there you are with your group of people in civvy suits, all comfortable and you can see these people dressed in wetsuits actually interacting with the cave. You don't have to be in there, so it's a bit like going back to the penguins 'Gee, aren't they fantastic. It looks good, I wonder what it feels like? It must be cold.' It gets their thought processes going. So as the people leave, they've actually got something else out of it.

However, AT1 believed that type of cooperation was potentially a dream:

No, they're not talking like that with us. We're just small fish, so what they are doing is just going off and saying 'This is what we'd like to do'. And no-one knows what they want to do. They make well come back with all these pictures and say 'This is it, this is what we're going to do.'

Many within the community felt uneasy with these planned developments for Ruakuri, with highflyer development proposals being floated around the village. "They have put a weird and wonderful plan together. Apparently there were plastic kauri trees and everything else growing around it!" Villagers expressed apprehension that these impending developments may shift the focus of the village from its current location to the more fragile and less community-based Ruakuri location. There was also fear of their further displacement from involvement in the tourism phenomena, with embedded distrust and discourse surrounding THL actions predicted from earlier governing agents.

On-going discussions between THL, the Holdens and other community members went on for three years. However, resource consents, costs and the complexity of the issues surrounding the cave proved too much for the commercial company and a formal contract was never signed between both parties. In 1996, THL bought the licence to operate the Glowworm Cave, effectively giving them the access to the tourism 'cash cow'. Those within Waitomo believed they were ultimately using the Ruakuri Cave negotiations as a barrier to deny other organisations entry to Waitomo activities. Further, by 1997, development options became less realisable as THL's operations suffered under the slumping economic environment. It was commonly believed that the North Island operations of Kelly Tarlton's and the Waitomo Caves were the only businesses showing positive cash flows. A participant acknowledged:

If they are in Ruakuri, what would happen is that they would use this for the twenty-two years, with the intention of just flicking everything over to the new operation as it comes on board. So that is why time is not a great thing with them. The only person that's putting pressure on them to come to the party and do something, is actually the Holdens. But they're quite happy to just sit and cruise, because they've got the cash cow up here. If they develop up there straight away

they're looking at spending money. And it's money they haven't got!

The Glowworm Cave Company

To counteract these concerns, a small group of local Waitomo people got together with the intention of forming a local initiative to reopen the cave. Finally, the Glowworm Cave Company was formed with only two formal partners, the Holden's and one other whanau member, who was not a Waitomo resident. Someone else commented on this partnership, "Because he is whanau, I think they may trust him more than if he was non-whanau".

Excavations for the new entrance-way proceeded, with members of the community outraged that began without community consultation and without resource consent. Again, this comment reflected the community spirit:

Even council backed off. They didn't want to have anything to do with it! I think maybe people are just a little bit apprehensive about getting involved!

However, the regulatory manager defended the initiative:

The earthworks in my view didn't require consent, but they could have from Environment Waikato in terms of soil conservation and water issues and that sort of stuff. It's a catch 22 thing... they had to find out how close they were to the cave and where the potential entry could be before they could put in an application for me to look at. And for that to happen they had to do the earthworks to find out where they are at.

He continued:

Lots of people out there have done a lot more in terms of changing caves and irresponsible activities in a number of

caves that the community have been quite comfortable with... or they haven't commented on. Without naming individuals, people have built things under ground and opened up caves and taken trips through without obtaining any approvals. [...] would be a classic example, but there are others in the area. There have been others who have attempted to set up businesses running different caving trips and have had to do bits and pieces just to see how it would work and found that there wasn't really the market to do what they wanted. At this stage of course we have nothing here... no-one has put an application in front of us. But what I have told Mike and the Holdens is that what they want to do is of such significance that I am going to have to publically notify it, which then gives me the opportunity to involve a much wider group of people. That is the process... it is when they tell me exactly what they want to do in that application. Then I would prepare an ad that goes in the paper that says 'The Holdens want to do this and if you want to make a submission on what they want to do and how they go about it, you are more than welcome. You have 20 working days to put something in writing'. But until someone gives me some detail, who do I go and talk to and what about?

The WDC admitted that they didn't know of the current excavations until after they had occurred and since the damage had already occurred, there was little they could do other than notify Environment Waikato. Despite this, the region is subsumed under S.6 as an area of national importance and highlights the interdependence of the stakeholders in the community. An operator acknowledged the use of the environmental court for competitive purposes:

Yes, we will put in a submission. But we've got to object on the grounds that it's going to be detrimental to us environmentally, not on commercial grounds. The only thing we can object to is

the silt damage and how the excavation will affect us silt-wise, environmentally-wise. But this flooding... this catastrophe blows everything apart! There's more damage from this flooding, than what they'll ever do.

This last comment refers to the severe floods which took place in 1998, which affected the AT3 business. The operator continued:

This current flooding is probably to their advantage. Because what they have done is dug a hole and that hole will fill with water and eventually that water is going somewhere, so its finding a way through. So in a sense, this flood is aiding them to find a natural entrance-way. So, if I was in their shoes, I would be hoping for a really big storm to wash a hole into the side of the hill. That would end the problem! We've got the hole there and we'll just open it up a bit.

These elements of nature had both positive and negative effects on the environmental landscape. A member of the Landcare Group noted that, "It undermines everything we have been working towards. The amount of flooding has dramatically effected the amount of silting in the waterways. Just look at the colour of this water!"

8.5 Conclusion

This chapter has illustrated the conversations and observations pertaining to the karst environment which occurred during the data collection process. The perspectives and actions recounted explored the considerable collaboration that has taken place over the research time to improve the sustainability of the cave resource. First, the underground monitoring of the cave environment was discussed. The recent investment into processes and systems within the Glowworm Cave has enabled on-going calibration of data which helps to identify immediate

relationships between the cave micro-climate, the glowworms and the tourism phenomena. This accumulation of data has engendered a stockpiling of specialised knowledge, and reaffirms the conditions for the development of absorptive capacity within the organisation. Knowledge specificity (Lane and Lubatkin, 1998; Simonin, 1999) and its integration through organisational routines and structures (Grant, 1996) have enhanced the differentiation of this product, its longer term sustainability, and sent visible signals to the marketplace of legitimacy (Gulati, 1998).

Second, the above-ground land practices too have involved substantial collaboration and have involved a multiplicity of stakeholder interests. These have been successful in not only protecting the soil and water catchment area, but also in raising public education and awareness of sustainable land practices. These actions confirm the leverage that can be gained from resource integration for common purposes and benefits (Dyer and Singh, 1998; Khanna, Gulati and Nohria, 1998).

Nevertheless, while substantial interdependence, resource constraint, and sustainability enhanced collaboration, this chapter also highlighted the considerable 'negotiated truths' which emerged as the cave environment became a context to consume and an instrument for competitive behaviour. When actions diverge from conventions previously developed within the macroculture, the involvement of regulatory agents confirmed the absence of trust in the search for organisation-specific action. In this instance, these activities validated Das and Teng's (1998a, 1998b) explanation to separate performance-based trust from subjective trust. Yet this chapter also demonstrated a strong reassertion of social values after years of exclusion from decision making processes. The multiplicity of stakeholder inclusion now makes these commercially-driven actions more accountable and constrained (Rowley, 1997).

In this way, this destination becomes organised through a complexity of negotiated truths. The following chapters focus more specifically on organisational actions as they impact upon the destination and its organising process.

9: Management of the Glowworm Cave Product

9.1 Introduction

Turning from the management of environmental land practices, the following three chapters focus on the delivery of the tourism product. As demonstrated in Chapter Seven, the structural arrangements of this destination suggest two independent supply arrangements: the walk-through market of the Glowworm and Aranui Caves and the Adventure Caving markets. Nevertheless, there are resource synergies that integrate these two main markets and two additional smaller domestic markets, education and conference, which also reinforce the connectivity within this destination. A participant explained:

There are two sorts of people that come in: those on a coach tour who come into the Caves and out again, perhaps buy a postcard or souvenir. And then there are those that come and probably go to the Glowworm Caves and then do one of the adventure tours, one or more of them. And then hopefully stay at the hotel, but not always, or not often enough. So even those would typically drive from Rotorua or Auckland or New Plymouth, do something in the mid to late morning, do an adventure after lunch and could in theory go home. But they tend to come and stay. And of those, there is a good mix of international and domestic tourists. And then we have other people who come to Waitomo, who don't come because of the Caves at all, but come because of a business reason, or a wedding or a gathering of some kind.

It is these connections between actors which demonstrate the essence of the coordination process, as joint problem-solving and collaboration becomes a critical component of destination longevity, particularly in response to external pressures. This chapter focuses most particularly on the management of the Glowworm Cave, which remains the centrepiece of the Waitomo Caves destination. It discusses the

process of managing people and how this effects the nature of visitor experience. Because of its centrality in the tourism process, these actions have a direct influence on the nature and ability of other actors in the destination to act, which may construct or impede destination leverage. As discussed in Chapter Seven and Eight, the governance structure of THC was both centralised and exploitative, with minimal reinvestment and support for the Waitomo destination, despite its traditional importance in the New Zealand tourism trail. This enabled control of the destination to remain vested with THC, excluding other actors from accumulating benefits stemming from tourism activities. When it departed, THC left the Waitomo Caves community with an inert tourism product. This commentary is centred around the topics of concern that merged during the field research from 1995 to early 1999.

9.2 The Glowworm Cave Experience

While now a passive tourism experience, the intent of the Glowworm Cave product remains to educate and experience a unique cave environment, while revealing new discoveries and gazes to the visitor. Yet, over its one hundred years of icon status, the delivery of the product has remained largely unchanged, as echoed by the cave manager:

We still do things the same way as what we were doing them for the last ninety years I'd say. Times are different, the time it takes people to go through the cave is probably the only thing that has changed and that is changed more by demand by the client than by the staff or the company initiating change.

This section discusses the management of people. It follows the bureaucratic hierarchies of THC and SPHC, highlighting their absence of relational exchanges as they struggled to manage the tourism product. These actions are then contrasted

with those of the current operational licensee, THL, as it attempts to invest reciprocal and collaborative arrangements into the destination, apparent in the THL manager's declaration, "Listen Kathryn, we didn't spend a truckload of money in Waitomo just to run it into the ground!"

First, this section describes the administrative systems to manage and enhance visitor flows. Second, it discusses how these inadequate management systems result in visitor overcrowding which implicates other operators in the destination. Finally, it details the physical administrative and visitor facilities as they impact on the visitor experience and the primary organisation of supply.

Information Systems

The increase in visitor numbers over the 1980s and 1990s posed significant challenges to those operating the cave (see Table 5) and over time there has been little implementation of information systems to assist this process.

Table 5: Visitor Numbers to the Waitomo Caves, 1982-1999
(See Appendix B for further detail on visitor numbers)

	Glowworm Cave	Aranui Cave	Ruakuri Cave	All Caves	% Increase
1982	189,889	16,950	15,966	222,805	
1987	249,887	13,667		262,554	
1992	277,349	24,942	---	302,291	
1996	415,801	23,678	---	439,479	
1997	378,884	22,569	---	401,453	-8.65%
1998	295,000	21,500	---	316,500	-21.54%
1999	317,933	22,068	---	340,001	7.5%

The manager of the Glowworm Cave commented, at a time when the cave remained

under SPHC governance:

We don't have any computers at all. Everything is done manually. That's why we have to go through our books and count up the numbers. For the number of people that go through the cave and the amount of money that is generated through the caves, we probably have the most archaic system known. I don't mind saying it's a joke quite frankly!

The SPHC manager defended this stance, describing from his perspective, how the organisational processes worked:

For support systems, we give them all the information they need in the morning for their day's work. They don't need computers and faxes and all the mod-cons. It's all up here and we do the administration here at the hotel. I get a daily report, how many people will be put through. You know... someone rings up at nine in the morning and says, 'We want a twelve o'clock tour'. We'll go into the system and the system says we can only put through two hundred an hour and it's fully booked. So if it's fully booked, we say 'You'll have to come at three o'clock'.

However, those managing within the cave saw it differently and identified significant difficulties working with this procedure:

It slows us down so much not having a computer system. Not only do we not have hard data on who and where our market is, but we don't have the data on a day to day operational basis. We often have groups arrive down here that tell us they are booked, but we don't have them on our day sheet. What we then have to do is ring the hotel, but if they are busy they can't always get to us. So our customers may be waiting for 15 minutes before we even sort that out.

These interactions illustrate the low degree of competency demonstrated by SPHC (and its predecessor THC) in providing the technical systems to enhance product delivery. This suggests inadequate and inappropriate knowledge of the tourism product and delivery systems to improve customer satisfaction. The responses from SPHC also demonstrate the absence of reciprocal exchanges: while there was evidence of giving and receiving of information, there was little collaborative return of new information from SPHC to the cave management to enable innovation and learning, despite its vast multinational corporate resources. That SPHC had access to these resources is evident from this quote from the hotel manager:

With the corporation we've just got a system called Travelex and it's linked up with a system called Galileo, which is an airline reservation system adapted for hotel systems. That's going out to over 250,000 tour agents and travel agents all around the world. And this year, a tour agent will be able to book directly with us instead of going through our central reservation system.

The effects of these constraining actions go further than just the cave. With most tours arriving during the day, there are substantial restaurant lunch-stops in the region and these operators are significantly affected by the visitor flows in the cave. "Oh it affects us terribly! If they have a snail-up there and they are half an hour late here, we may end up with five buses all arriving at once! How can we give them a good experience under those conditions?" This operator continued:

We realise that we may involve only one hour of a package tour that takes five or seven days, but that one hour has to be right. Because what the tour demands from New Zealand is that all the segments have to be successful. That's why even though we are only one hour in one day of one week, we still feel as though we have to be competitive with service, quality and professionalism.

Thus, poorly managed visitor flows in the cave affects the ability of other operators to deliver their products to the required standards, implicating all operators in the destination reputation. The cave manager continued, “We do the best we can”. But he acknowledged that some tours arrive regardless of their allocated time. “What can we do? The Korean market is so important to us that we can’t turn them away. It means they may have to wait, but we do get them in as quick as we can”. The result of this, is that the booked groups may become both rushed and crushed, with visitors encountering a diminished tourism experience. This overcrowding also negates the recommended 200 visitors in the cave per hour, as advocated in the operating license. While the SPHC manager claimed he would shut the cave if he needed to at any point, the lack of credible systems and processes highlight the inadequacy of informed decision making. Other participants laughed at this admission, proclaiming that SPHC would never have closed the cave at peak-times. Again this highlights the lack of confidence those within the community had in SPHC actions being acted upon.

The consequence of these inadequate systems affected both the daily logistics of organising people and the absence of accurate information on cave visitors. When asked about the percentage of GITs and FITs, one cave employee remarked facetiously that the most accurate measurement they had was to look in the carpark and count the rental cars and campervans. Indeed, the cave manager discussed the frustration in trying to get action from SPHC, “There were just too many people to go through for a decision to be made. It would hold the whole process up six months by just writing letters back and forwards”.

Following the relinquishment of the operating licence of the Glowworm Cave to THL in 1996, locals were sceptical of any positive benefits to management procedures, “They are all the same monster”, said one participant, again displaying the distrust embedded from past actions. Nevertheless, while moving slowly for the

first two years, changes are starting to accumulate from the THL association. A participant commented:

THL do try and look at things, whereas THC and SPHC just weren't even interested in looking. They just wanted to keep the status quo as long as they could get away with it. At least THL look sort of interested, they walk around with ideas in their heads, even if they don't come to anything. But they have spent more money in the resource in the last two years than SPHC spent in the whole time they were here.

Even the initial actions of the incumbent THL prompted this response from a SPHC manager regarding their alliance partner, “THL are a pretty aggressive company. They make quick, fast decisions. They don't mull over anything”.

More recently there has been investment from THL for operational support:

Now over the last six months we've got a photocopier, a fax and a little laptop, and it's just mind-boggling what that has done. It's turned the whole operation around. The data comes so fast that we don't know what to do with it!

Staff Training and Development

While this comment was said light-heartedly, it also highlights the accumulation of organisational inertia which THL inherited. No organisational learning had been injected over time and as the asset returned to local control, these people were ill-equipped to assume these managerial activities. The extent of this denial was reflected in this comment:

It was so funny! I needed to buy a laptop for the monitoring system. I said, 'Look, instead of the guides writing everything in their books and twinking it out', if I needed to collect all their data, I would have to try and read their writing and some twink which had chipped off... so I said, 'Why don't we

set up this computer so it can be entered in straight there?' Well, I was at university for 6 years and you get so used to these things. Well... these guys... I remember Alex sitting there and I said to him, 'Click on the mouse' and he said, 'What's a mouse?' So you were starting right from the basics! But it's been really quite rewarding. You get phone calls like, 'The numbers have all gone!' And of course what they've done is backspaced on a formula, or something like that. But the one's who are using it regularly everyday are pretty sweet on it now.

The consequence of this organisational learning is reflected in its transition from work to home environments. The following comment illustrates how these learning processes become embedded in social community and how these activities begin to stockpile and accumulate to form a knowledge foundation:

They would say to me, 'Can I come and look at the internet Kate?' And they would pop in after their shift. And now in that short that space of time, I have Mary Lou who plays around on it and her kids are quite comfortable with it. Others have gone out and bought their own computers and they are asking, 'Do you think it would be a good idea if I did...?'. So I help them to hook up to this and that. It's really opened their eyes up and that's all happened in a matter of months.

As the new karst manager has become more familiar with her role, she has also assumed more responsibility for the education of staff. She elaborated:

I think that staff training is a very important role and aspect of the place. It not only gets the staff interested in what I am doing and it gets them talking to the public about it more, which I think is very important. Its part of what we are trying to achieve, more interpretation before going into the

cave so people aren't walking into the cave and thinking, 'Oh, it's 20 bucks and they're just pushing people through.' They can say, 'Ok, they are looking after it, now let's go and enjoy our tour' and not spending the whole tour going, 'Oh, there's heaps of people in here'. So I think staff education is great and what I am finding really neat is when you are wandering through the cave and you are hearing the guides talking about research or something like that or environmental management and things like that... as if it's quite natural to yabber on about things like that. It's nice to hear.

She continued:

The great thing has been the support from THL. We've had a computer course and an abseiling instructor's course, and now I'm trying to set up continuing education³⁰ classes for the guides especially, but I also think that it's something the guides from the other operations can learn from too. They've been great in their support.

These comments can be compared to the procedures espoused by a SPHC manager:

Basically we train them. We take them on at an elementary level and we don't look for high scholastic achievements. Just the ability to communicate with people. They just tag along and learn the basic commentaries, the spiel, the safety factors, the boat area. So after two days, they can be walking around with their own people. It's a quick on the job training, but generally they learn by experience.

The accumulation of investments by THL indicates a responsibility towards improving the competitive position of the tourism product. It demonstrates an incremental process of reinvestment: first, the environmental monitoring processes

30: Educating the tourist gaze is detailed in Chapter Eleven.

discussed in the previous chapter and second, these internal management systems. Through this investment, a stockpiling of future benefits is in process, pre-empting the injection of innovation necessary for destination competitiveness and leverage.

Visitor Segmentation

Nevertheless, as visitor numbers have increased, the visitor experience has deteriorated and the product is widely acknowledged as being overpriced. While still an 'icon' tourism attraction, it offers little opportunity for visitor spectacle, discovery and recreation, the essence of the tourist gaze. This section discusses the implications of an organisational focus on economic agendas and the reaction of stakeholders to this condition.

Visitor growth has necessitated more frequent tours with larger numbers in each group. During peak times, the cave could accommodate a continuing visitor flow, with the central cathedral area carrying three separate group tours of 45 people each. Not only does this destroy the spatial silence required to experience this delicate and serene environment, it is also contrary to the license agreement of 200 people per hour within the cave. A former manager commented:

Ever since I started we've had problems with overcrowding, with too many people going through... not from an environmental point of view because the glowworms can handle the numbers, but the quality of the experience hasn't been there at all. Overcrowding diminishes it. At the Glowworm caves, the capacity is very limited, it's very confined. It's way over its capacity now as far as providing a worthwhile experience for most people.

Over the last decade, the Glowworm Cave has been dominated by Asian tour groups, reflecting not only the dramatic growth rates of these nations to New Zealand, but also the domination of the coach-borne group tours, the major market

of the Glowworm Cave. The THL manager defended:

It's like any other business, you've got different markets, you won't compromise one market which is small to not serve a bigger much more important market, which at the moment for us is Asian. It's as simple as that. It's business, it's not anything else.

A cave guide continued, in his description of visitor management:

As a guide, you cannot become complacent with the way you look at things. Quite often guides will be on tours for days and days just looking after Asian people and all of a sudden the school holidays come around and unless they read what their client is like, they will do the same sort of thing - commentary, very short, different humour involved and if they take that in with them on another tour, or even a mixed tour, they can get a negative response. They've got to be able to adapt, change, pick up their people, look at them, say 'Ok I've got to make this guy feel jolly. How can I best do it?'.

And another guide reconfirmed this process:

Different ethnic backgrounds have influences on how we do things, so because of that we actually gear our marketing to put people through differently. Tours for FIT people go on the half hour and we tell them that there is an earlier group going through and they are welcome to join it, but it could be Korean even though the guide will be speaking English. But they would much rather wait for half an hour knowing that they are going to get a nice little group by themselves and have the cave to themselves. That has worked. We've had to adapt different ways to take people through the caves, so that at the end of the day, they all come away with an experience that they are happy with.

However, some community stakeholders were not so confident on the ability of the cave to cope with these different segments, expressing comments such as these:

The trouble is a xenophobic attitude towards the various distinct nationalistic groups. There's so much that there is often open warfare. The Americans and the continental Europeans, they really don't like anything to do with Asians and there is also a lot of intolerance between the Korean and Japanese. The Japanese are a correct people, they will stand there and wait. A Korean will actually elbow his way to get in. That's the sort of difference!

Most particularly, stakeholders were concerned that this focus would not build leverage for the destination. And another participant elaborated:

The Japanese are very careful not to give offence. They are very conscious of people around them, whereas the Chinese, whether they are Thai Chinese, Indonesian Chinese, or Taiwanese Chinese, they really don't care too much about that sort of thing. They are just loud and noisy, that's the way they are. So the noisier more assertive Asians tend to be displacing the Germans and the Americans, so their numbers are declining here in Waitomo.

Not only were concerns expressed over the quality of experience being offered to visitors, but also the impact of time constraints for Asian tour groups, which were limited to their 40 minute Glowworm Cave tour. The perception was that the American and German groups would remain in Waitomo for longer periods of time if they were being offered a more satisfying experience and thus the benefits from their stay would be more widely spread amongst operators.

Nevertheless, a former cave manager defended:

If we had unlimited potential for growth, we would try and

manage all the segments, we would try and satisfy all the demands of the different market segments. If we had 3 or 4 caves that we could put people through, then we could segment the markets and look after them individually, but we can't do that, so we might as well stick with the Asians.

This premise is reiterated by the THL manager:

Our goals are clearly commercial and there are set requirements of ROI that the company requires. And that's what we are about here This is not a national park, it's not a free museum or anything like that. And though it's part of our natural heritage, it's a business and it's owned by somebody and someone else pays a lease for it.

This commercial intent and volume-focus raised comments such as this in the Waitomo community and illustrates the insularity of the central actor from the rest of the community:

The mere fact that they are in a Tokyo railway station jammed in 400 to a carriage doesn't justify putting them through the caves at that same rate. They've really got this big sausage machine running down and then running back out.

Of concern to the Waitomo community, was that the outcome of these on-going commercial derivatives has been a deterioration in the quality of the tourism product, with much of the legitimacy of the Glowworm Cave resting on its iconic status. Indeed, through the spatial pressure of processing people through the cave, any sense of discovery and mystery has been eliminated from the experience, as visitors move rapidly from one moment to the next, denied time to reflect and ponder. “We are really concerned that the Glowworm Cave will lose its significance as a tourism icon and that would affect us all” remarked a participant, highlighting not only the extent of legitimacy associated with the central actor, but

also the implications of relatedness for the other actors within the network. The above comments highlight the tension between the commercial interests of the central organisation and the broader social obligations vested in community stakeholders.

Physical Facilities

As earlier stated, the Waitomo Cave system is small by international standards. Public access into this system is limited and together with the current rate of visitor growth, the physical structures accommodating the cave entrance, booking office and toilet facilities have become inadequate. Built in 1982, these facilities were intended to receive 250,000 visitors a year rather than the current 400,000. The spatial environment for the assembly of people before the tour becomes critical for providing a mood-creating and welcoming atmosphere for visitors and is particularly significant to Asian group tours. Research suggests that while these nations have a higher acceptance of encroachment of personal space, they are less accepting of delays within the experience (Doorne, 1997). A participant explained:

These Asian groups don't like waiting. I mean if you say you want them to wait ten minutes and let the other group get ahead, they'll want to know why they have to wait for ten minutes. They don't mind standing in a queue inside. That's totally different. If you went through the cave, for arguments sake and spent most of the time waiting, you'd come out and say 'What's going on here?' But to them, that's ok.

Thus, while Asian nations supposedly express acceptance of the crowded conditions within the cave, they are more critical of the consequences which inhibit their progress through the attraction. This is contrary to western cultures which are more accepting of the delays, but expect an individualised and uncrowded experience once it has began. Nevertheless, despite the focus on the Asian nations,

the structures to enhance this perception are limited. The area is not enclosed, it offers limited protection from weather conditions and becomes confining when attempting to process large numbers of people.

While it is easy to blame these inadequate facilities on the retired THC, those with longer memories believed the short-sightedness went further than just governance.

A cave guide defended THC:

THC is getting the blame, but in actual fact it wasn't them. They actually presented a huge plan for a complex that should have served the purpose for at least 15 years, but it was turned down by the Council and the community. So now you have a company coming in and putting in place what THC wanted to do 15 years ago. So you had Waitomo being restricted to the small picture by its Council and the community and that's how come this area is perfectly inadequate.

While others in the community may dispute this perspective, it does demonstrate the influence stakeholders can have in strong networks and the manner in which gossip (developed through the congruence of exchange velocity) can constrain action. Thus, change has been resisted by community stakeholders through their shared identities and habits. Through this discussion, a consistent effect of strong ties emerges, that of constraint. As new information is introduced into the community, it is the focus of much discussion and gets transferred through third parties. As the exchanges become frequent, echoing a similarity of intent, they become repetitious and redundant. This ultimately results in the constraint of potential action, as the homogeneity of community feeling overrides the disparate value set. This is also evident in the following incidents, as the story continues.

A condition of the current Operating Licence contracted to THL is for

redevelopment of these facilities, with new administrative offices, souvenir shop and café/restaurant being planned. These were to have commenced in 1998, but in 1998, THL told the owners, “The purchase of the Mt Cook group has put all the development on hold”. Nevertheless, at the time of writing, 1999, there has been a sudden push by THL to begin developments³¹, with the cave manager again commenting, “When THL decide on something, they act very quickly!”

The costs of these developments were to be partially covered by the sale of the sole THL asset in Waitomo, the White House, located within the village. Interest in this auction was expected to be high, as this was the only piece of land in the village not owned by the two major landowners. However, there were few legitimate buyers and the house was sold to a local Glowworm Cave guide. This incident again demonstrates the effect of strong ties, with considerable local spectator interest surrounding the auction, yet resulting in limited enactment of those exchanges. This curiosity did not extent beyond the local community.

This redevelopment will be the first substantial investment since the physical buildings were built in 1982. The only investment SPHC incurred was the remodelling of the buspark (discussed later this chapter). This was believed to have been a diversion to allaying stakeholder pressure. A participant explained:

SPHC came in and they met the requirement of the new purchasee by putting in an underground tunnel and a buspark. Whether it was efficient or not was beside the point, they just took the cheapest option. But if we're looking at making money which is what we are in business for, then the souvenir shop is the biggest looser. Because they just go straight out and boof... straight through the tunnel and gone. If they had put the tunnel over here by the car park, then they would have come past us.

31: Now completed, with its official opening on December 3, 1999.

The SPHC manager however believed they had done an excellent job:

The buspark down there... I mean that helps everyone. We spent a lot of money down there trying to develop that buspark. But there's a lot of knockers out there when it was being built. They resented every move. People complained at the way the construction was being done, the time it took, environmental issues... But none of them offered to help in any way.

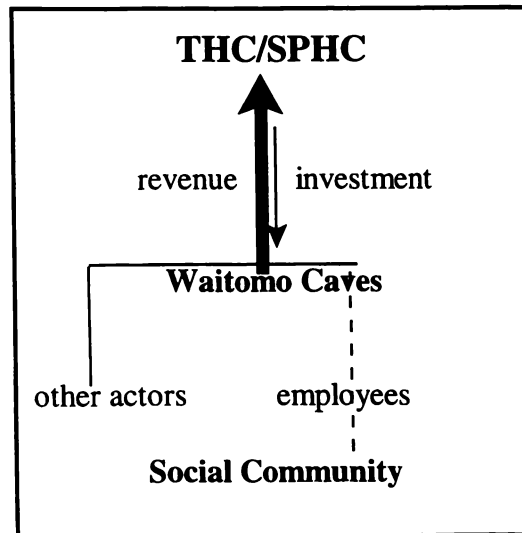
However, those outside the organisation argued that SPHC only undertook these actions after intense community pressure from locals, unable to drive through their village because buses, with no-where left to park, were blocking the road. The story continues:

So now you've got this new company coming in and they're going to have to build around what is already there and it's going to be more expensive and not as complementary to the environment as it would have been if the first party had done it properly in the first instance. The whole idea is to put a souvenir shop where people must exit before going through the tunnel. If the tunnel had been put where it should have been in the first instance, everything else would have happened.

This again demonstrates the ability of stakeholders to force action from the central actor and confirms Rowley's (1997) observations that central actors in a dense network will 'compromise' their actions with stakeholders. However, this example also illustrates that 'compromise' can have differing interpretations and in this situation these compromising actions further marginalised this actor from the community. While SPHC responded to local pressure by building a car and bus park, they did so in a manner that involved the least capital cost. Thus the network appeared to influence the core actor, but there was a different script, incongruent with the shared values and beliefs of the local stakeholders.

In summary, this section discussing the core product, the Glowworm Cave, has illustrated the limited social structural antecedents evident to form an integrated network structure. Absence of these factors was due to the systemic actions of the early governing actors, THC and SPHC. As 'go-between', both actors maintained control over their abundant resources and advantages from their weak-tie associations and there was little investment or altruistic motives for cooperation within the network. Thus, not only were increased revenues a priority for both THC and SPHC, but the retaining of high margins also denied reinvestment in processes to enhance delivery of the Glowworm Cave product. The response was limited intensity of interaction, with information exchanges flowing one way, as exhibited in Figure IX.

Figure IX: Resource Flows under THC/SPHC Governance

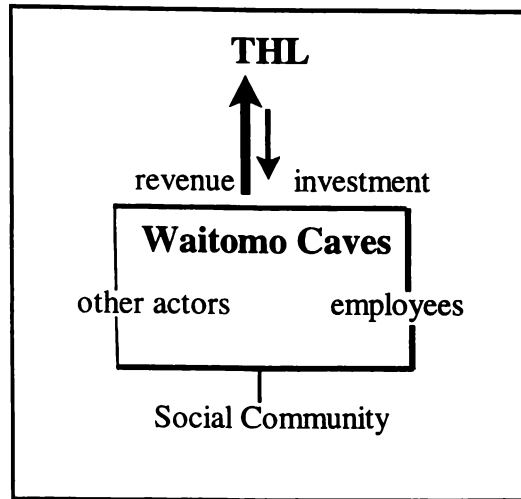


There was a clear delineation between the social community of Waitomo and both the THC and SPHC. There was illustrative evidence of local people restricted to employment in 'backroom' functions while front-line staff and managerial authority were recruited from beyond the local region. As a consequence of these hierarchical procedures, the local community was denied access to decision making

and self-autonomy, with a clear separation of social community from the economies of the tourism generation. This use of hierarchy and authority was further evidenced in the constraint the THC played in restricting growth within the community through the legal town and planning procedures, whereby it vetoed any attempts for development. Thus, all sources of power were actively used to constrain developments. This would suggest that this actor was actively involved in the structuring process of the tourism destination.

These constraining actions can be compared to the more immediate successor, THL, who is currently attempting to inject innovation into the destination. This is evident in the redevelopment of physical assets, and the introduction of new systems and processes into the organisation domain. Nevertheless, this internalisation process requires development, as the social memory of employees is embedded in organisational distrust stemming from their experiences with the predecessor, THC. Indeed, it is at this local level that the actions are implemented and the manner in which external information is transferred and built into organisational learning that forms the essence of knowledge creation and strategic advantage.

This renewed ability to absorb and codify information enables the processes in which it is transferred to extend beyond the organisation, and there is substantial evidence of a reciprocity of exchanges occurring within the broader destination, enabling a stockpiling of accumulated benefits. Thus, as this learning becomes visible through improved management of tourism visitors and increased customer satisfaction, it signals properties of status to the market (Gulati, 1998), from which the networked community can leverage economies of reputation. These flows can be observed in Figure X and contrasted to those of THC in Figure IX.

Figure X: Resource Flows under THL Governance

9.3 GIT Market and Weak Ties

This section takes a different form, and explores the interactions between the Glowworm Cave organisation and the transportation sector. While this sector forms a critical and vital link in connecting individual destinations into a broader system (Britton, 1991), this section is not a conclusive discussion on these issues; but rather an interpretation of the events and themes as portrayed and represented by the operators within Waitomo through the research period.

The domination of this group, the inbound group tours (GIT), makes the Waitomo destination vulnerable to influences from these suppliers. As major providers of their customers, the in-bound tour operators and coach companies are particularly powerful and during the early stages of the research inquiry period, their leverage was a constant topic of concern. Of interest however, is that following the decrease in visitors to the Cave during 1997/8, these concerns relating to the transport sector

became significantly less important in casual discussions. This section discusses the interactions involving these weak-ties evident during this research time, highlighting the nature of these exchanges and the manner in which they influenced the organisation of the destination. Issues stemming from these concerns were referenced by the THL manager:

In a global sense there is a market swing towards FIT, but the GIT business is still profound. You've got to be in there, you've got to be in there because it forms such a critical part of the research phase for other people. And to be in the literature is the aim, to be included in a tour is the second aim, but that has become a lot more difficult now, because these inbound tour operators and wholesalers are competing on the basis of price. Which means they are not going to include activities and attractions such as ours [Kelly Tarlton's]. So the package is then based on accommodation and transport and that's virtually it. And everything else is optional. In some cases they'll even make meals optional. The driver might stop in the main street of Otorohanga and say 'there's a lovely bakery here', or 'there's a place over there where you can go and buy some sandwiches.' So it's not included in the tour price. Now that's quite unhelpful. Waitomo of course, being 90% group source, is particularly vulnerable to these GIT pressures.

These comments demonstrate the considerable flexibility the tour drivers have in constructing the daily components within the package tour. Because of the pricing pressures from the host generating wholesalers (discussed shortly), the tour customers are left to make many individual choices on support options, which gives the drivers and tour guides considerable autonomy in acquainting customers of their choices. The following section discusses the outcomes of this flexibility and the impact on the Glowworm Cave operation.

Commission Leverage

This flexibility enables the drivers to place significant pressure on individual operators for substantial commissions in exchange for their business. In the current environment of over-supply, many operators are unable to refuse, which as noted earlier, undermines the reliability, efficiency and stability of channels (Gnoth, under review). This is counter to the fine-grained exchange relationships required between sectorial partners to transcend industry fragmentation. An operator disclosed:

Because there's been some shrinkage in the number of people that are coming, we need those people. We need as many people as we can, therefore we can't afford to say no. We are not on a very secure footing in 1996. I think in 1992 we could have said, 'No I'm sorry', because there wasn't anywhere else for people to go. But we can't afford to lose one passenger. So, yes, it's a matter of saying 'yes' to everything they say.

As price-competition increases, the commission-taking is being pushed further down the supply chain, with the core and support activities being the most vulnerable, as affirmed here:

It's now happening that the wholesalers in the country of origin are tying up with shopping companies in New Zealand, so it's all part and parcel of it. It now means that the wholesaler in Japan, for example, is getting some of the commission and not the in-bound New Zealand operator. So the New Zealand in-bound operator is getting a bit upset because he is expected to get his tour out at cost and not make any money and not have any means of making any money. So it's us local operators who are being fleeced the most. They have got to be looking at commission take-offs of 20-30%.

Indeed, the following example highlights the extent to which these commissions are

occurring, highlighting the power drivers have over their unaware travellers:

You walk into a shop and see something for \$130 and if you bought it, it's New Zealand and if they bought it, it's U.S. It's a beautiful way of doing business! We just said we were unhappy to do that because it was extreme and as a result we don't get anything from them anymore. But we are not unhappy, we don't feel comfortable doing business with people like that.

This example demonstrates that these transactions are not solely price-based decisions, but rather illustrates the importance of shared belief systems and personal values that impact upon those decisions. Incidents such as these would suggest a path dependence indicating that future business would unlikely eventuate regardless of the economic rationalities.

As these commissions become more and more evident in the organisation of the tourism destination, all operators admit openly that they pay commission to their transport companies:

Now all this is legitimate commission, you understand. It is commission that goes through the cheque book and GST is paid on it. We treat it in the same way really as a form of promotion. There's no doubt that if it wasn't for their co-operation...

The insistence on substantial commissions has been primarily targeted at businesses with limited leverage and despite strong persuasion, the Glowworm Cave has refused to engage in these negotiations. A cave guide stated, “We do a standard 10% commission to tour groups and to the local visitor information centres. That’s it. We are an icon attraction and we do not need extra business”. The cave manager illustrated the pressures that were being employed to secure commissions:

These tour guides can be very aggressive. They stand there

and glare. Yesterday, we had this guide come through and he was talking to me. He said he wanted to see the cave manager, who was a friend of his. I said, 'He's not here today'. And then he was telling me that the cave manager had promised him commission! Of course, he was talking to the cave manager, but he didn't know it! It was the funniest thing!

This demonstrates the considerable resistance invested in the core attraction from its legitimacy established over time, and despite its high dependence on these weak-ties, the bargaining power from these suppliers is reduced. This power base enables a mutual hostage position to frame the exchanges between these two components.

Transport Sector

Part of this resistance is the changed structure of the transport sector, which was previously dominated by a few key suppliers, giving them considerable leverage, as explained by an operator:

In the good old days, they had a lot of power, because all you had were those few companies - Mt Cook, Newmans, HKS from the South Island, Intercity and Guthries. If you ever talked to an old Mt Cook driver he'd tell you, 'You guys have to watch out, because if we pull the plug... You've got to make sure you look after us, because if we pull the plug, you guys are buggered'. That was a common statement. They knew the power they had because they could see all the coaches they had parked up there! They were the main players.

But now you go out there and there's Scenic, Johnston's, Hudson and Owen, Shepphards, Browns, Reesby's - all of those buses, so the growth has sprung up all around, so they don't have that power. But sometimes it still happens and you can see it now, all you can see are Scenic coaches parked out there! But you don't dare tell them no-one else is coming! But

while they might all be Scenic coaches, in those coaches they would all be different wholesalers from overseas, hiring coaches from Scenic to take their people around. So they just don't have that power now.

The existence of this earlier power is claimed to have been the underlying reason for the on-going rumours that key suppliers were claiming to withdraw from Waitomo.

The cave manager explained:

You've probably picked up a lot of dialogue from dissatisfied busdrivers, rather than from dissatisfied tourists. They are trying to flex muscle because of the changes we've made here, in the buspark. It's basically change and they don't like change. I've heard the comment time and time again. 'This area's no good. You're not catering for the drivers anymore, so we're going to pull out'.

A cave guide explained in more detail how the buspark changes had indirectly altered coach driving patterns and it was these issues which were affected the manner in which they perceived Waitomo:

Before they could park their buses out the front here and they could get out and actually log out so that they had half to three quarters of an hour where they weren't actually physically driving. This logging out was a major factor, particularly when they are running close to the wind. If they could take half an hour out of their driving day by sitting here, they might have half an hour up their sleeve if they run late because of someone shopping or something. Whereas now, they can't log out and they can't all get together out the front and have a chat which is another major factor. Another complaint one of the companies used was that they started their bus up three or four times which was no good for the motor! Well, they created this scenario. When they ran out

of spaces out here, they parked along the road. So for the last 20 years they were quite happy to move their bus up, but once we put a lane there all of a sudden they didn't like the system that's in place. Because that's all we've done. To accommodate what they've been doing by putting a lane there so that the other members of the public can use the road safely and freely.

While this new development appeased local stakeholder pressure by improving traffic flows through Waitomo, the drivers, as external stakeholders, expressed dissatisfaction to the changes in their routines and procedures which had consequential flow-on effects that went further than the immediate environment. First, these changes reduced the flexibility of the drivers' road-time, resulting in potential illegal consequences as they drove beyond their legal entitlements. Second, it impacted on the social relations between the drivers at the cave. Importantly, limitations in this interaction, (as explained by Uzzi, 1998, through reduced intensity), could potentially reduce the amount of information transfer being transmitted from this 'structural hole' into the destination.

It can be seen that at a macrolevel the ability of these weak-tie suppliers to significantly influence the Glowworm Cave operations is limited through their 'mutual hostage' positioning. Nevertheless, individually, they can assert considerable pressure on its daily operations, affecting delivery of the product in more insidious forms, as observed by the cave manager:

As long as they stay within the times they're given, within half an hour, it's fine, the cave will function well. But when no-one takes any notice of the times they were given, then we get bad overcrowding. So instead of arriving at 1pm when they were told to arrive, they would come at 11am. So you'd pick up their voucher and see the time was 1 o'clock and you'd say to them 'You're due here at 1 o'clock', and then their escort

would jump up and down. It's hard for us to break their time, because the driver will have dropped them off and driven down the road and got into the bus queue. So they'll come up to us, and if they have a 1pm booking and they're here at 11am, we then have to take those people. We let them wait out here until we process the other people who are here on time, but that will cause disharmony. So it's of utmost importance for the companies and their drivers to come at their allotted times.

Another participant further explained:

The biggest problem in dealing with the Asian market is that they tend to follow what they want rather than what's best for everybody. And as a result they see no reason why we should deny them access. You can spell it out, sing it out, yell it out, but they'll still say 'No, no I come here first'. It doesn't matter that they were booked at 3 in the afternoon, but were here before the ones at 11! It takes a lot of educating!

Indeed, the influence of the drivers and tour guides or escorts on the cave product can also be seen in their ability to promote the cave. The cave manager explained:

We've lost a lot of the American market basically because of the escorts. The escorts have said to their people 'Ok, there'll be a lot of Asians there. You are going to have to queue'. So sometimes they are upsetting them before they get here. You can still pick the escorts who are good with their group and the escorts who are bad with their group just by the reaction of the people on that particular tour. Whether or not it's a positive energetic enthusiastic escort or whether it's someone who is always running New Zealand down because he hates New Zealand, '... and it is the 34th time that I've been here and it is always raining'. That comes through

in a group. These escorts have got all these people for seven or eight days and their ideas of what New Zealand is about has been relayed to each of these people before they even get here.

As a consequence, operators are aware of how important these go-betweens are in transmitting information between supplier and customer. One operator explained their response:

We make sure we have a very good relationship with the drivers though, because we feel that they have more influence than perhaps a lot of people realise. Because what happens is that they will go to Rotorua and stay the night there in the hotel. And of course they will be like any other person, they will go down into the bar for a drink. And they'll probably go down with the guide. And they'll have a drink around the bar and I think that it's times like that, if you haven't been very good, they might say 'Oh it wasn't very good at, was it?' The guide then has to write a report on each venue she visits each day back to head office, so if she hasn't written up her report at this stage and the coachdriver is there saying 'Oh it was a bit ordinary today at ...', then she will be influenced by that. And fair enough. So we tend to have a fairly good relationship with them and I would hope that we would give as good a service to them as we would give to the clients themselves.

In summary, this section described the predominant weak-tie links that the Glowworm Cave has with its coach suppliers, reflecting its market position as a short-term destination stop. While these suppliers have considerable bargaining power with smaller operators, the legitimacy of the Glowworm Cave enables it to resist these pressures. At a microlevel, individual tour drivers and escorts are able to influence their visitors perceptions of the Glowworm product, but because of the

legitimacy of the icon attraction, these attempts are of a nuisance-type rather than informing and impacting on actions. This interdependent relationship highlights the importance of the attractions within the destination system and the considerable influence these core attractions have over support activities. Indeed, as the cave manager asserted:

These tour companies probably do more for us than our own marketing people. When they put their packages together, they are having to make that package look attractive for the people coming, so they put attractions like ours in their brochures. So, although that has always been the case, they are marketing us. So we are the ones that are benefiting.

Indeed, this interdependence between components is a specific characteristic of the tourism phenomena, and the above comment acknowledges the reciprocal benefits that can accumulate between these distinct components. While the activities represent the nodal positions within the system, the transport sector takes on the role of connector between nodes, linking the nodal system and enhancing their legitimacy. Thus, flexibility acts as both a construction and constraint in the broader system.

9.4 THL Connectivity

This notion of connectivity is also evident in the connections between the Glowworm Cave and THL, and will be briefly discussed in this section. As one of the largest New Zealand tourism companies, THL has its own multiple attachments to the broader institutional environment. One such attachment is described by the THL manager:

We have our own magazine called New Zealand's Leading Attractions, which is distributed to every inbound passenger on Air NZ. That's a co-operative effort, driven by THL which

has half shares in a company called New Zealand's Leading Attractions Limited and I am one of the directors of that. That has secured in-flight video space on Air NZ for advertisers and it has secured the ability to distribute that booklet. We worked very hard with Air NZ to get that. We adopted the line that people don't just come to New Zealand so they can spend ten hours sitting on an Air NZ aeroplane. We are part of the reason that people come to New Zealand. So we have three shareholders, Scenic Tours, Pride of Auckland and THL which has half, and another three licensees, Kaikoura Whalewatch, Shotover Jet and Rainbow Springs. I mean they are not THL companies, but we do have this pragmatic approach, that we are one industry, which reinforces our cooperative way of thinking. The off-shore market is a difficult and expensive market to reach and the only way are going to reach it is by being together on it.

While marketing initiatives involving actors within the destination are more fully discussed in Chapter Eleven, the above comment illustrates the significant connections the Glowworm Cave attains from the THL attachment. This connectivity extends the reach for the organisation beyond the national institutional environment and into the global network. The reciprocal part of the arrangement is the important role the Glowworm Cave performs in endorsing the credibility of the THL connections.

9.5 Conclusions

There are three important contributions from this chapter. First, this data illustrated the development of '*absorptive capacity*' at an organisational level. The lineal resource actions of the earlier THC organisation implicated a low level of '*absorptive capacity*' (Cohen and Levinthal, 1990). While there was substantial

knowledge of the operating conditions, these were not codified within the structures and processes of the organisation (Grant, 1996; Lane and Lubatkin, 1998). This inability to absorb information and assimilate it through organisational processes restricted the development of knowledge-based capabilities. These actions can be contrasted with the latter THL organisation, which has demonstrated more reciprocal exchanges with on-going investment in physical assets, systems and processes. The consequence of these actions has been an absorption of information alongside systems and processes to assimilate and integrate tacit knowledge.

Second, having this absorption capacity has enabled *positive benefits* to flow and extend into the destination domain through third party transfers (Granovetter, 1992; Das and Teng, 1998a). This process has stitched the social community within collaborative initiatives, with destination-based capabilities germinating within the broader networked community. These will be discussed further in Chapters Ten and Eleven.

Finally, this chapter has outlined the considerable pressure that the transport sector can enact on the activity sector. Nevertheless, the legitimacy of this specific tourism icon has illustrated how the interdependence between these sectors coexists because of their mutual *complementarity*. With the activities representing the nodal positions within the network, the transport sectors act as connectors and flows between these nodes. While this can lead to issues of dependency, this data illustrated the significant importance attached to differentiation in reducing this dependency. As noted, the activities acted as the 'pull' feature within the destination and the resource-specificity attached to these activities endorsed their irreproducibility within the broader system. Indeed, it is this unique bundling of resource attributes and capabilities which forms the social complexity of organisational advantage (Barney, 1991; Grant, 1996). This data suggests that the degree of differentiation within these nodal positions may determine the shape of

flows that occur within the connected relationships and the mutual hostage arising from complementarity.

The following chapter describes, in similar form, the interactions within the adventure caving market which displays significant differences in destination interdependence and coordination arrangements.

10: Management of the Adventure Caving Products

10.1 Introduction

This chapter describes in detail the inter-connections between suppliers in their delivery of the adventure tourism market in Waitomo. This focus indicates a transition in emphasis from the organisational-set, to the broader relational data between actors. Throughout this chapter is a reoccurring theme of cooperation and competition, and it is this process which is explored through the content of the dyadic ties, and how it implicates the broader destination connectivity.

The first section details the competitive process between operators, highlighting how the contentiousness of their interactions impacts on the destination network. The second section of the chapter then focusses on the collaborative exchanges between these same actors, which emerge as a result of their mutual operations within the karst environment. With these adventure experiences occurring within wet, dark, confined cave environments there are significant issues of risk, challenge and client safety on which the operators are mutually dependent. Indeed, even specialist cavers are at risk³², highlighting the potential for serious misadventure within this sector. Consequently, despite the intense competitiveness, there is also substantial cooperation, with these relational data exchanges depicted here illustrating the joint problem-solving which may extend destination longevity.

Finally, this chapter explores the broader relationships these adventure firms have with others in the community, creating a complementation of activities which may add value for the tourist and extend their destination stay. The relational data which is transferred through these relationships becomes the focus of this section, and how

32: An ex-AT1 guide was the topic of media interest in January 1998, as he lay trapped in a cave for three days awaiting rescue after a caving accident.

the reciprocal networked exchanges can provide opportunities for competitive advantage.

10.2 Competition

Since the genesis of the AT1 product, the adventure market has become a legitimate and growing component of the Waitomo destination over its ten year existence. Both the AT1 and AT2 businesses have outgrown their administrative offices in the museum and established their own independent localities. The AT1 business now operates from a \$1million development base on the outskirts of the village. This base also includes a café, centralised changing and shower facilities, and a spa complex for after-caving relaxation. The AT2 business has located its administrative and booking facilities within the village general store, with smaller changing facilities located at each cave-site. The AT3 business retains its current administrative site within the village and now uses the rugby-club facilities vacated by AT1 for client changing rooms.

Each firm then, requires an administrative and client-reception base, facilities for their clients to change into wetsuits or abseiling equipment, vehicles to transport these clients to and from the cave systems, and access to separate caving environments within the broader karst catchment area. These adrenalin-induced active experiences indicate a different level of anticipation, skill development, and fitness than the alternative passive Glowworm Cave activity, and therefore are more suited to both younger or more seasoned travellers. This engenders a co-existence between the two markets, rather than a substitutability. The Cave Manager confirmed:

We are starting to see a product life cycle emerge. If you talk to any New Zealander, they will usually have come to the Glowworm Cave when they were at school. Then when they get

a bit older, they'll come here to do the adventure activities. So what they're doing is giving the younger generation a more... an adrenalin buzz. And when they get older, they'll come back again mainly to show friends Waitomo, or maybe go caving again. So they're seeing Waitomo one way, and they'll come back and see it another way. So when we look at the adventure market, we don't see them as competitors.

All three primary adventure operators are central to the tourism phenomena in Waitomo, with the AT1 and AT2 firms significant players in the external marketplace. Yet throughout their operating life, there has been on-going competitive tensions involving tangible resources, as earlier demonstrated in Chapter Eight. The AT2 operator elaborated:

They tried for many years to put us out of business. They went after all our bits of land that we tied up for our operations. They tried to undermine us. There's a lot of very tough competition that went on behind the scenes, but we've always been as nice as pie face-to-face! We don't like them but we get on with them. What we do like about them is that they run a very safe operation and provide value for money, and that's really good for us.

This statement illustrates the diversity and contradiction of interaction that occurs within one exchange - the overt actions, the covert actions, the professional outcomes, the tactical rivalry. The AT2 operator continued by further describing an event to demonstrate the intensity of rivalry, and the constraint that emerged as they interacted over mutual resources:

A classic example was a training site we once used. All our sites, we've tied up with leases so it's pretty unassailable, but on our two day trip which at one stage was our only real trip, we had to have a training site. And since the most suitable one was the Ruakuri natural bridge, we'd do a whole day there and

next day go to Lost World. But AT1 decided that they would like to do abseiling there too, and approached DoC, the landowner and said, 'These guys are using this site illegally', which was true, although nobody had ever worried about that type of thing in the past, including DoC. In the end, the best DoC could come up with was an agreement that AT1 and us would be able to use that site for a limited number of days per week, including one weekend day, because they wanted to preserve public access as well. The one weekend day was going to have to be split between us and AT1 which eventually stopped its use for anyone. But AT1 didn't care about that because they never actually intended to go there, they just wanted to close us down which they did. And then we went up and used the Mangatukuri natural bridge, but someone dumped us in there too! And we actually stopped operating for a few weeks until we managed to discover a new site which is on private land. And we've since discovered a couple of years later that they went after that too with the landowner, but to no avail that time. So I don't know why... well, I know why they did it! That sort of thing! If they could pull the rug out they would, but they can't, so it's a balance of power.

This action illustrates the advantages AT1 has built up through its closer relationship with DoC, conditioned by their representation on the Catchment Board. This gives AT1 the ability to 'cash-in' on reciprocal interactions that have built up over time, embroiling DoC in the controversy.

The Visitor Information Centre

Beyond the cave resource, the intensity of rivalry primarily involves the immediate market environment. As mentioned in previous chapters, a critical characteristic of the tourism phenomena is the inability of suppliers to individually market their products internationally. This becomes particularly pertinent in the FIT market

upon which the adventure operators are heavily dependent, as these travellers are characterised by individual, random, and momentary decision making. Thus, the display of information to this FIT market becomes a significant issue and around which substantial competition occurs. The section now describes this competitive process between the three adventure operators, and how it influences the broader destination connectivity.

As agent for the New Zealand Tourism Board sponsored Visitor Information Network (VIN) centre, the museum director described the function of the VIN and its importance to the museum organisation:

Although there are 50,000 people who go through the museum, there are another 200,000 who come through our doors, just for information, to have a look around, maybe get some brochures. We have a DoC display, a video on things to do in the area, they buy a postcard, t-shirts, go to the toilet... In 1985, the post office closed down and we took over that agency. We sell a lot of \$1 stamps for the postcards and we get 10% from sales. Not a big markup but it all adds up. We sell foreign currency, the bank faxes out the daily rates and we take 3%. We also became an information centre which is part of the NZTB network of information centres [VIN] and we do bookings. So if someone wants to go to Rotorua, we can look them up on the computer and do a booking. We issue them with a voucher which the machine prints out and we take the money. We charge 10%, so that's where we make most of our money. We use EFTPOS, take credit cards, so it's online with that. It's part of an information centre's business. We really try anything that is going to help us survive. We'd never run on just museum entrance fees.

The museum is frequently the first stop for FIT visitors, conferring it an important referral role in linking both the supply and demand tourism components:

Having made the decision to come to Waitomo, there are a number of people who will guide visitors to various attractions, or things to do. And obviously the biggest pull would be the Museum, the VIN, because it's centrally located and people tend to arrive, look for the 'I' sign and get the information they need. That is, if they haven't already come armed with the AA or Jasons or something that will tell them what to do... the Lonely Planet guide... those sorts of things.

This 'betweenness' position gives the museum³³ a powerful and integrating function that occurs on multiple levels: as an agent for information dispersal in the marketplace, and as a museum with its role as environmental educator which includes strong external links with the institutional environment (schools, museums and other cultural sectors). The importance of these links were quickly realised by the AT1 operators, who attached themselves closely with the museum. One of the partners explained:

We positioned ourselves with the museum for very practical reasons. The museum is a very professional establishment, and to be able to sell your tickets there gives you a professional image. It also gives you a professional image from a conservation point of view, because they are the education arm of resource management.

While this attachment gave the AT1 organisation access to a broader range of complementary weak ties and external legitimacy, there were also reciprocal benefits that arose from this arrangement. The operator continued:

We could also see that it could generate money for the museum, which was in need of money and in need of staff. If it could get money, it could get staff. And from the moment

33: This sector focusses on the museum's role as a VIN agent, while its educating function is discussed in Chapter Eleven.

Peter changed from a part time director to a permanent director, the museum just went from strength to strength.

The legitimacy and benefits of this attachment also attracted the attention of the newcomer AT2:

I wanted to set up in Waitomo, so I approached the Museum Society. I wrote them a letter. At the time AT1 was on the committee, well they still are, so this was a bit of a vexing question for them, because here, for the first time, would be competition. However, everybody decided that they'd be better off with us rather than without us.

AT1 responded:

I always tell people when they say, 'Oh you and Lost World, you compete with each other. Why can't you get on?' I say to them, 'You go and look at the museum minutes and go and see who actually moved the motion that AT2 could sell at the museum'. It was yours truly. It didn't make sense for us to be sitting there and saying, 'Oh we can be doing this, but you can't'. So despite what others will tell you, we always supported his arrival.

The location of the primary adventure operators at the museum gave them equivalent access to the marketplace which established institutional conventions and norms of practice developed over time. However, the departure of AT1 from the museum in 1996 changed the competitive dynamics of these relationships. While AT2 retained its desk space, and AT3 was located next door, AT1 moved to a location on the outskirts of the village, two kilometres distant. This would suggest a less attractive landscape for AT1, absent from the nucleus of village life and the information gateway. However, this was not the perception of competitors, with

AT1's continued close connections with the museum³⁴ provoking responses such as this:

If you look at the [museum] staff, it's all nepotism. It's son-in-laws and daughter-in-laws all working for that company. You've even got one operator's wife there running the education system. You know yourself that it's pretty hard to give an opinion that's not biased. So the museum is heavily obligated to one company.

And another response:

How can they [the museum] sell our products? I know personally that only one of them has ever done any of our adventure activities and how can you sell something you have never done? If they are going to be an information centre and they are recommending our products, then they have got to have some knowledge of what they are selling.

These commentaries illustrate the intensity of rivalry which implicates the museum with its 'betweenness' structural component. Through this time, relations between AT2 and the museum became strained, as attested by the AT2 operator:

The museum is beholden to a number of different groups, and because of that we can't strengthen our promotional presence here. Our business is severely hobbled by the fact that we are there. We need our own freedom, to be able to grow our business without interference.

These exchanges were confirmed by others in the community:

The museum won't let him do the hard sell and AT2 says, I have to hard sell if I want to sell my product. It is the nature

34: AT1 operators are on the museum board, and one of their wives is currently employed as education officer at the museum.

of the beast at the moment. I have to hard sell it'. And Peter says, 'You are not going to do that on my premises'. So it's all a bit tricky at the moment.

The departure of the second operator to the general store located next to the museum re-established a more 'equivalent' structure, as AT2 commented:

The museum has become very selective in who can market from it and who can't. You can say, 'I'm sorry you are going to loose money because we are going to market from our own place'. But essentially what that enables the museum to do is to become a pure product. They can say, 'We are a VIN centre, and we will market everything regardless of what it is. And the only reason we will deny marketing rights is because of safety or professional standards'.

Following the relocation of AT2, the relationship between AT2 and the museum director improved. This would suggest the presence of different dimensions to a relationship and its ability to function on multiple levels. It also demonstrates that prior stockpiles of past reciprocal exchanges are able to withstand the test of time, with more stable relationships re-emerging after the prevailing antagonism dissipates.

Commissions

At a broader level, these exchanges illustrate the current tensions in the community, with the intensity of rivalry now altering the more informal approach to business that earlier characterised this community. These change processes have been enacted by the new entrants into the destination, bringing external values and norms of behaviour which have been resisted by the longer resident operators. These issues are further detailed in the following section, as commissions become enticing for organisations seeking to secure strategic partnerships in the current competitive climate.

Commissions have become endemic within the tourism industry in New Zealand, but there has been strong resistance to their arrival in Waitomo. Many participants regarded them as an unnecessary organising component, with the consequence being to increase bureaucracy within the industry and subsequent price increases. Statements such as this were common amongst the Waitomo suppliers:

Everybody wants commissions now, even the VIN centres, whereas before they were just non-profit organisations. But now you'll get people coming down all the time and they're sending them with vouchers. I mean you get a voucher for \$30 and you've got to spend 40 cents to send the envelope away plus all the paperwork; and then they spend 40 cents getting it back. Then they take 10% commission, which is \$3 on two dorm beds. I mean it's hardly worth it, it's just a real pain! It's just more work for us just so they can make some money. So we've got two prices now, the cash price and the voucher price. That seems to work all right. But it's just extra work that you don't really need.

And another comment:

We aren't very keen on taking people like this [pre-vouchered] because mostly we get people off the road. We really don't want to be paying commission, and we don't know what time they are going to come. Whereas you may be turning away a person that's stopped for the night because you have a booking from Auckland. The hotel is pretty switched on about this. The hotel only take a certain proportion of reservations. They keep beds open for the public who just walk in. They'll only take 50% of their accommodation if it's commissioned by a travel agent. But that's it, then they'll stop. They'd rather have people come in off the road. They'll get more money for it, and they know they've got them there.

A further supplier lamented this change, and illustrated his frustration with the new process:

This lady came along to one of the leading information offices in New Zealand and she asked them to find her accommodation in Waitomo. 'Yes, lady, we certainly can'. So they pick up this book, the New Zealand Bed and Breakfast, find our name in there, ring up and ask us if we've got accommodation for two nights. 'Yes, ok'. They take \$80 off her. They charged her \$2 for the telephone call, and when I send that back, they'll take \$8 off me. And look at the address they gave the lady to come to. Waitomo Caves village. No indication of where, no name of our place. That lady arrived here late at night. The museum was shut, so she went to the tavern and asked somebody in there. They said, 'Well, you are either staying at the hotel, the backpackers or at the guest house'. But then they saw that there was a telephone number and they got us by that! That's Auckland Travel Centre in Aotea Square. It's appalling. Yet you can't make a big fuss, because they can ostracise you. If you bitch about something that's going on like that, they'll ring up every information office in the country and tell them that you are not interested in taking people.

Increased commercial requirements from the VIN at a national level has placed additional pressure on the museum, which has had to endure a reduced revenue base after the departure of the adventure operators. Yet taking a more commercial approach with its VIN centre has been topical and seen as contrary to the amicable culture of the village community. One participant criticised the changing ethos of the village:

They've got this big sign out there saying 'Accommodation'. So a person goes in and they take their money off them and they take their commission. Well, we are next door and if they

were left alone they would find us anyway. I think it's very unwise. Because soon all we will be doing is having little books and writing out chits!

Another participant expressed an alternative perspective on commissions, highlighting the impartiality and neutrality that was characteristic of the Waitomo climate. He argued:

AT2's asked me to sell his trips on commission for him, but I won't do it. If I did that for him, then I would have to do it for AT1 and I think it takes away the impartiality. We've got both their brochures and we just tell everybody what we think. Personal opinions... that BWI is the easiest trip, it's the most popular, most people do it. It's the original and anybody can do it. HHH is four hours and it's more full on, and people need to be fit. And BW2 is a very popular trip. So you've got to really be quite impartial when you are working in with everybody. I can't say, 'Hey I'm going to push for you', because then they might say they'll send everybody elsewhere for accommodation, or build their own hostel or something like that!

Indeed, this comment signals how the differentiated products enabled a more equitable transmission of information to customers. An AT1 partner described this differentiation:

There's the Lost World, that's the biggest challenge, a 100 metre abseil. Then Haggis Honking Holes does abseiling in a dynamic sort of way; it's a full-on caving trip, it's energetic, you're out there. BWR is a totally different sort of experience, and BWR II is somewhere between BWR and HHH. It's probably the trip that involves a little bit of everything... it's a smorgasbord trip: abseiling, rafting and a short section that involves hard caving. And then there's the Pink Gumboot

family trip. I haven't mentioned AT3 because they don't differentiate, they offer the same trip as us!

And AT2 too confirmed the distinct resource attributes which appeal to specific market segments:

Lost World is not aimed at backpackers. Sure there is overlap, but the person who does that drives a rental car or Maui campervan, they're 25-55 years old. They've got an expensive camera and video gear which they want to use on their trip. They want to do something a bit unusual and a bit adventurous, but it can't be too physically demanding. Honking Holes is a person who likes a trip that is described as being a cross between Indiana Jones goes Caving and being flushed down a loo on a rope. They're after the adrenalin. It has to be cheap because they [backpackers] haven't got any money!

However the summer of 1998/9 became significant in changing the competitive conditions of Waitomo, caused by the wider use of commissions. An operator commented:

Well I nearly hit the roof when I saw that we were having to pay commission on our mates-rates discounted room! We will either have to formalise it and everybody pays everyone commission and the rates are indicative of that. Or we continue the way we always have been. And I suspect it will go more and more to paying commission. So then I'll have to employ someone in the reception area to look after guests requirements... someone who would all do all the bookings. Then we would have to take commission for every tour we sold because we would be paying extra wages which we would have to recoup. Whereas now, its all just part of the service and I am quite happy to ring up.

And another confirmed:

That's how we do things here. Everyone works informally. If someone goes to AT1 and wants accommodation, they will book them in here. We do it by word of mouth without commission. But the VIN centre has had to start charging commission, with the effect that the rates that we have been charging in the past can't be sustained. So the VIN centre will get their commission and the customers will end up paying more so that the VIN centre can get their commission.

Of significance is that those initiating these changes are the new entrants to Waitomo: AT2, the new lessee of the campground, and the pioneer/agricultural attraction operator. During the 1999 year, each of these newcomers have extended their product offerings to offer competing products in the marketplace. They have also established individual 'Booking Offices' for which they receive commissions from these activities, directly impacting on the local VIN's function. One of the locals commented:

There's been a change in culture over the last few months. It's got pretty cut throat now, with these newcomers. Everyone is stepping into other people's areas of business. I don't know if that benefits us in the long run. Someone does something, so someone else does something to retaliate, so I don't think anyone is better off in the finish.

And another comment:

Bruce has decided to sell anything on commission, other trips, cave tickets, and he's joined the backpackers organisation so that he becomes the Waitomo Backpackers. So now Alan's put in power points to attract his market, the campervans. So now Waitomo's catching up to Queenstown... all these commissions... people on-selling, over-selling... tourism in Waitomo has become cutthroat.

Nevertheless despite the increased competitive conditions related here, the essence of the village community remains collegial with the accumulation of past relationships enduring over time:

Oh, we never let business interfere with our social lives. We are still all mates. It's just that the rest of us avoid the table when all the operators sit together. It's what happens when there are so many roads into the village!

10.3 Cooperation

Despite the increasingly competitive environment, there is also evidence of earnest collaboration between operators, most notably surrounding the professionalism of product delivery. AT2 espoused:

A lot of people believe in a free market enterprise, and say that competition is good because it makes people up their standards all the time, so that's got to be good. As operators we too provide the pressure to push up standards. You can do joint safety things, there are extra people you can call on to help you out... so there are lots of pluses.

Safety and Risk Management

As discussed in Chapter Six, New Zealand has an unregulated operating environment, with no compulsory certification and minimum safety requirements. This absence of entry barriers poses significant difficulties in the destination environment, when suppliers are co-dependent on a standardisation of each other's product delivery. One operator explained:

It says a lot for the equipment that's available these days, that there haven't been more prangs, because there are a lot of cowboys out there, abseiling and caving. And you would think there would be a lot more prangs, but despite the shortcuts and the sloppy work, they get away with it. In a way

that's quite good because it shows that systems are fairly forgiving even with people doing sloppy work. But sooner or later it will catch up, no matter how good you are. I believe that all you can actually do is increase the length of time between accidents. And that's why it doesn't pay to rest on your laurels, you should always be trying to do better and hopefully increase the length of time so that it is beyond your commercial lifetime!

Consequently, the safety standards and risk management procedures enacted within the organisation's training programmes becomes particularly pertinent in this environment. This section profiles these events within the three primary adventure operations and the cooperation that emerges. This section predicates this discussion by describing the current situation within each adventure firm. Then it elaborates on the collaborative interactions that have transpired between operators and their effect on destination leverage. Through these discussions are references to the weak-tie and strong-tie exchanges, as they impact on the transfer of information through the network.

AT1

The business of AT1 claims three important attributes within its organisational intent: having fun, resource management and community involvement. Their preference is to select guides with some formal qualification in the outdoor industry, "Our customers are not familiar with caves. That's why they come to us. Our guides have to know how handle adverse conditions". These guides are familiarised with this specific context through a process of 'tagging', where they follow an experienced guide and over time gradually take more responsibility for the guiding of the trip. Structured assessment and peer feedback form an integral part of the training process. There is a strong emphasis on creating an organisational 'memory' from which the guides' experiences, reflections, and learning are imprinted

into the culture of the firm. One of the AT1 partners explained:

If you and I worked together and then you worked with someone else, there might be good things you picked up. There are lots of routines that we've got now that have come on just by different people trying them over the years, so the ones that work become part of the repertoire, the other ones... some things have probably been started, used a while, then dropped again.

It means a very good guiding standard will be rubbed off on each other, so that with the different combinations of guides working together, they'll pick up on things other people do. They're not going to parrot each other. But if there are good things some people do, there's enough flexibility - as long as they do certain things, there are things they must do on a trip and I suppose there are things they can't do - but there are enough things for them in there for each guide to have their own style on a trip.

The operator continued in his belief that creating a unique experience was an essential component of the tourism activity:

In the adventure things, people are paying for the experience, not for their time. That's why people are happy to pay several hundred dollars for a bungy jumping experience that might only last for 30 seconds. A 30 second experience with half a day's apprehension tacked onto it. It's that whole package, not just the length of experience.

So our people are very important to us. We try to have a business where employees feel proud of being a part of that business, rather than it just being a job. That's important, because the guides are paid to sit down with their customers after the trip and talk to them. It's important that a caring

attitude is passed on, that they can get quite close to the customers and that they do give them a good time.

AT2

Similar routines are infused within the AT2 business. However, this organisation differs in its selection of cave guides, preferring to recruit guides based on their level of education and ability to judge situations. He confirmed:

We select for what we perceive to be people skills - communication skills, fitness, bubbly personality, a bit extrovert, and people who like having fun! Clowns! Because they are really in two different businesses - they are in show business all the time and at the same time they have to be deadly serious about the safety side of it. These are dangerous activities and you just can't take chances with people's lives.

When we first started, we looked for people who were experienced cavers, or at least alpinists, who were used to using ropes and leaping tall buildings! But I soon realised that was a big mistake because those people tend to be antisocial and they regard themselves as better than the clients. And there's a strange phenomenon where a lot of outdoors people think that because they can do something, that you should be able to. So if they can leap across from here to there, why should they have to turn around and give you a hand? Now that might sound crazy, but I can tell you, we've had a lot of problems with that type of issue.

The duality of risk management and individual experience provision earlier mentioned by AT1 was also reflected in this comment by the AT2 operator:

Most of our clients are neat, they are really interesting people. The sort of people who want to do this stuff, they've

usually done quite a few interesting things themselves. They've been on various explorations of this that and the other, they might have been to the North Pole, the South Pole or across deserts, or climbed a mountain. They've got all their own stories to tell us too, so we actually bounce off their performance and we enjoy them. There's exceptions, but not that many. Our 'fruitcake' factor is a lot less than the tubing operators because tubing is perceived as quite gentle and something that a wide range of people can do, which is correct. I think that the wider your public gets, the greater the proportion of fruitcake!

These comments indicate a professionalism of supply delivery by this operator in acknowledging the specificity of client needs and the requirements for meticulous product delivery. The diffusion of these actions within the broader network is further discussed later in this chapter.

AT3

The third firm, AT3, was recognised as being a copy of the AT1 firm, as endorsed by the operator:

For five years we have basically advertised BWR because we didn't really have a strong name for the product, so that's why we've now called ourselves the WCFT. People will realise in time that it's a different product, but people were basically saying, 'Oh, we went BWR with WDU'. It didn't promote WDU, it just promoted BWR.

During the research process, this firm was frequently cited as being less professional than the other two organisations. One participant commented:

There's a lack of professionalism... If there's a rugby test on they might close their office for the afternoon. And while their people will go on the trips, if anyone else turns up to

make a booking... well the office is closed. It's a more casual attitude.

While training of AT3 cave guides occurred, it was site-specific rating, rather than embracing a legitimate industry standard. The operator confirmed:

Our guides only go for the abseiling site-rating, they won't go for the caving ticket. They are good at what they do at one particular cave, but they wouldn't be good at any other caves. They only know their own backyard.

However, others within the destination were less circumspect when discussing these operations:

The company doesn't have any standards. The other two have got very high standards. They've all got first aid certificates and passenger service licences. This company has also been invited to have first aid courses, to send guides along. But you know, a couple of guides went for a couple of sessions and then they just didn't bother turning up. I know its admirable that they provide employment for people who are unemployed, but it happens that one was illiterate and couldn't do first aid certificates anyway. And perhaps it's not the sort of thing that people like that should be in, where people's lives depend on you.

While AT3's product is claimed to have less risk, there have been incidents where clients have been exposed to danger, and the guides have not had the experience to cope with these situations. Participants described various incidents:

There's are a whole lot of stories where a couple of guides took an American out abseiling, but they didn't know how to get out so the American had to show them how to do it.

If there are girls, the guides pay them all the attention and

some older person told me she was a bit slow and she was virtually ignored.

There was a hair-raising driver and the customers refused to drive back in the van with him. They were that frightened of his driving! There's a roundabout up there, and he'd go and do a couple of rounds around the roundabout on the wrong side.

Yet the AT3 operator defended his organisation:

Sure, we've had to do our apprenticeship first. But let's face it, if you do something wrong, you won't be around for very long. We all live under that umbrella. It's the best thing in the world, because if I make one mistake and kill somebody I won't be in business tomorrow or next week. I'll be closed up. And I think that's the best way for you to operate because you don't want it to happen, and you make sure it doesn't happen. The way I look at it, is that's far more important than giving someone a qualification and saying, 'Well, you are alright now mate. It doesn't matter if you kill someone'.

Training Sector

Indeed, while the interactions earlier described between AT1 and AT2 portrayed intense rivalry, there is also evidence of substantial collaboration and respect between these firms regarding skill-based learning. Within an industry deficient of guidelines and certifications, these two firms have collaborated to create a stronger institutional environment. First, they have jointly developed a standardised module for abseiling, labelled the Waitomo Guides Standard Rope Technique (WSRT). The AT2 operator acknowledged:

My deep concern is the lacklustre operators who have low safety standards and low product standards and are really just parasiting on my market. So in the absence of a nationally

endorsed standard, we created our own. This one is definitely good enough to do the job and all our guides are trained to that standard.

Second, both organisations incorporate rigorous training procedures within their individual firms. The AT1 operator described this process, acknowledging that although they use different processes, they achieve the same results:

Nick's [AT2] really into training. He has in-house training, which is based on a standard guides qualification [WSRT] which both our businesses drew up together. He does in-house training, works within that framework and uses his senior guides to train up.

We [AT1] also train ourselves in-house, but we have NZOIA-qualified instructors and assessors on our staff. These guides are cavers of long standing who have earlier undergone industry-based assessment and now these instructors train our guides within the WSRT framework.

The WSRT standard has been recognised within the institutional environment as worthy of incorporating into the New Zealand Qualifications Authority (NZQA) national standards of certification. This body includes the industry training associations and this attachment has brought external legitimation to both organisations. AT2 commented:

The standard that they come up with is unlikely to be as high as that standard, so we would certainly support any initiatives they suggest.

And AT1:

That standard is done to NZQA levels, and in fact we have written it to NZQA units for caving. They've been written by our businesses. So we've got NZOIA [New Zealand Outdoor

Instructors Association], who wrote their own standards years and years ago and we've quietly modified and changed them. What we're trying to do is plug into NZQA and NZOIA, and they're trying to make all their standards very similar. And I understand that the Mountain Safety Council are trying to get their awards the same as the NZOIA ones to some extent. So that's a huge order for everything out there.

This demonstrates that various educational providers are attempting to standardise their qualification structures, with a more centralised output offering external legitimacy to its public. Although only a singular item, the WSRT's inclusion within the national certification: accreditation within the national educational qualification system (NZQA), inclusion as training providers within the broader outdoor sector (SFRITO), and association within the more specialised outdoor training assessment sector (NZOIA), has given these two firms substantial external legitimacy. To leverage this, an emblem was developed for the WSRT which both firms document on their brochures:

It's a step forward. We figured if we put it on there, it would do something for us and we could say, 'Hey, that's our symbol there'. So that's a supplement, a channel of communication we both own, both of our businesses.

Both firms claim they have endeavoured to include the third firm into this collaborative attempt. One participant commented:

When AT3 started there was one particular guide who spent a lot of time with them, chatting to them and gearing them up and stuff like that. We desperately need them and want them to get their act together and succeed. I mean I've tried... tried and given up. All I can do is try and distance myself.

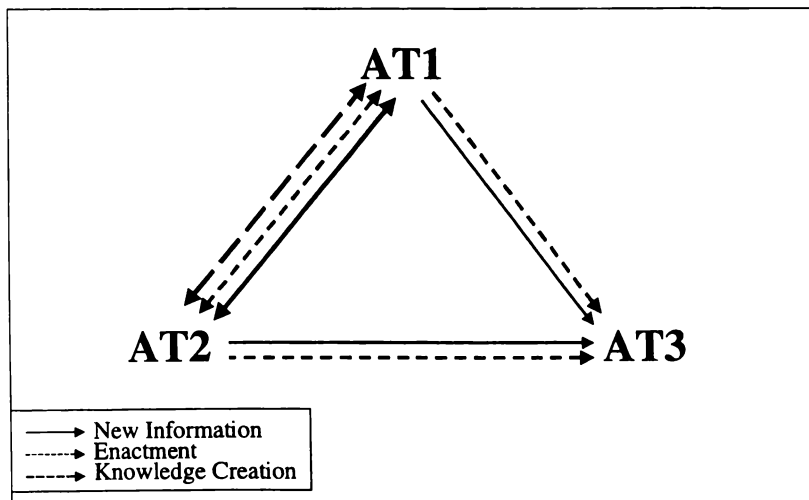
The AT3 company, however, has a different perspective on these issues, concerned

that closer ties would lead to dependence:

We're probably a very unusual company, compared to the other two operators, in that we are basically the only independent operator here that operates totally uncommitted to anyone and provides a service that's available to anybody. We like to be independent of everyone... Our aim is not to be on anyone's payroll.

Overall, these perspectives illustrate the reduction in information exchanges transferring from the AT1 and AT2 firms to the AT3 firm. This has resulted in the eventual exclusion of this third firm from joint problem-solving in establishing the WSRT, which has denied it legitimacy within the broader institutional environment. Earlier endeavours to include AT3 within exchanges resulted in an on-going flow of one-way exchanges with limited reciprocal action and outcomes resulting. This flow of exchanges are illustrated in Figure XI.

Figure XI: Adventure Operators Interactions Involving Staff Training



These interactions demonstrate how the stockpiling of adverse phenomena has excluded this firm from the mutual benefits that are now occurring for AT1 and

AT2 within the institutional environment. Further, it also demonstrates how these reciprocal arrangements, through the passing of fine-grained detail for problem-solving, goes beyond facilitating organisational learning and establishes a platform for the stockpiling of knowledge within the destination network.

Adventure Tourism Council

At a sectorial level, the Adventure Tourism Council (ATC) was developed by those wanting stronger representation and co-ordination within their more specialised industry sector. The priority of the ATC has been the formulation of codes of practice, national standards and moderation issues. With both AT1 and AT2 firms members of this organisation, they have been involved in the development of a code of practice for the rafting industry, one of the first codes to be developed. AT1 too has a long association on its executive committee. These issues are illustrated in this statement:

The ATC has decided that one of their roles is to get standards for every activity in the whole of New Zealand based on standards that are accepted by the operators and once those are formulated first they'll be doing it for the rafting business and the horse-trekking business. Rafting because its high profile people can drown there. Horse-trekking because nothing exists at all. And if you look, there are quite a few accidents for horse riding, they're the worst accidents we've had in the village here are from horse riding. Accidents are by far the worst in horseriding, more per number of people than we carry in here. So once those are drawn up and accepted, then it becomes setting up some sort of a process whereby people are evaluated or assessed with respect to those criteria.

Established in 1992, the ATC has maintained strong links with its members. Its role in developing Codes of Practice included the facilitation of local tourism operators

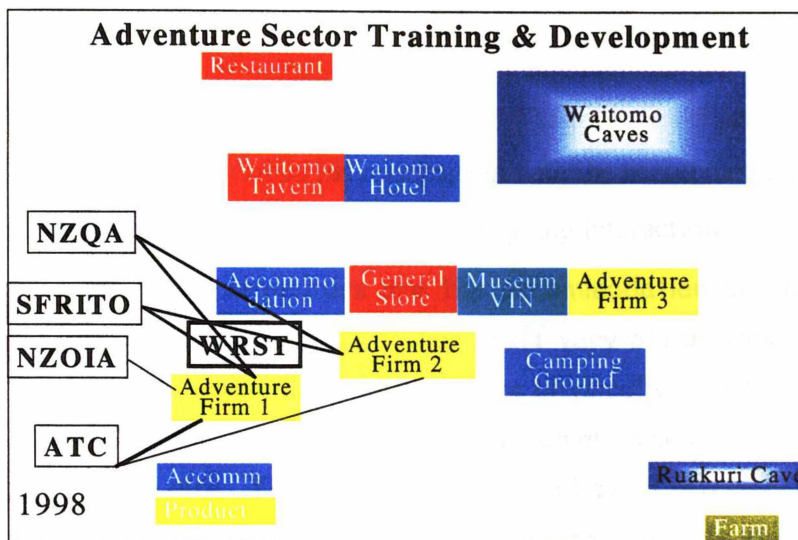
within its many regional discussion groups. While an extremely complex agenda and the logistics of implementation and compliance not yet resolved, these issues were being raised and debated within the public area and there was a sense of action occurring, even if conclusive outcomes remained elusive.

The restructuring of the Tourism Industry Association in 1998, described in Chapter Five, finally gave the ATC a voice within the institutional structure. Ironically, this process appears to have limited the ability of the ATC to coordinate and facilitate with its members, with public debate no longer having the momentum it had earlier. An operator commented, "The Adventure Tourism Council is a pretty lame duck at the moment, although maybe it's a reflection of the disorganisation of adventure operators in general" While the cause of this lull is unknown, it could be argued that its inclusion within the broader network structure placed it at the periphery. Although these small operators form the essence of the tourism experience within New Zealand, their spatial dispersion, diversity and modest resource attributes leads to a fragmentation that becomes overshadowed by the other more dominant industry sectors, denying it the autonomy it earlier enjoyed. As its organising function has become subsumed within the centralised TIA structure, the ATC forfeited the autonomy and flexibility previously required to govern its sector-specific complexity.

Thus, while this section has illustrated the cooperative connections between both the AT1 and AT2 firms and how their links with the educational environment have endorsed their legitimacy and reputation, the current benefits from the tourism industry linkages have been equivocal. This is possibly a reflection of the continuing political pressures beleaguering the tourism industry coordination bodies in general (as described in Chapter Five). Nevertheless, the result is less connectivity and fewer reciprocal exchanges with their 'grass-roots' members which reduces the flow of information through the broader institutional network. While the restructuring of the TIA has enabled centralised control and a reduction in coordination costs, it

has also limited the reciprocal transfer of information and fine-grained problem-solving. These connections between the Waitomo adventure operations and the institutional environment are illustrated in Figure XII. Clearly, the AT1 and AT2 firms connections are significant, with the localised WRST forming a critical role in connecting these organisations. Notably, the AT3 organisation is absent from these interactions.

Figure XII: The Adventure Sector Training & Development



10.4 Complementation

This final section returns to the Waitomo context and explores the notion of flexibility and how the arrival of the adventure market has been instrumental in changing the tourism flow within the network. The need for interconnectivity has generated a broader network of complementors, with accommodation, food and secondary activities emerging to augment the longer destination stay, as recounted by a long-time resident:

The adventure market is the best thing that has ever happened to Waitomo. Waitomo's problem has always been that there's been no accommodation here because it's always been a one stop. There's 3000 people a day that come in the summertime and they all come on 80 buses. The bus drives in, the bus stops and they jump into the cave and they come out of the cave and jump back onto the bus and drive out again. And the only people that ever got anything out of that are the 23 lunch places that are in a radius of 10-15 miles from here. The adventure market changed things for us here now and finally we can use the opportunities.

The Accommodation Suppliers

One of the operators described his relationship with the accommodation providers, and the mutual benefits arising from these on-going interactions:

Our main complementors are the accommodation providers, because the people that do our stuff very often stay. Our trips are a longer duration and more physically tiring, so it's not the sort of thing you ideally would do and then drive off to something else. You'd want to stop and have a few beers and chill out and savour your experience and probably spend at least one night, either at the start of your trip or at the end of it. And so we deal with all the accommodation providers. They've all got their strengths and weaknesses. We direct a lot of traffic to them, but then they direct traffic to us too.

And an accommodation provider recounted from his perspective the importance of these close relationships with the adventure activities, highlighting how they create mutual benefits for his business:

When people come here they want to know where there is a decent place to lay their head down. They all send people to us and we pump them all the time because if you can talk

someone into doing these trips, they'll be so exhausted when they've done it, that they have to come back and stay another night! It's pretty rigorous! And I say, 'You know after you've done that trip you're going to be pretty tired, you'll have to come back and stay again!'

Again, there is evidence of product differentiation, this time by the accommodation providers, suggesting a synergistic co-existence in the marketplace. This is confirmed by an operator:

We recommend from what we see as being in the interests of the client, which is what we are interested in. So we tell people that the hostel is where all the backpackers stay, that is where that scene is happening. If someone wants something a bit more sedate but not too pricey, the guest house gets a go. If they want a hotel, well there's only one and we try and soften the blow of what they're going to get when they get up there. It's pretty rundown and not good value for money, so we tell them! But we say it's got a lovely old worlde karma, which it does have, so they get what they're expecting to get at least.

An accommodation provider too confirmed the interdependence between competitors:

There are two backpackers in the village and while we are totally competing, we also complement each other. First thing we do if we are full is to ring them and the first thing he does if he's got a large group, is to ring us.

Throughout these comments, market complementation was a key component of partner selection. This was determined by repeated exchanges, with past performance suggesting a reliability of standards that could be relied upon.

Social Relationships

Yet this mutual inter-connectivity goes beyond providing synergistic complementation, and it is the social connections which become instrumental in diffusing information through the network. First, many of the staff employed within these organisations are casual with limited long term commitments in the village:

We are very close with the hostels, but it's more involved than that because at any one time he's got half a dozen English or Swedish young ladies running the show for him. They'll get involved with our guides and that's how the trips get sold. They're the ones who are actually face to face with the public and if they like our staff they'll be selling our product! So it really depends on who their boyfriend is that day!

This comment is supported by another operator:

There's a lot of camaraderie. We have situations where some of the guides come up for lunch and then some of our staff will go on a trip. We don't charge for lunch and they don't charge the trip. There's quite a bit of that going on.

The type of people attracted to these jobs also entails the injection of new skills, both incoming and outgoing:

Our guides are very well educated and lots of them have degrees and stuff, so it's a lifestyle choice and they've done really interesting things before they get here. They'll want a year or two with us before peeling off somewhere else. I mean it's a hell of a job guiding these trips and the skills you learn to guide people safely make you a very talented person. I've got guides who have left for television work around the world.

These social relationships play an important role in maintaining the fluidity and adaptability of the network arrangement. First, as firms develop individual

organisational memories with improved systems and processes, the relationships between inter-organisational employees results in these shared norms being diffused from one organisation to the next. Over time there is an accumulation of better practices and 'improving the repertoire' of routines between businesses. This third party transfer enables the diffusion of information and the transmission of this builds a stockpiling of accumulated benefits within the network, which become the essence of strategic knowledge.

Second, these social relationships become a catalyst for embedding cooperation for problem solving, as recounted by a participant:

It's an interesting set up. Overlaying any relationship is the fact that you simply have to get on in a small village. They're in your face all the time. You have to live with people, so even if something really annoyed you about an operator, you'd still have to live with them.

This was reaffirmed by another operator confirmed:

I think in general we work in with each other if we can. If someone needs a hand to do something... like if they need help in one of their caves, or need to borrow some machinery or vehicles, or if they need someone to be photographed for their promos... they'll ring up and ask if we've got anybody down here and we'll say, 'Yes' and organise them. My philosophy is that you're better off to get on with you neighbours than not get on with them!

Central to the village is its tavern, which provides a locational hub for the community. One participant acknowledged:

I use the tavern as a means of communicating with everyone, so once a week or so I'll go down and we sit and chew the fat over things.

And another:

I guess drinking beer drinking at the tavern is the best way to work things out! But I mean there are groups in this community who are such interesting people to talk to. They are people within the community who are filled with a love of the area and an appreciation of what is possible. These people are so important in smoothing out the community relationships.

The importance of this central hub encourages a velocity of information circulation and these exchanges demonstrate the strength of strong ties, as illustrated by this comment before the hotel was sold:

THL have asked them [the hapu] to put a price up and they had a confidential meeting in the hotel about it. That afternoon everyone was in the tavern talking about it and discussing the price and what it was worth! So much for confidentiality!

While these illustrations indicate closer and more frequent exchanges between actors who like each other more, they also indicate a significant amount of interactions occurring through functional expediency, in that these exchanges are required to achieve certain outcomes stemming from their mutual interdependence.

Joint Problem-Solving

These strong social relationships provide a platform for joint problem-solving and this section illustrates exchanges that occurred when the backpacker bus, Kiwi Experience (KE), threatened to pull out of Waitomo. Like other transport companies which act as intersects between the external marketplace and the local environment, Kiwi Experience too has considerable sway within the destination:

The smart thing that they have done is to package up New Zealand adventure as an itinerary, so an overseas wholesaler can recognise this itinerary as a adventure product. No-one is going to come to New Zealand just to do my thing... well

occasionally they do, but not very often! Usually they come because they are coming to do New Zealand and they want to go dum,de,dum,de,dum around the country and have a tour. The wholesaler wants that too because with one phone call he can book someone on this tour and click the ticket. And Kiwi Experience, by virtue of their bus, have created an itinerary that you can buy.

The following events illustrate the extent of mutual interdependence these operators have and also the degree of fine-grained exchanges that can develop for joint problem-solving for mutual leverage. This story again highlights the important position these coach-companies occupy in the tourism activity, yet also illustrates the ability of destination collectiveness to neutralise this threat, creating a mutual hostage condition. The issue of why Kiwi Experience (KE) wanted to leave Waitomo was never overt and this commentary illustrates their preference to utilise their power position.

The initial difficulty was centred around problems with the overnight stay at the hotel:

I think they were trying to make a point to the hotel. Sure, the hotel is trying to be a backpackers and a hotel at the same time and it isn't working. The people come in and they seem to think that they are treated as a lower type of client.

However, the threat was serious enough for all the adventure operators to focus their attention:

Adrian [from Kiwi Experience] wanted to see us all individually and have a whinge. And we said, 'Oh yes, come down'. And he came down. And low and behold, much to his surprise, we'd all got together and we all sat down at the hotel.

From this attention came mutual support and action, illustrating how strong ties can create joint problem-solving:

We came up with a few solutions. Adrian reckoned the kitchen wasn't up to standard, that there were no pots and pans there. And Peter said, 'Well they all get wiped'. We said, 'It doesn't matter. You can go to the second hand shop, and spend \$20 and get enough'. Even if they spent \$20 a week, it will do. They were also charging \$5 for linen and we said 'You don't need that. Most people have their own sleeping bags. Just get some blankets which are sound and just have them on the bed and if they want they can hire a sheet or something'. So with a few solutions like that, Pete said he could probably bring his price down. But Adrian said 'No, \$21 for the first night out for a backpacker is too expensive'. And we asked how many have sleeping bags and 80% have. So we said, 'Well really it's \$17. You're only getting a few paying \$21'. 'But people are whinging'. And we said, 'Well, ACB and all your big hostels in Auckland are all \$18 a dorm bed this year'. And he said, 'Oh yes, yes, yes. But they're gateway hostels and they're in Auckland'. And I said, 'It doesn't make any difference. We're in Waitomo and there's a shortage of beds here and we're not doing it for nothing'.

And yet another perspective was offered:

The pub does have a person on takeaways when KE are in usually. But they are just not committed enough. They'll just drop them when it suits them, if they've got a conference group or a wedding group or whatever is going on. Suddenly the bus will turn up and they'll say, 'There's no accommodation for you guys!' So no wonder KE get annoyed, but on the other hand, they bring it on themselves because they are not prepared to tie up with anyone either. So it's not all the hotel's fault, but they certainly don't help the matter.

However, it was not just the accommodation providers who were affected by the potential withdrawal:

John came in and had quite a big chat to me the other night, quite worried about this Kiwi Experience thing, that they might pull out. But by the time we'd finished we decided that if they did pull out we would put in our own transport from Auckland, the Waitomo Funbus.

Over time it was felt that the real reason Kiwi Experience was putting pressure on Waitomo operators was because of its low commission structure, and while never openly discussed, one operator was earlier aware of these underlying pressures:

They have pretty tight pricing on the cost of their transport, which appeals to the backpacker, they probably don't make a lot of money out of their transport, but they get a commission out of any sales that operators make around the country. And that's where they make their money.

Two years later, it was commonly acknowledged that it was the need for larger commissions that prompted Kiwi Experience's departure. Nevertheless, an operator had this to say:

They failed however, to tune all their drivers up to be effective salesmen. One day a driver will come in, they've got about four or five drivers who are hot and by the time they get to Waitomo everyone's buzzing. There's no way they're not going to take advantage of these unique activities and the whole thirty or forty people will do something. Not my activity necessarily, but they'll do something. But other drivers will come in and three or four people might do something or nothing at all, simply because they haven't told them what's available and why they should do it. That sort of quality control on the drivers just seems to be missing. Most of their drivers are average to bad, but as I say half a dozen

of them are hot so we look after those guys.

Another operator too reiterated this:

The drivers are very important to us. Whereas the FITs will go straight to the VIN centre and get their information, here the driver tends to. He will say that this place is one dollar more expensive than the hostel, but it is where everything is. It is closer to the tavern, and that's probably as important as anything else, particularly in winter when we are the only place where they can get a cheap meal... unless they want the hassle of cooking themselves and the majority don't. So I would have liked to get on the bus and do some selling myself!

Over the summer of 1997/8, Kiwi Experience ceased its overnight stop in Waitomo, which had a significant impact on the hotel which is now currently struggling to survive. However, an adventure operator declared that while their customer numbers have not reduced, it had impacted on when and how the trips needed to be managed:

Now they come at 11.45am which means that they take up our mid-day trips, pushing the casuals to the more peripheral morning and afternoon times. When KE stayed overnight, they would arrive and their punters would do the later 3pm trips which suited us quite well. Of course, it doesn't just end there because it means our guides are often only getting two trips a day instead of a regular three.

This change has also reduced loyalty to the KE company and over the 1999 summer, the AT2 firm developed a partnership with one of the major Auckland backpacker hostels and a local bus operator to operate a daily bus service between Auckland and Waitomo. While this development is not in direct competition with the KE package, it demonstrates how the collective response from the operators has

reduced the power of KE's 'betweenness' role in linking the operators with the fragmented market. Integral to this change, was the absence of reciprocity between the KE actor and Waitomo. Individualism was asserted over collectivism, with limited trust denying the actors the chance for fine-grained problem solving and mutual benefits.

In summary, this chapter has illustrated the interconnection that is now evident within Waitomo through the supply of the adventure tourism product. These experiences are longer and more physically demanding, and require a clustering of primary and support activities to provide a broader destination package. The outcome of this process has been the provision of greater value for tourism visitors which in turn generates further benefits to suppliers from the extended destination stay. In analysing the interactions between these suppliers, the data in this chapter illustrated different cooperative and competitive dynamics within the distinct supplier groups: complementors and direct competitors (see Table 6). These four dimensions signify categories of similarity while retaining elements of flexibility.

Table 6: Competition/Collaboration within the Waitomo Destination

	Complementors	Competitors
Compete	Current Market Product/Market differentiation within location	Current Market Land Caves Access to markets
Cooperate	Current Market Reduced commission costs Reduced information search costs 'Mutual hostage' based upon product reliability	Creation of Tacit Knowledge Training: WRST, SFRITO, NZOIA Education: NZQA Adventure Tourism: Codes of Practice Marketing synergies

The data illustrated substantial co-operation between complementors within the marketplace, as partners transfer visitors between the primary and support activities

to offer a networked destination package. This process has historically operated informally within Waitomo and substantial benefits have been provided to the traveller in terms of reduced coordination costs. First, the informal transferring of people has reduced a layer of hierarchy and subsequent commission costs for the traveller. Second, this process demonstrated the significant role that third parties play in the transferring of information through the network. As complementors recommend other partners to the tourist, not only do they reduce the information search time for the traveller, but the referral is more likely to include legitimate suppliers as it is the reputation of the referring agent that is at stake. This makes these partners 'mutual hostages' in predicting the reliability and credibility of organisational actions, protecting the reputation of the broader networked destination.

For direct competitors however, the local marketplace signals a highly competitive arena relating to current resource constraints: access to land, access to caves, access to clients within Waitomo. Nevertheless, there is evidence of substantial collaboration between these competitors occurring beyond the current marketplace and involves the construction of new knowledge. The data illustrated inter-organisational cooperation within the staff training sector, the education sector and adventure tourism sector. This collaboration was dependent on the organisation's capacity to learn (Cohen and Levinthal, 1990) and became dependent on the reciprocity of repeat exchanges enacted over time (Uzzi, 1996). For organisations unable to develop this learning culture, privileges and advantages stemming from the network structural hole opportunities become fewer. Over time their external legitimacy became limited as they became peripheralised from the networked advantages.

The accumulation of these learning activities become diffused through the broader network through the structural embeddedness of social interactions, as evident

through the interactions of employees, the tavern hub, personal liking, resource sharing and joint problem-solving. There is evidence in the data that this diffusion process is critical in establishing the competitive advantage of the broader destination.

10.5 Conclusion

To conclude, this chapter has highlighted a different arrangement of nodal connections stemming from the adventure market, and the contributions are three-fold. First, the specialised resource activities encourage smaller organisational structures, with *reciprocal arrangements between complementors*. The knowledge specificity of these activities create a need for on-going interactions between product suppliers. These interactions produce a complexity of smaller and diverse exchanges which create a familiarity of each others product and market conditions (Lane and Lubatkin, 1998). These fine-grained exchanges and knowledge of partners operating practices form the basis of absorptive capacity within interorganisational relations.

Second, both explicit information and tacit knowledge are further diffused through the broader network-set by the *social structure* of the arrangement. It is this social cohesion which plays a powerful role in the transfer of information through third parties and builds the foundation of network knowledge. Third, and finally, it is the connectivity between these structural positions within the network which influences the extent of *flexibility* that occurs. This is conditioned by mutual reciprocity, asymmetry of exchanges, and resource differentiation which produces an interdependence of position.

Together, these three conditions engender a networked community, with sharing and learning forming the foundation of interorganisational coherency.

11: Formal Coordination:

Education, Conference and Marketing

11.1 Introduction

As illustrated in the preceding chapter, the adventure market has acted as a catalyst for growth in the supply of tourism-related activities in Waitomo. The nature of these complementary products - activities, food, accommodation and transport - requires interdependence and coordination between suppliers. This final data chapter illustrates this process in more detail, focussing on three distinct markets and activities which demand further coordination for effective commercialisation: the Education Market, the Conference Market and the Marketing Groups.

11.2 The Education Arrangement

Beyond the touristic 'collection of gazes', is the educational aspect of the tourism phenomena. This activity has been long embraced by residents of the community, keen to expose the visiting public to the wonders of the karst landscape and its celebrated glowworms. Prime responsibility for this has been stewarded by the community-based museum and this section describes the management of this education arrangement process. It begins by focussing specifically on the management and function of the museum organisation, before discussing the coordination role undertaken by this organisation within the education sector.

The Museum

The museum director described the function of the museum:

The museum is here to educate, to explain about conservation and to interpret the caves. Our role is to give more depth of information than can be picked up from the 45minute tour. While it's called a museum, it's got more of an interpretation

aspect to it, where children can crawl through caves and are encouraged to touch things. We have audiovisual shows via a projector and we take people through a cave experience trip with lighting effects. It's not at all like the old museums with rows of objects and glass cages and things you can't touch.

He continued, describing the processes required to keep the educational displays current:

We can't afford to have blockbuster displays, so what we try to do is to keep upgrading what we've got. This big glowworm display here cost over \$80,000. Quality displays are very expensive... working with any multimedia, video and things like that, lighting effects, tape recorders, cd's... they are very expensive. But we are very fortunate in Waitomo, in that people come here and they like being here, so we always get a sympathetic hearing. We've got a lot of help from people at the Auckland and Waikato Universities. We've made use of their photographers... they've done a lot of photographic work for us and we always get letters of support from them when we apply for grants.

Currently, the museum is undertaking an ambitious upgrade of its displays, at a cost of \$365,000, to make it, "the world's best place to learn about caves". The director further explained:

People's expectations of what a museum is have changed. Now we have Te Papa with its Star Wars rides and such-like, and the Auckland museum too is having a massive refurbishment. Things have changed and so do we if we want to remain competitive. So it's really not a choice.

Beyond the physical displays, modern technological information systems also play a vital role in the management of the museum's collections:

We've got our library on computer, and we've got quite a sophisticated programme for cataloguing our collection and our photographs. We can look up the computer and pick out a name and it will tell you where all the references to that person or object are in newspaper clippings or photographs. We're currently scanning all our photographs onto the computer so that, rather than looking at the original photographs, you can bring them up on the screen and you can have a good idea of what they are. If it is something you are really interested in, you can go and look at the original photograph. So we've got a person who works on that 3 days a week. It's very tedious and it's a big programme for a small museum like this.

This commentary highlights two significant factors. First, it demonstrates the importance placed by the museum director on technology, which assists in strategically positioning the museum. This is evident not only in the interactive display mechanisms which contribute to making learning fun, but also in the ease of information accessibility within its collections. Through these technological systems, the extensive collection on Waitomo history and karst-related data can be accessed globally in 'real-time' for public dissemination and education.

Second, the commentary highlights the importance of performance within these relationships and the role they play in building strategic advantage. After initial exchanges between the weak-tied parties were acted upon, positive actions resulted in further resources being furnished, with a deeper collaborative and reciprocal arrangement forming. This was illustrated by the relationships forming between the museum and the research institutions, with collaboration involving the exchange of research data sites and access to specialised technical resources. This strategic accumulation of benefits resulted in legitimacy for both parties, with their mutual networked sources increasing the profile of both organisations within the

institutional environment. The Waitomo museum staff are involved in the National Museum Association, the Museum Education Association and the Museum Directors Federation, all of which give rise to further information opportunities. Further legitimacy of the Waitomo Caves Museum is evident in the conferring of a Queens Service Award to the director for his services to the museum community, and in the recent presentation of a \$100,000 Community Trust Grant towards the museum display upgrade. As indicated in Chapter Seven, these process have endorsed the international reputation of the Waitomo Caves Museum as one of the top cave museums in the world.

Education and Schools

This ability to relate and diffuse information with other organisations is also evident in the role played in enhancing karst and tourism education in schools. The museum director discussed:

About 8000 of our 50,000 visitors are organised school groups. The school group may come here for 3 or 4 days and they have programmes on their work sheets... stuff like the history of the caves, how they were explored, how they're managed. So these groups have lessons in the museum, they go on bush walks or nature walks, they check out the caves and they can do other activities. It all ties into the school curriculum. They don't generate much income for us, but it's making use of the museum and educating people, which is what we're here for.

The education officer plays an important role in this arrangement, in coordinating and linking multiple destination complementors to offer a more attractive and enriched education product. The glowworm cave manager described their relationship with the museum and the asymmetrical exchanges that occurred:

We do our school groups through the museum. If a school

rings us directly, then we send them to Martha [the museum education officer] who can organise their lessons, so we try and promote them. We get Martha to put together a whole package deal with accommodation, education at the museum and entry to the caves. She sets down a timetable which eliminates the problem of us working out when they are going to arrive and how we are going to fit them in. She works in closely with us. We only play a small role in this, making sure that the schools have a more educational trip than the normal tour. They can fill the whole day for the school trip and they are very good at that. That's why we prefer to work hand in hand with them.

And the education officer described this relationship:

We work closely with Kate [the Glowworm Cave karst manager]. She knows what my lessons are and I can tell her that this group is focussing on such and such... When she first started, she felt a little bit awkward about it, so we got together and discussed the stories that you can tell at different places. So that relationship has worked very well. Now Kate takes most of the 7th formers through, because they are looking at human impacts on caves and it's more appropriate than going with a normal tour.

This demonstrates the joint problem-solving that occurs within this strong tie and the mutual benefits that can occur from complementation and the asymmetrical exchanges that occur. This is further illustrated through the involvement of the adventure firms. One of these operators confirmed:

We like to regard ourselves as the active interpretation arm of the museum. So if someone comes in they can see the various static exhibits at the museum. They could go to the education officer who can give lectures on different topics

and she may even take them out in the paddock and show them various karst features and how it all happens. But for them to get underground that's where we come in. We can provide a range of experiences from easy to extreme, from educational to focussing on the star Rambo! But certainly we get people experiencing caves. We make them accessible.

Commercially, the education market is not important because we quite frequently lose money on trips that we run for schools. Even though we don't really mean to! They are so difficult to deal with, because they've got no budgets they are always changing their minds, right up until after the trip has started. So you've got to be a very good operator to break-even with a school. But I suppose philosophically, it is in keeping with what we do. Our whole mission is to take people that otherwise couldn't go there to New Zealand's more remote places, being those under the ground in Waitomo, in this case.

These comments illustrate the difficulties and constraints facing operators attempting to individually negotiate with the fragmented school market, which in turn creates an opportunity for the professional coordination provided by the museum. The education officer described in depth the processes and systems that have been developed to enhance this activity:

When a teacher rings up, I'd ask them how long they were coming here for and what their objectives were. I'd give them a list of activities and talks, and spend 15-20 minutes on the phone working out a suitable programme. Then I'd send them out that information and when they confirmed it, I'd set the programme in place and make bookings with the companies. We've got some pretty slick systems in place to make sure that these things happen.

She also described how the museum liaised with the multiple partners in the destination, again highlighting the dependence on integrated processes and systems to ensure uncluttered decision making:

We keep track like this. If someone wanted to do Stubbs' farm, we'd look here and see immediately that it was already booked that day, so we'd have to reschedule. Once we've got their programme confirmed, Jan goes ahead and books them... things like Woodlyn Park, BWR, Glowworm Cave. We fax the programme through to these companies about once a week.

In the busy times we also keep track of how the guides are being used at BWR, because they are the biggest provider for the schools. So if someone calls up, we can immediately see that 7 guides are already out for schools and it's probably too much to pull another 2 out. So we wouldn't book them on that day. With this, we are able to control them and we don't have to call them back and forth all the time. So we fax them on a regular basis so that they have an idea of what we have scheduled for them.

This commentary illustrates explicitly how integration occurs between complementing firms. This intensity of information sharing between the AT1 organisation and the education officer is a reflection of the personal relationship between these actors, as husband and wife. It highlights the capacity of an organisation to externally manage the processes of another through mutual trust and interdependence (Dyer and Singh, 1998; Lane and Lubatkin, 1998; Simonin, 1999). While this action is embedded in a personal relationship, there is evidence of an accumulation of reciprocity between the museum and AT1 discussed in earlier chapters. This durable relationship enables access into partner activities and, while adding further complexity into the managerial activity, reduces the ambiguity of these fragmented arrangements. Because of this deep trust, there are benefits of

reduced coordination costs, which can be contrasted with the relationship between the museum and AT2 illustrated below:

We charge a commission from certain groups that we automatically book. BWR pays a 6.5% commission to the museum on its school bookings. For AT2 it's more difficult and we tend to send the school groups directly to them. We'll call them up and say, 'Can we book some kids in for these times?' And when these groups arrive, we'll just say, 'Oh, go next door'. For instance, one school wanted to take 60 kids on a Honking Hole trip, but I don't know how they operate and I have no idea how many guides they'd have that day, so it's easier for them to deal directly.

The education officer also described their systems for the management of risk and in their evaluation procedures:

Two weeks before the schools arrive, Jan sends out a gear list with a picture of what they wear alongside each activity. There's also a list where they fill in their name and any medical problems, so that's ready here for the guides before they arrive.

As soon as they are gone we send out an evaluation form, along with a letter that says if they reply, they can go into a draw for a free bwr trip. That works well, because we get about a 90% return. I also do a personal evaluation on the computer... keeping track of numbers, names of teachers, where they've come from, how many days they've spent, whether they were late or disorganised... I make a note of that so that when they book again, we can go back to those notes from last year.

Throughout these conversations are illustrations of how resource investment can accelerate managerial effectiveness, which endorses the museum's role as

destination coordinator integrating local suppliers for this market segment. This central position is further reinforced by the nature of the relationships with external ties. The education officer continued in describing her relationship with the schools:

At the moment I am spending a lot of time in the schools, because I believe that if they have a full set of resources and a thorough understanding of the curriculum before they come, then they will return. While I am there, I have also begun to talk to the parents. They know they are going to the caves, but they don't usually have any idea of what they are supposed to do. I can see it in their faces, they are usually quite bewildered. So I have given a limestone talk at the parents meeting 3-4 times now. They are given a copy of the Glowworm Caves brochure, a museum map, the Ruakuri walk... This way the parents become really useful, and there's been very positive feedback so far.

These accumulated benefits have developed over time, and highlight how experience and learning can become a source of competitive advantage. This is amplified in the following section, continued by the education officer:

Although I have been here for years now, I have only been in full-time employment for 4-5 years. Before that I wasn't doing much administration, I used to concentrate just on the teaching. Being full-time has made an amazing difference, and the depth of resource planning and facilitation is really only now falling into place. My attitude is that teachers are busy people, and my role is to provide facilitation and to act as a expert. But I see my main job as making it accessible, being that middle person... if there is a problem, or anything they want to know...

It's also made a difference, having Jan here to help. I am not very good at routine and I used to spend so much time... it's a

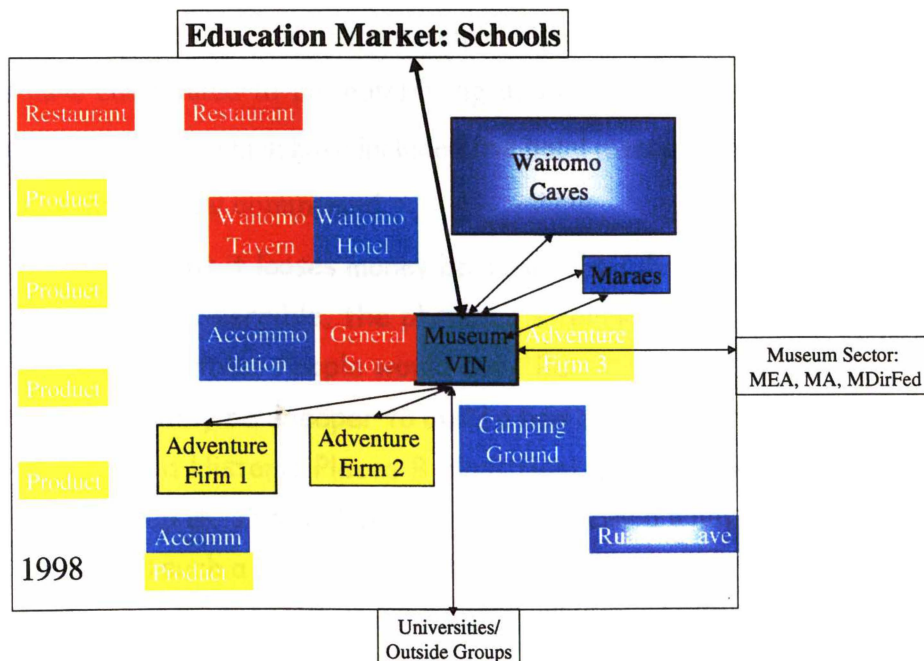
very heavy administrative load. Now, Jan is good at that and it's allowed me to concentrate on the curriculum. So we are establishing a depth of resource here and what happens is that teachers tend to come back and back and back. I know what they need, I know how they teach, and I can say, you really need this or you have to go there... For example, I've just contacted a woman in Te Awamutu who owns Yardley Bush which has got a magnificent Kahikatea stand. So now I suggest to the schools that they stop off at Yardley Bush and see the stand of Kahikateas before they go onto Woodlyn's, where they see how the pioneers cleared the land with the jigger chopping.

Further forms of complementation are evident here, both adding value for suppliers and the recipient client market:

Recently Jan and I went to Rotorua for a 7th form geography and tourism course and it was just fantastic. Now I am working quite closely with one of the teachers there and we presented our lessons to each other so that we knew what each other was doing. So now when I am teaching, and I know the students often go to Rotorua, I can say, 'In Rotorua, tourism started in 1830 and it was incredibly inaccessible. Yet tourists would go over to Tauranga and spend two days coming back over the hill to Rotorua...' It's that background knowledge that is really enhancing for the students. Her presentation looks at the history of tourism and I provide a model of change. So the students get a model here which is very small and they can see what happens - as the destination becomes more accessible, it reduces the demand for an overnight stop etc - then when they get to Rotorua they are able to apply it, because they've seen it happen on a smaller scale.

Through this commentary is a reoccurring theme of investment in systems and the development of skills and routines which combine to form a learning organisation. Yet the museum organisation has also demonstrated the key attributes of 'relational absorptive capacity' in assimilating this specialised knowledge base through organisational systems and routines into integrated partner relationships. Through these closer and more customised market relationships, benefits have accrued to the interdependent destination suppliers. This assimilation process has included all three attributes referenced by Grant (1996): efficiency (common knowledge between firms), scope (as complementarity), and flexibility (extending and reconfiguring knowledge). These integrated systems and processes have created a new market, increased the integrity of the destination product, and become a source of strategic advantage. These relationships are represented in Figure XIII, which illustrates the direct reciprocal connections between the museum and other actors within Waitomo.

Figure XIII: The Education Arrangement



11.3 The Conference Arrangement

The strategic activities described above are not evident in this section which profiles the coordination of the conference market by the hotel, which, as noted in preceding chapters, has suffered from significant neglect over the decades. Yet the hotel commands a central position in the network as the primary accommodation provider and becomes pivotal in the creation of a coherent destination arrangement. This section discusses the strategic implications for the conference market as the hotel struggles to survive from what the locals refer to as 'years of resource plundering'.

The Hotel

The hotel complex is perched on a hill-top, overlooking the village. It is Edwardian in style and its original structure was built in 1908, giving it a Historic Places B classification. The return of the hotel and land to the Tane Tinorau whanau in 1997 has resulted in enthusiastic community support for the labour-intensive renovation procedures. However, as earlier discussed the hotel has become 'a dinosaur' over the decades, making strategic injection difficult and costly. By the 1980s only half of the rooms were habitable, the room configuration was inadequate, there were few resource investments and organisational capabilities were limited. These features have contributed to the hotel being in a constant loss situation despite changes in governance, which have included five hotel managers over the four year research period. A local commented:

At the moment it looses money because it's a dinosaur to run. The heating's terrible, the plumbing's terrible, the wiring's probably terrible. People would say, 'Burn the place down, it would probably be cheaper to build a new one'. But it's there, and it has a Historic Places B classification. So it would be nice to keep it. It's just that it hasn't decided what it wants to be. It's such a pity because the managers say that with two conferences a day, with the proper conference facilities, they could fill the place up and keep the place really rolling over.

It's a perfect little conference venue. You come into Waitomo. It's very focussed, it's a neat place to stay, it's got some nice atmosphere and stuff to it, it's got eating alternatives, it's got lots of activities, things to do, it's got two companies that offer team building exercises, it's got a great golf course close-by. But they can only take thirty people, they can only hold a conference for thirty or under at the moment, because they just don't have the rooms, the conference facilities or the conference rooms. So if someone was prepared to spend some money...

One of the hotel managers discussed the importance of the conference and corporate market to the hotel:

Our big business is conferences and they are very viable. It makes up about 27% of our market. They stay here a few days, groups of up to about thirty. The spin off is that you get all your food and beverage outlets busy, because they have breakfast, lunch and dinner here, and they have morning and afternoon teas. Whereas when normal guests come in, they might have dinner and probably have breakfast, but then they're gone. With conferences we've got them for three days and it gives the hotel a busy feel about it. They stay and they eat, and that helps your food and beverage outlets and hence the bottom line comes up.

Domestic tourism too is important to the hotel, as illustrated by one of the managers:

Over the weekend I would say 90% of our market would be New Zealanders, but during the week it's mainly overseas people. We've got a very strong local market coming from Auckland, New Plymouth and Wellington areas, places that are more than two hours away. They come up for a weekend and

they are often repeat people. We've also got a golfing package and during the summer it's phenomenal. We get a lot of golfers... it's such a good package - you get a dinner, a breakfast, a trip through the Glowworm cave, and a round of golf, all for \$110. It's good value for money and people rave about it.

Most weekends we are busy with people who come on speck. If they are out and about, they will just pop in and if there's room they will stay overnight. They start arriving mid-afternoon. The days of ringing up and booking in advance have gone, but then get quite irate when we are full! So during the week, we need conferences, meetings, or businesses of some kind.

The Adventure Complementors

As evident in the education market, the conference market too depends on complementary products to provide a more integrated destination package. One of the hotel managers confirmed these collaborative relationships:

We do a lot of conferences and we try to sell a total package. Some conferences that come are purely conference, but nine times out of ten you can swing them over towards an adventure. This helps complement and enhances their stay here, because if I can sell a Black Water Rafting trip or a Lost World Trip in the middle of it, it tends to put the icing on the cake. And of course, that spreads the word, it's much better advertising by word of mouth. 'Yes, we had a great time at Waitomo. We went to a conference and we went Black Water Rafting. The conference was all right, but Black Water Rafting was just great!'

I know there's rivalry between them [the adventure

operators], but I just sit on the fence and let the customers decide. I say, 'If you want to do a Lost World or a Haggis Honking Hole trip, it's quite strenuous'. And they go, 'Oh yes, maybe...' So then I'll swing them over towards the Flying Fox or a Black Water Rafting Trip, the passive ones. The customers make the decisions and I just give the options. A lot of times someone rings up for a conference enquiry and I can tell I'm going to lose it, so then I'll start selling the adventure side of it. Then you can see their ears prick up, and they're thinking, 'Oh, there's something else to do'. You can just click on to people. So you can go from an inquiry, just giving basic prices, to selling the conference by adding in the extras. But you don't start with those extras in the first place, they don't want it then, you just have to wait until they are ready to be talked into doing it.

This demonstrates the importance of the adventure products in adding coherency to the market, again highlighting the uniqueness of these activities. This is reiterated by one of the operators, illustrating the unconventional opportunities for interaction and team-building that they offer:

Today we've got a drug firm up there prancing around in pink tutus and other such paraphernalia. It's true! They're staying at the hotel and this morning we put them down the flying fox to get their breakfast at the pub. This afternoon they're going on this quest to find their treasure!

It's pretty funny. Especially if you have a boss you want to get back, because we've got different stunts we can pull. One of them is this great thing where you emerge from the cave and just when you think you've got out of the cave, your exit is blocked by a giant spider's web about 30 foot high. We can make navigating the spider's web as easy or hard as we like,

depending on the age group. But with corporate groups, they have to figure it out and they can only use one hole in the spider's web per person. They have to post each other through and figure out how to get everybody out to the other side. We send the managing director or whoever off first and he goes off a bit further to check for where the spider might be. He doesn't come back and they eventually find him hanging upside down in a tree thrust up like a fly. They have to cut him down. You should see the gleam in these peoples' eyes when you give them this great big knife and there's their managing director helpless hanging upside down in front of them! It never fails to get a suitable response!

Constraints

The uniqueness of these activities engenders the destination significant opportunity for strategic leverage. However these decision making opportunities are constrained because of the embedded resource neglect within the hotel and by the conflicting obligations inherent in its multiple stakeholders. The story continues:

The conference market is very lucrative and we do make a profit, but it doesn't support the hotel because the size of the rooms. At the moment we can only comfortably take a conference of 30 people. But if we had a conference room that could take up to 60 people and a better configuration of rooms... If we had 30 rooms with a configuration of double and single bed we could sell a 60 person conference quite easily. But now we can't. We have 21 rooms, and only 7 of those have got a double bed and a single bed in it. All the rest have got single beds. So if we got 40 people, we can't take them. We used to use the Guest House quite often, but it's a nightmare, because some of the delegates staying down there felt like second class citizens. They would moan constantly, 'I have to walk up for my breakfast and...', and if it rained we

were really in trouble!

This again shows how the absence of earlier resource commitment has stifled the future development of this market. Another manager confirmed:

We don't have much to offer at this stage, other than being close to Waitomo's other attractions. We don't have a tennis court, we don't have a swimming pool, we don't have spa-pools, we don't have... The trouble is that they're not cost effective. I mean people don't come here because there is a tennis court. But they may not come because there isn't a tennis court. It's difficult. But what we can offer is a relaxing weekend, if you want a relaxing weekend. Or a full-on adventure weekend, if you want that. All we can do is to capitalise on its oldie worldie Edwardian charm while still making sure that the 1990s comforts are there.

This manager reiterated the difficulties involved in managing the hotel in Waitomo, "One of the things I have learnt here is that the village is made up of 300 people, all of whom are hotel managers and they all think they can run this place!" This comment highlights the density of strong ties in the village and the reassertion of community norms that occurs through this exchange process.

This is also evident in the decision of the new land owners, the Tane Tinorau whanau, to purchase the hotel:

People have criticised us for taking over a business that losses so much money. The answer is of course, 'Because we own it, it's the land, it's ours'. It won't make any money for a long time and they've had to cut staff right back. There's been a lot of moans and groans from those that have been there a long time. They were used to things as they were in the 60s and 70s but you can't do that anymore. Everyone has to perform.

The inertia of investment and absence of strategic direction given to the hotel over the last decades has placed pressure on these new hotel owners to make speedy decisions regarding its long term direction. However, this is contrary to the process of decision making characterising communal ownership and highlights the constraint that a density of ties effects. This is evident in this comment, regarding negotiations over the legal ownership contract of the hotel still occurring in mid-1999, two and a half years after the initial sale:

The umbilical cord has not been cut yet. The problem is that all the easements have to be done before we can cut it altogether. Over the past year, documentation has been going backwards and forwards. We all have to agree before it can be passed. So one party doesn't agree, then it has to go back to the drawing board. Now that has been an issue for the hotel, because the longer this process goes on the more money we pay out.

Other examples of multiple influences constraining future direction were also offered:

It's a bit like running a ship without a rudder. The trouble is that the directors don't know what they are doing with it. So it's a vicious circle, until the directors know what they are going to do with the hotel, we can't go anything. Of course, there are lots of comments and rumours over what they are and are not going to do. But there's been interest from a major company to lease the asset. I think it's Scenic Circle. That would be a long term lease and it would need a lot of money injected into it.

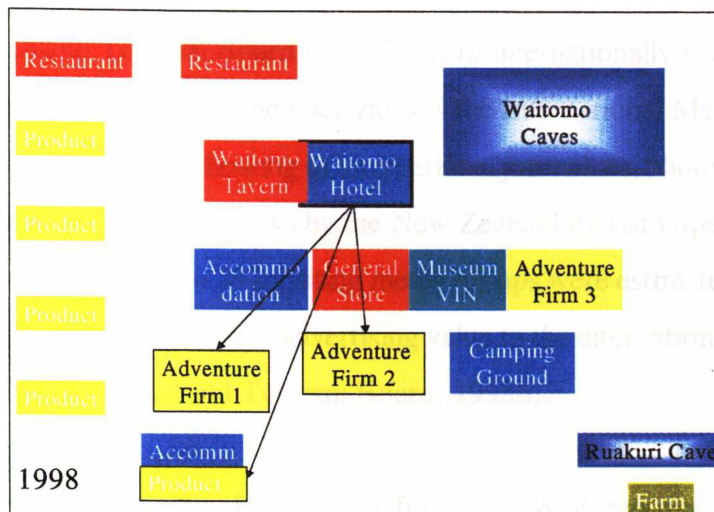
However, discussions with others in the destination attest that this contract has not

occurred, and the hotel faces further uncertainty³⁵ as it struggles to position itself within the market.

In summary, this section has demonstrated how decades of neglect have strategically disadvantaged the hotel. Limited physical investment, organisational systems and skill development have impeded the creation of absorptive capacity. Yet this absence of resource commitment extends further than the economic performance of this central organisation. Acting as an integrator in constructing overnight stays for the destination, the physical deterioration of the asset detracts from the ability of the destination to attract the business market, despite its unique complementing attractions. This attests to the synergistic functioning of the network as being equal to its weakest link, which becomes particularly problematic in this destination as this weak link is a vital and central component of the network configuration (Coleman, 1988).

Strategic disadvantage is also evident in the limited capability development within the hotel organisation, which reduces its proficiency in organising and coordinating (Grant, 1996). There was limited opportunity for the sharing of interfirm routines in the creation of market-based knowledge (Dyer and Singh, 1998). As the focal point of the conference and corporate market, this limited coordination ability is realised in lost possibilities throughout the networked destination to leverage these market opportunities. This can be contrasted to the coordination activity within the Waitomo Museum which leverages its capabilities to create new markets which extend value within the destination. These connections are illustrated in Figure XIV on the following page, which demonstrates the limited interactions between the hotel and the broader destination suppliers.

35: Indeed, at the official opening of the Glowworm Cave café in December 1999, it was rumoured that the hotel's telephone had been cut off due to unpaid bills.

Figure XIV: The Conference Arrangement

11.4 The Marketing Arrangements

The final arrangement discussed in this chapter are the joint promotional activities amongst the Waitomo operators for market development and penetration. This increasing joint collaboration is a response to market fragmentation, with operators recognising the need for more effective resource leverage and utilisation of economies of scale. Throughout this discussion are multiple stakeholders and coordinators who assist in supporting the marketing initiatives of the Waitomo operators. This section profiles these different activities and the interactions that occur in the constructing and constraining destination leverage. It begins with a brief account of one operator's connections with the International Media Programme, demonstrating the significant benefits that can occur from these institutional relationships. This section then focusses more fully on the collaborative arrangements of the Waitomo marketing group. Finally, this section discusses the implications of attachment with the THL organisation.

International Media Programme

As discussed in Chapter Five, the function of the National Tourism Organisation, the New Zealand Tourism Board (NZTB), is to internationally promote the New Zealand destination. One of their activities is the International Media Programme (IMP), which involves the hosting of international journalists, photographers, radio broadcasters and television crews by the New Zealand tourism operators. During the 1998 financial year, the 292 visiting media groups were estimated to contribute \$103million worth of equivalent advertising value to the international promotion of New Zealand (New Zealand Tourism Board, 1998b).

This programme has offered direct benefits to the Waitomo operators, with one operator commenting:

I probably spend \$100,000 on promotion, but it's more like \$200,000 when you add up all the free trips you give to journalists, agents, media. Taking film crews through is a very expensive thing to do, but it pays off big time if you get the right film crew. So we do a lot of that.

He continued, discussing the consequences and benefits of these activities:

We've got a biggy this year, in that the sequel to Jurassic Park is going to be called 'The Lost World' and some of it will be filmed in our Lost World cave. Yes, Steven Spielberg - except that he's not coming to Waitomo, he'll send what they call a guerrilla unit. They're only take 30 seconds of film out of it all. I'm already talking to the regional tourism managers all around the world to get a promotional plan that will go out with the movies all around the world. I really do see that as our most effective promotion.

Nevertheless, achieving collaboration amongst competitors is fraught with frustration, as this operator acknowledged:

I've gone ahead as best as I can to arrange these strategies. But it's always been on a unilateral basis and obviously it's not as effective as having everyone on the same wave length. These are bigger opportunities than for just our little company and we can't do it on our own. But it's very hard to pull everyone together, it's like stirring porridge!

These comments demonstrate the difficulties in achieving collaboration amongst direct competitors as they contest over access to current activities. Through the involvement of the referring NZTB, the Waitomo operators individually compete against each other for priority.

Indeed, of note was the visit to Auckland, New Zealand in September 1999 by President Clinton and his daughter Chelsea for the Asia-Pacific Economic Cooperation (APEC) meeting. This had importance consequences for Waitomo, as the AT1 organisation was chosen as one of the key New Zealand adventure activities undertaken by Chelsea Clinton. The spectacular interest in this event by the IMP raised the profile of the Waitomo destination, as pictures of Chelsea blackwater-rafting were speedily sent across the globe (see Appendix C). Part of the media curiosity was that the president's daughter would engage in such activities outside of her home country, indicating a performance-based trust in the operations of this organisation and a confidence in the safety of the host-nation context. This event illustrated the powerful role the IMP plays in sending properties of status to the market (Gulati, 1998). These signals established and reaffirmed the organisation's durable reputation, and further imprinted the legitimacy of the Waitomo destination within which AT1 is embedded. Finally, these images validated the competitive advantage of the New Zealand context: its natural environment.

Waitomo Caves Marketing Group

The first collaborative marketing arrangement within Waitomo began with the formation of a joint marketing group. An operator discussed this process:

There used to just be this thing called North King Country Tourism which was an all-comers thing where anyone from a seagull slasher at Kawhia to the orchard out there could come along and have their say. It was an organisation which tried to promote the area, but it was very non-directional and very non-commercial. I chaired it for a while but in the end we parted company. But in the process of trying to get them more focussed, we set our own promotional group called the Waitomo Caves Marketing Group.

A second operator compared its beginnings with that of the museum, with both foundations arising over a few drinks at the tavern:

We would get together and talk about the village... have a few beers... you know, the Lindsay's, the Nick's, the Peter's of the world sitting down and chewing stuff over. But not just talking about it, but sitting down and saying, 'Ok, what can we do with this?' I can remember letterheads being discussed on the table at the tavern and photographs for a brochure. And at the time when the first Waitomo brochure came out, it was still one of the better brochures around the country.

Formalisation of the group occurred with the involvement of Tourism Waikato, the Regional Tourism Organisation (RTO). Access to this external facilitation has been instrumental to its success, as an operator confirmed:

Paul [from Tourism Waikato] is the one that really got it [the Waitomo Caves Marketing Group] up. He put a lot of energy into getting it going... he did a lot of early lobbying and set the bricks in place. He did a good job of putting the foundations down. And that's why, as an RTO, it's one of the successful

ones around the country. Straight away he recognised that Waitomo's it, if they were talking about the Waikato. It's pretty straight forward really. You go with the horse that's winning the race to start with and then you start to fire a few more up. Get balloon festivals going and stuff like that, things that are highly successful in their own right.

A second operator re-affirmed:

There's nine of us and we have a budget of about \$150,000 a year. Tourism Waikato uses quite a lot of Waikato money to support us, because they see Waitomo as their Jewel in the Crown. So they've been very good to us and helped arbitrate exactly what things we should do with those promotional dollars. And we've made some important progress in promoting the area because of that. This year we're producing half a million of these brochures. The first year we tried quite a few different promotional channels and decided at the end of the year that most of them didn't really produce a recognisable result. But at least we had enough of a focussed group to recognise that fact and now we concentrate on what seems to be producing the best results which is this brochure.

These comments highlight two points. First, they demonstrate the advantages of including external facilitation, with this actor standing apart from the politics that bound the strongly-tied group. As these densely embedded ties constrained internal decision-making, external facilitation assisted in building neutrality and trust between the competing actors. Second, this collaborative arrangement provided mutual and reciprocal benefits for both the RTO and the Waitomo operators. For the local Waitomo operators, substantial benefits were received from this 'weak-tie' connectivity, as they gained first-mover access to informational advantages from the professional RTO and its close ties with the institutional New Zealand Tourism Board. For the RTO, the Waitomo Caves destination was an important pull factor

for tourism in the region, which enabled the broader Waikato region to benefit.

However, the departure of Paul from Tourism Waikato in 1998 has triggered a rocky twelve months for this organisation. A change in policy by the RTO included a broader focus for the Waikato region, with the Waitomo destination assuming a less dominant position within the overall regional strategy. Part of this change was a reflection of the agrarian base of the region, with the seven contributing local councils wanting stronger benefits accruing to their individual regions. For the Waitomo operators, the withdrawal of this external coordinator placed considerable constraints on the management of the group, particularly with increasing competitive pressures in the marketplace. One of the operators narrated:

Tourism Waikato is still there, but more in a facilitatory role. Tourism Waikato started saying more and more, 'No, we can't do that. You might want that, but it's your problem'. The ideas have got to come from the operators. However we do need to be coordinated. And that's the trick. In the past we have been prepared to give away a certain amount of control to Tourism Waikato. That's very much changing now because Tourism Waikato, for various reasons, has been forced to distance themselves from Waitomo.

Destination Waitomo

From this void, a new collective partnership emerged, Destination Waitomo. This section discusses its formation, the negotiations for representation within the group, and its external success. A participant described the pressures facing the operators for tighter collaboration:

There are new operators in the area and the pie's being split more ways. Even in the Waikato region there are tourist destinations that didn't used to exist five years ago. While I'd rate them in the noise category, it's harder to get your message across when everyone else is trying to get one across.

We have to push a bit harder against other things. So we've come up with this idea of branding Waitomo as a destination, a bit like Rotorua did with their top five and it certainly worked there. And that was the idea of trying to get Waitomo together, trying to get rival businesses cooperating with each other to a certain extent. I think it has become paramount that we have to pull people together. Because if Waitomo doesn't, someone else will get a few businesses together, and if they market it properly you could suddenly find that Tauranga for instance is in the triangular circuit and not this way. Because no-one is doing anything, we have to ensure that Waitomo stays in the must-see category. I think the fear is if you don't present Destination Waitomo, then people will forget it and just stay in Rotorua or Auckland.

Trade Shows

The first use of the emerging Destination Waitomo brand was at the forthcoming 1998 TRENZ trade show. An operator discussed:

That's what we decided to do at the last marketing meeting. Have a Waitomo stand at TRENZ. And I think that's a good idea because as you walk around there, you see Rotorua, Whakatane, Bay of Plenty, Hawkes Bay... everyone's promoting their area as a destination. Waitomo was being promoted as part of Waikato. But Waitomo is a destination in itself. It's like Rotorua. But you have got to have a company, you've got to have a registered tourism company to be there. You can't just go as Waitomo. So what we did was to set up Destination Waitomo as the name of the company and we'll be there and market all our products.

Another operator discussed the relevance of this representation:

Waitomo has to be promoted as Waitomo because the smaller

operators get lost. If you are a delegate who's come out from Japan or South East Asia, it would be pretty mind boggling to see all those little people, all those accommodation houses and restaurants. How is that helpful to you? I think it's got to be marketed as solid pockets of information.

This collaboration and branding has also been externally driven from a change in policy by the NZTB. One of the hospitality participants commented:

The trade mission to Japan has been a lot more specific than in previous years. In previous years if you wanted to go, all you did was tell the NZTB that you wanted to go, paid your money and off you went. But now there is more demand than places available, so they came back to us and said that we probably wouldn't get to go. They said that they only wanted the key players to go. Interestingly, we do think of ourselves as a key player! We felt that we really needed to be there because our competitor went two years ago and got a bit of a jump on us, so we thought it was vital for us to be there again. So now we are going off as Destination Waitomo with the Trade Mission and we are representing all the operators within Waitomo. It appeared to be the only way for us to be able to go.

The 1999 Destination Waitomo stand at TRENZ with its slogan of "Two Landscapes, Twice the Fun" was highly successful and attracted appreciable media attention. National newspaper headlines of "Waitomo Shows Off" (New Zealand Herald, 1999h) and television news items dramatised national rugby hero Sean Fitzpatrick and America's Cup challengers shearing sheep within the Destination Waitomo stand. These events publicised the Woodlyn's Park agricultural show, alongside joint displays of product information and unique Waitomo caving imageries of glowworms, caving and abseiling.

Underpinning the success of this collective arrangement, were the more complex resource commitments. While financial contributions were the primary focus of the Waitomo Caves Marketing Group which enabled joint marketing brochures and some promotional activities in Australia to occur, this new arrangement involves more extensive contributions. A broader resource commitment from multiple partners included financial, physical, technical and people, to form a more complex bundling of complementary resources and skills to embed the destination reputational arrangement. While this process was not without its 'negotiated stances', it did represent a significant step in self-managed collaboration for the group.

The Central Actor, THL

Nevertheless, it was perceived that the destination group lacked the support of its core attraction licensee, THL. During the trade mission to Japan, THL was observed as preferring to act independently, and the following comment highlighted the constraints that emerged from this individualist approach. An operator protested:

THL have enough cash resources to be a bit supportive and pay for half of the bill, while us little boys could contribute the rest. They could easily have set up the stall as Destination Waitomo. The Waitomo Caves could be one spokesman and we could be all the rest. But no, that was not what they wanted and I bet they will be completely separate. It will be Kelly Tarltons and the Glowworm Caves under the THL banner and all the rest as Destination Waitomo somewhere else, probably in a corner somewhere!

The Glowworm Caves manager, however, proffered a different perspective:

Our presence probably does more for Waitomo than it does for us. People come in and sit down, and because they know us and the product, there's nothing much to talk about, so I ask

them, 'What can I do for you?' They say 'Well, we want to put you on a new brochure, so you'd better send some slides up, and for God-sake get rid of that old slide! You've had it since the year dot!' So we now we can send them these new pictures. They want new advertising material to use in their brochures, and apart from that, for the rest of the time you are nattering and they ask, 'What else is in Waitomo? How else can we fill a day?' So I tell them about BWR, the museum, the hotel, Waitomo Down Under, Lost World and Woodlyn's. So you pump then with that and they ask for more information. So I have a list of the people who had appointments, and I just wrote down on the list of what information they wanted about different things. After I came back here and photocopied it all, I gave it to the various operators and said, 'Here you are, it's over to you'.

These comments highlight the considerable constraints facing these smaller operators due to the fragmentation of the industry. While the independent actions of the more central actor denied others in the network equivalent benefits, the connectivity of the network enabled these smaller operators to gain informational benefits accrued through third party diffusion. Nevertheless these informational exchanges occurred through social mechanisms rather than integrated through inter-organisational procedures.

While the THL acted as gatekeeper and restricted the benefits which could potentially be accrued to the interdependent network, privileges from association occurred through connectivity. As demonstrated in Chapter Seven, THL is a dominant player within the New Zealand tourism industry, and the following comments emphasise the significant role this organisation accords within the broader institutional environment. A former THL manager discussed the actions the organisation engages in to ensure its visibility in the fragmented market:

We attack the inbound tour operators here locally because they play a big part into what goes into the packages. And we like to get brochured, even if we are not included, we like to be brochured. So that's our goal with the inbound tour operators. Wholesalers, we will attack in two ways. We'll attack them both through the in-bound tour operator because there's a loyalty issue there, you don't want to wet the bed with them. But secondly we do our own trips off-shore, knocking on the doors of the wholesalers.

The FIT is much more difficult. The genuine FIT is a self everything. Self drive, self purchase, self organised. They've done a lot of research before they've come, they probably would have referred to the NZTB, so we make sure we are in the NZTB literature, so they are a key ally. And then they hop on an aeroplane and we make sure our products are represented in-flight. And on Air NZ they are. We have our own magazine called New Zealand's Leading Attractions, which is distributed to every inbound passenger on Air NZ. That's a co-operative effort, driven by THL which has half shares in a company called New Zealand's Leading Attractions Limited and I am one of the directors of that. That has secured in-flight video space on Air NZ for advertisers and it has secured the ability to distribute that booklet. And the booklet... that organisation consists of four shareholders, just to reinforce the co-operative way of our thinking, it includes Scenic Tours, Pride of Auckland and THL has the other half. We worked very hard with Air NZ to get that. We adopted the line that people don't just come to New Zealand so they can spend ten hours sitting on an Air NZ aeroplane. That we are part of the reason that people come to New Zealand. So we have those three shareholding companies and then there are six licensees. And this is how we think. Kaikoura

Whalewatch, Shotover Jet, Rainbow Springs, I mean they are not THL companies, but we do have this pragmatic approach that hey, we are one industry. The off-shore market is a difficult and expensive market to reach, and the only way are going to reach it is by being together on it.

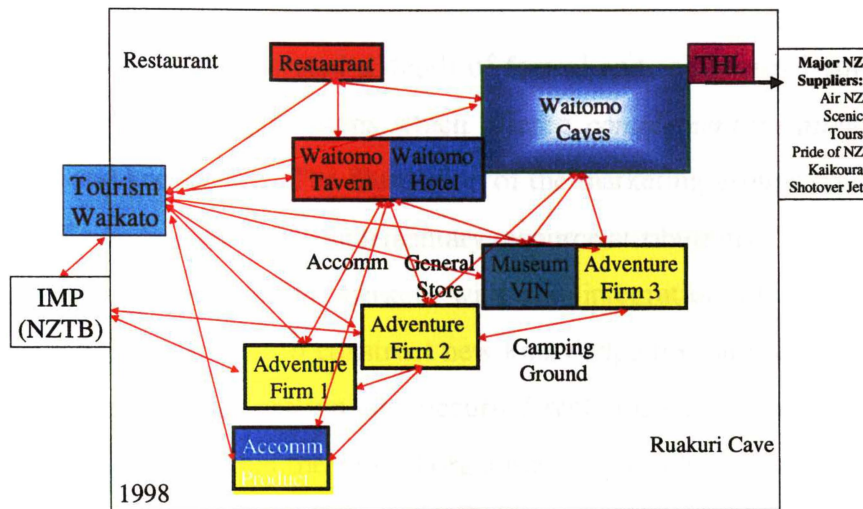
These comments demonstrate that, although the THL organisation may not always directly involve the smaller Waitomo operators, they gain significant privileges from their close attachment. The institutional legitimization of THL enables it to command a dominant position and role within the mass tourism trail through its close alliances with other key New Zealand tourism attractions and transport sectors. These dominant alliances act as an integration mechanism in constructing packages to penetrate the fragmented international market.

For the smaller Waitomo operators, their strong-tie connections with a key player, THL, furnishes them significant benefits, as indirectly they become too become connected to the broader environment through the weak-tie connections and third party diffusion. Because the THL is now demonstrating resource commitment to the Waitomo destination, this attachment is one which offers significant privileges through opportunity advantages from which strategic leverage may be attained by the destination.

In summary, these marketing arrangements comprise differing levels of involvement which lead to a complex layering of alliances and collectivity. First, there was reference throughout this discussion to the national and regional tourism coordinators, whose role is to support and organise the marketing of the collective unit. This gives rise to a vertical arrangement between operators and coordinators. Second, there was reference to the strong alliances between the major tourism organisations, depicting horizontal relationships between the suppliers of the dominant activities and attractions. Finally, there was reference to the self-

managing Destination Waitomo group of local operators. As these three levels stitch together, they form a complex layering of interdependence which raises the visibility of the destination, from which strategic leverage can be achieved when matched with performance. These interrelationships are depicted in Figure XV.

Figure XV: The Marketing Arrangements



11.5 Conclusion

This chapter has outlined the development and management of the three more formalised tourism networked groups within Waitomo, with each of these market segments requiring structured relationships between competitors to offer a more comprehensive tourism supply arrangement. Throughout this discussion, these markets displayed varying intensities of coordination, which impacted on the broader destination network and its ability to attain strategic leverage.

The data illustrated four overlapping contributions to this coordination process. First, it reaffirmed the importance of *absorptive capacity* within the pivotal

organisation. A commitment towards investment in physical assets, routines and systems was a prerequisite to the coordination process and the ability of organisations to interact with each other to build knowledge bases relating to interdependent issues. This was evident in the role the museum played in constructing the growing education market within the destination, with these actions a contrast to the undercapitalisation of the hotel, at the core of the languishing conference market.

Second, the data demonstrated a depth of formal and semi-formal connectivity between interacting organisations which offered *complementary integration* of resources and knowledge. The illustration of the marketing groups collaboration at TRENZ was founded on complementary resource attributions. This was further evidenced in the education market, with the integration of complementing information from partners to construct new knowledge for mutual benefit. While this complementary integration also occurred within the conference market, the absence of learning within the central organisation severely constrained its ability to build, manage and sustain knowledge.

Third, a *willingness to share* information was illustrated as an important attribute to informal network coordination. The museum organisation demonstrated a high degree of willingness to share and diffuse information and knowledge, while the hotel organisation had neither the structure nor the knowledge to participate in this activity. Yet through this sharing process, fine grained detail and problem solving was exchanged which provided first-mover opportunities and access privileges for those involved. Various degrees of willingness to share were exhibited by other actors within the destination. Of importance, is the role played by the central organisation, THL. This organisation displayed a reluctance to formally share marketing-related resources and information amongst the destination network. Nevertheless, the privileges of association with this key national operator ensured

that information and legitimacy automatically flowed to the destination operators through the fourth attribute of coordination, *structural embeddedness*. The diffusion of information through the social structure endorsed the constitution of these connections. Indeed, the data repeatedly demonstrated the transmission of organisational conventions into the broader network through the social structure. One occasion was documented by the cave manager who suggested that his presence at trade shows validated the whole Waitomo destination rather than his represented organisation. Another instance was the substantial collaboration that occurred between operators to create the successful TRENZ marketing display. Interdependent financial, physical and technical resources and people skills were accumulated through the calling-in of stockpiled obligations. Thus, the social structure enabled the integrated sharing of complementary resources to construct a single destination image of caving, abseiling and adventure.

In this way, the macroculture is formed, managed and sustained through this transference of formal and informal connections. It is the nature of this connectivity and its integration process that constructs and maintains the network group. It is on this note that the data illustration ceases. The next chapter analyses and discusses the theoretical propositions emerging from the last five chapters in further detail.

12: Analysis and Discussion

12.1 Introduction

This chapter reconstructs the coordination process as it emerged from the ethnographic research inquiry. It offers a more integrative analysis from the insights portrayed in the preceding data chapters and focuses on giving a ‘bird’s-eye’ perspective to the webbed complexity of the network relationships. Through a focus on connectivity and fluidity, this data seeks to address the broad-based research question of, “*How is supply organised within network arrangements?*” The chapter also seeks to inform the more focussed questions subsumed within this inquiry:

- How does structure influence the adaptability of the network?
- How is information diffused within the network?
- What is the role of complementation within the network?
- What affect does the embedded macroculture have on the function of the network?
- Where are the sources of strategic advantage for the network?

Concluding comments were distilled at the end of each data chapter, and these form the foundation of a process model for network coordination which is detailed throughout this chapter. These constructs included: *network structure, absorptive capacity, relational absorptive capacity, interdependence, social structure, structural embeddedness, network capabilities and strategic leverage*. These theoretical considerations form the basis of organisation of this chapter.

12.2 The Structure of the Waitomo Destination

This section profiles the consequences and implications of structural change in Waitomo. First, it discusses the destination as structured by the vertically-

integrated THC organisation; followed by the implications of the subsequent networked formation.

However before commencing this analysis, the specificity of the Waitomo destination needs mentioning, as the uniqueness of this context plays a pertinent role in its organisation. Asset specificity is claimed to facilitate the collaboration process through its facilitation in the transmission of information (Dyer and Singh, 1998; Simonin, 1999). The specificity of data, information and knowledge is claimed to foster closer relationships with key actors because of the technicality involved in this transfer. For Waitomo, this accords it with significant advantages as the destination is constructed around a specialised and unique context. Thus, the distinctiveness of the caving environment and its associated glowworms has enabled Waitomo to project itself as a unique visitor attraction. Over time, these repeated visitor experiences have built a stockpile of legitimacy and credibility, resulting in an international reputation. As noted in Chapter Four and Five, these images and features within the attraction sector became the essence of the tourism experience and act as the 'pull' factor for bringing tourists into the region. This is clearly evident from the data in that while there has been limited investment into the Glowworm Cave attraction, it has maintained its icon status as a centrepiece of the New Zealand tourism experience throughout the 20th Century. The features of karst and glowworms captured the image of the destination spirit from which the embedded macroculture developed over time, creating symbols of representation which uniquely differentiated the destination from others (Urry, 1990).

Nevertheless, despite these advantages afforded to this destination, its commercialisation has predominantly followed a pattern of exploitation from external governance. For most of the 20th century, the State accepted responsibility for the provision and marketing of New Zealand tourism within the international context, despite its low status as an economic portfolio. The State established and

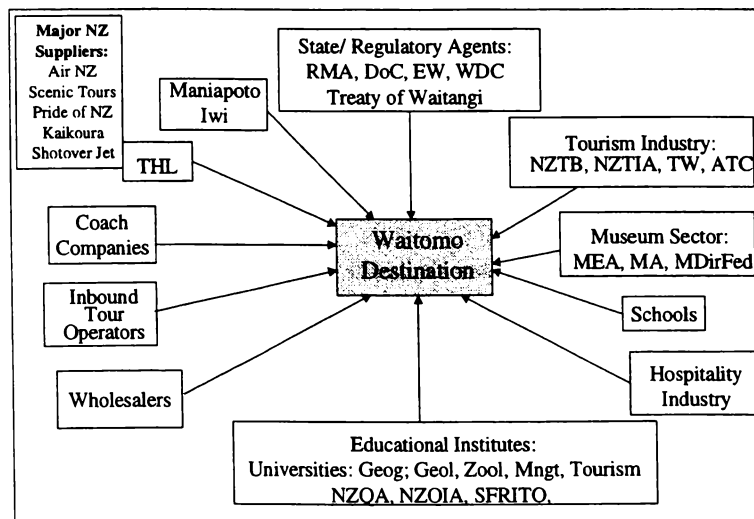
maintained control of the dominant tourism activities: transportation, travel agencies and the accommodation houses within the key tourism locations. For the Waitomo destination, this connectivity ensured that substantial benefits were realised and thus, it maintained its legitimacy as one of the primary icon attractions in New Zealand through its close governance association. As a result, its local agent, the THC, had all sources of collaborative power: formal authority, control of the critical resource and discursive legitimacy (Hardy and Phillips, 1998). Nevertheless, there was an active attempt to constrain the development of the broader network and limit the benefits accruing to the Waitomo community. Regulatory frameworks were used to restrict development, there was exclusion of local community in decision making, and there was limited reinvestment within the asset. Thus, the number of ties within the network were low, with the THC assuming a commander role which enabled it to resist any stakeholder pressure (Rowley, 1997). This permitted the THC to continue its independent access to weak-tie information (closeness) and to limit the access of others in the network to this information (betweenness). These actions confirmed the reactive stance of their power base and their continued domination of weak-tied connectivity causing slow incremental adaptation (Madhavan et al., 1998). As a consequence, reciprocal information exchanges did not flow into the community within which it was embedded, highlighting a detachment from community activities and ultimately constraining social cohesion (Granovetter, 1985). This absence of connectivity confirms the THC's active involvement in negatively structuring the development of the destination network.

As earlier chapters illustrated, the last ten years have witnessed a dramatic change from the hierarchy-dominated network earlier described to one characterised by a networked community. The formation of adventure tourism activities created a second market segment, with their longer duration necessitating a broader supply of components to constitute the destination stay. Thus, alongside the enduring but

independent Glowworm Cave attraction, was now the interdependent adventure market which required a fluidity of 'comings and goings' between partners, as earlier propositioned by Greffe (1994). Growth in complementors and varied product offerings generated a radical structural change within the destination (Madhavan et al., 1998), and the 'commander' role engendered by the THC was exchanged for a proliferation of smaller organisational structures. This redistribution of power resulted in high levels of independent access (closeness) and low control over others (betweenness) by individual organisations within the network.

This is significant, in that each of these multiple organisational nodal positions within the network now offers the destination an abundance of independent weak-tie connections, with those discussed during the research inquiry illustrated in Figure XVI. This connectivity enables the destination independent access to multiple sources, rather than dependent reliance on the THC, reducing its betweenness power base.

Figure XVI: Weak-Tie Connections, 1998



The significance of these multiple weak-ties is that each independent connection corresponds to a 'structural hole' (Burt, 1982), with each offering distinct informational opportunities to the destination network. The multiplicity of these nodes can be compared to the earlier lineal exchanges within the THC-governed structure, and their advantages stem from the many and varied informational opportunities that may be leveraged at both an organisational and a destination network level. Thus, a more complex network structure enables *access* to a broader range of external informational opportunities. Further, the multiple nodes within the network enable a structural choice, limiting the extent of constraint each organisation proffers within the network. This gives the network flexibility in its operating conditions, a consequence of which is a greater control of the structuring process occurring at a local level. Thus, this structural change offers the opportunity for **informational access** to the network, which initiates the coordination activity.

Nevertheless, as earlier indicated, while structure offers a visual representation of the architectual web, it does not enable process issues to be examined. The insights from this thesis now focusses on the relational connectivity and flow between these actors and how this gives rise to the fluidity and flexibility of the network form.

12.3 The Organisation-Set

Despite the focus on the conditions of the broader network, action occurs at the organisational level. As external information is accessed, it is transferred into the network through individual organisations who act as gatekeepers for the network. How this information is diffused is partly a consequence on the organisation's propensity to both *learn* and *share*, and this section focusses on these conditions at an organisational level.

Absorptive Capacity

The ability of an individual organisation to learn, to act upon new data and process it into organisational capabilities was defined in the literature as its 'absorptive capacity'. This was dependent upon the specificity of the information and its codification into tacit knowledge (Grant, 1996; Dyer and Singh, 1998; Lane and Lubatkin, 1998; and Simonin, 1999). Throughout the data there was evidence of key organisations demonstrating an ability to absorb new information in order to improve their delivery processes, e.g. THL, AT1, AT2 and the museum. Through reciprocal exchanges at both managerial and employee level, the repeated and on-going sharing of systems and processes created the development of an organisational memory, based upon the accumulation of best practices from past performances, as attested by an operators, "This happened under this situation, but if the cave became flooded, we would have to work this way". This in turn built specialisation and expertise within each organisation, creating a competency and sophistication of product delivery that could be relied upon.

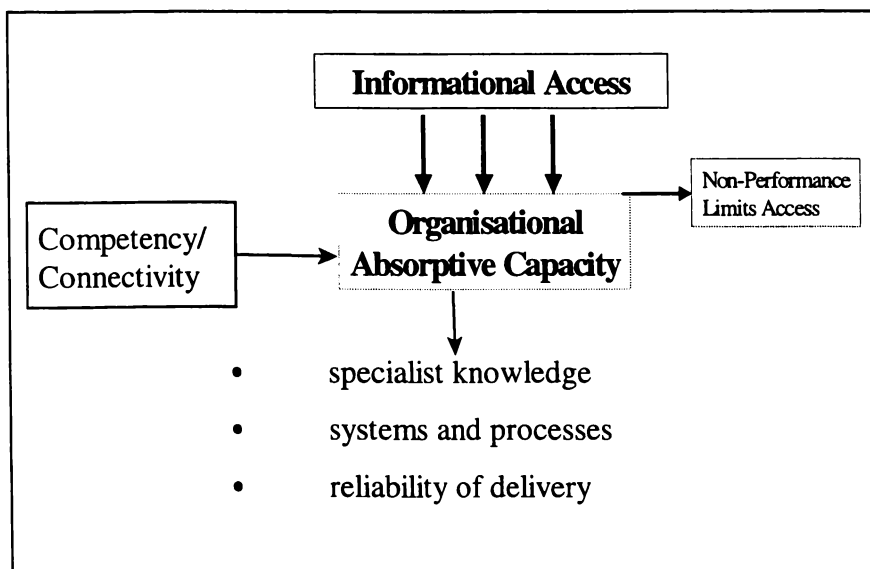
These attributes are not dissimilar to those described by Das and Teng (1998a) who identified expertise and competency as pre-requisites for performance-based trust. This data also reinforced trust as a social property (Inkpen and Currall, 1998), with reliance (a condition of trust) established through a history of performance, creating a social glue upon which economic exchanges are dependent. Each of the above organisations demonstrated this reliability of product delivery over time. Thus, the data confirms *specialised knowledge*, *organisational systems and processes* and *reliability* as elements which facilitate organisational learning.

Contrasting, there was evidence of organisations unable to 'act upon' their access to new information and the data demonstrated their gradual loss of connectivity and peripheralisation from the destination network, e.g. THC, SPHC and the hotel. Thus, over time, certain organisations accumulated an abundance of connected

external relationships in terms of both number and intensity (Uzzi, 1998) which signalled their external legitimacy (Di Maggio and Powell, 1983). This enactment was an external market signal of competence from which reputation was developed (Gulati, 1998). These signals enhanced the development of closer relationships with the external environment, with more detailed information being transferred over time. Those without these conditions forfeited these privileges of connection. This implies a shift in relationships, reflecting Easton's (1992) assertion that adaptation implicitly affects the status of other actors. In this instance, as the locus of power shifted from the central actor, the hotel lost its dependent information-rich connections.

Thus, the ability to develop organisational absorptive capacity is conditioned by competency and connectivity, which become pre-conditions to collaboration, as illustrated in Figure XVII:

Figure XVII: Organisational Absorptive Capacity



12.5 Relational Absorptive Capacity

Nevertheless, while still focussing on the organisational set, the essential dynamic within the cooperative process is the ability to establish inter-organisational relationships. The discussion from this section is illustrated by Figure XVIII, p.354. The data illustrated that organisations needed both an *ability* and a *willingness* to collaborate. An ability to collaborate was based upon its absorptive capacity, and organisations without this were unable to sustain long term reciprocal relationships with others, e.g. THC, AT3 and the hotel. Thus, absorptive capacity is a pre-requisite to effective collaboration, as it requires market signals of reliability for reciprocal and sustainable exchanges to accumulate.

The data also demonstrated that ‘relational absorptive capacity’ was dependent upon a willingness to share with others. While the THL is currently building absorptive capacity within the Glowworm Cave, research communicants alleged instances when this organisation knowingly dismissed collaboration with other destination actors, e.g. the trade mission to Japan and the Destination Waitomo display at TRENZ. Thus, although they had the ability to collaborate, they were unwilling to do so. This is significant, in that as the central actor within this network context, the THL was attributed with all three power bases for collaboration: formal, resource control and discursive power (Hardy and Phillips, 1998). That THL’s actions demonstrated an unwillingness to collaborate with its more peripheral complementors illustrated an innocence of the structural dimensions of connectivity and the influence of other nodal positions in constructing the destination macroculture. While reducing informational access to others may have assisted in increasing the formal power base of the central actor, these actions also undermined the structural coherency of the destination, in that its external reputation is subsumed within all actors and is equal to the weakest link (Coleman, 1984). Thus, it is in the interests of THL to improve the local competitive environment. These reductionist actions also overlook the function of the social

structure, which plays an important role structuring the network (discussed in the following section) and, as noted earlier, acts to reduce the power base of controlling agents.

Despite this occasional unwillingness, substantial cooperation does occur within the Waitomo destination, and the data suggested this occurred in two forms: interorganisational resource integration and common benefits collaboration.

Resource Integration

There was limited evidence of the first form of cooperation, resource integration, with the only active evidence of this occurring between the museum and the AT1 organisation. Systems, processes and routines flowed freely between these two organisations, with more illustrative evidence supporting the attributes claimed to facilitate relational absorptive capacity: a sharing of routines (Dyer and Singh, 1998), familiarity of each other's problems (Lane and Lubatkin, 1998), and partner-specific variables of prior experience (Simonin, 1999). These highly integrated procedures were contingent on a strong-tied relationship of marriage between the two agents. Hence, the conditions of trust were high, with the psychological dimensions of affection (Krackhardt, 1992) and intensity of liking (Uzzi, 1998) facilitating fine-grained exchanges of organisational system integration. Coupled with absorptive capacity, there was a reliability and goodwill of intent that safeguarded this relationship. Thus, there was both *subjective* and *performance* based trust to cement this resource integration.

While this was the only documented routine of inter-organisational resource integration, there were overtures of this beginning to occur amongst the cave operators, a response to a more embracing approach to karst monitoring. This process was being piloted by the Glowworm Cave karst manager.

Historically, both social and structural embeddedness is likely to account for the low priority given to interorganisational resource integration within Waitomo. The history of marginalisation from the tourism phenomena has resulted in a strong distrust of commercial and hierarchical organisational practices. This distrust remains in the community, with many of the commercial enterprises in Waitomo operating informally, both in terms of organisational and social practices. Consequently, the data illustrated that collaboration occurred between actors rather than organisations, with the psychological dimension of trust, embedded in people (Ring and Van de Ven, 1994; Nooteboom et al., 1997) playing a stronger role than institutional trust (Parkhe, 1993; Gulati, 1995).

Common Benefit Collaboration

The second form of cooperation involved common benefit collaboration which consisted of joint organisational initiatives around the external environment. Thus, it involved the contribution of individual organisational resources to create and maintain new activities. This type of collaboration included both structuring within the Waitomo environment and in the broader institutional environment. At a local level, the data illustrated AT1's guiding role in the Waitomo Landcare group, in the Glowworm Cave manager's personal negotiations with community stakeholders, and the karst manager's assistance of technological support within the community. At an institutional level, there was evidence of collaboration between AT1 and AT2 in active structuring within the education and the adventure tourism institutional environments, and the museum's broader involvement of destination operators in structuring the education and museum markets. The implications of these collaborative interactions are elaborated in later discussion.

Theoretical Implications

The data from the narrative supports the current theorising on relational exchanges, and it offers two insights into how trust influences coordination within a network

context.

First, it confirms Inkpen and Currall's (1998) claim of three perspectives involving trust, with this specific context illustrating a stronger propensity for social and psychological trust over structured institutional trust. The narrative also confirms Das and Teng's (1998a, 1998b) classification of trust into two categories: subjective and performance. Their description of *subjective trust* is not dissimilar to the psychological perspective of Inkpen and Currall, and supports a behavioural response, dependent upon individual emotions, values and negotiated realities underpinning the trust relationship.

Das and Teng's (1998a) second dimension of trust, performance, includes both competency (as earlier noted in absorptive capacity) and responsibility. They defined responsibility as good faith, integrity or goodwill (Barber, 1983; Gambetta, 1988; Ring and Van de Ven, 1994), which presupposes a willingness to act in the interests of the trustor. These elements were evident in the data, which illustrated that successful collaborative arrangements were initiated and coordinated by key individuals or organisations, such as AT1 in landcare activities and in initiating the Destination Waitomo display at TRENZ, the involvement of actors from the Glowworm Cave in assisting community-driven activities, and the initiation by the museum in destination-based education activities. This offers support to the role of key individuals/organisations as '*pilots*' or mediators of the collaborative process.

This implies a 'goodwill' component to trust that goes beyond mere reliance, as asserted by Baier (1986). This supports Das and Teng's descriptor of responsibility and adds a moral dimension to those piloting the collaborative process, with common benefits outweighing the individual benefit returned to the key initiator. The data highlights that a fundamental proposition to collaboration is a common benefit of goodwill, which acts as the glue to creating a broader-based network

coherency. This suggests different types of legitimacy within the network structure other than just formal authority invested in central positions, with discursive power also residing in these coordination positions.

The second contribution from this narrative illustrated the existence of collaboration between operators displaying limited subjective trust. Indeed, it was well documented that exchanges between the AT1 and AT2 organisations were characterised by low levels of psychological trust, yet they nevertheless developed collaborative exchanges around certain contexts. These types of exchanges too were illustrated amongst some suppliers and the Glowworm Cave organisation. This would offer support to Mayer et al. (1995) who posited that maybe the correct question to be asking was “Trust them to do what?” rather than the customary “Do you trust them?” (p.729). This returns the focus to the conditions requiring trust (Deutsch, 1958) and offers support that cooperation can exist without subjective trust under mutually-beneficial conditions. This reinforces the importance of the performance-driven trust dimension and its more neutral perspective of focussing on outcomes.

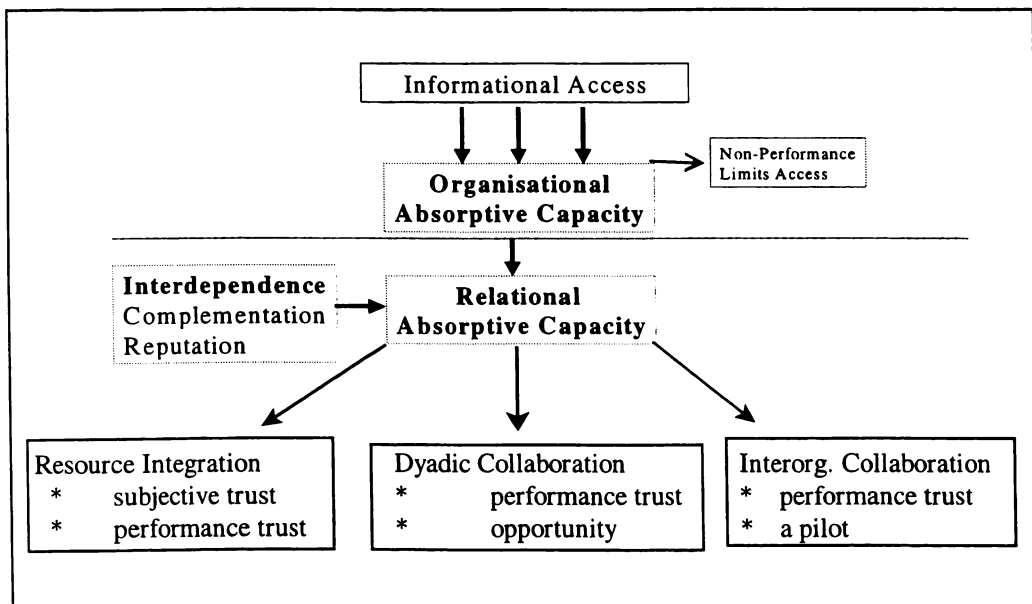
Interdependence

In considering conditions that may require mutually beneficial cooperation, it has already been acknowledged that this tourism context is characterised by high levels of interdependence: of karst, of market, of reputation. This network structure has triggered substantial economic dependence with tourism now the foundation of the village economy. These economic implications extend further than the core location, with employment, accommodation and food being sourced from the regional base. In this context, then, mutual interdependence acts as an agent in structuring cooperation and thus forms a condition for performance-related collaboration. This interdependence occurs through complementation of suppliers and through mutual reliance on the reputation of the macroculture which, as Inkpen

and Currall (1998) recounted, acted as a glue in building a socially constructed perspective to trust.

The dynamics discussed to date in this section are illustrated in the following Figure XVIII, which helps to disentangle the elements that contribute to relational absorptive capacity. The case narrative depicted three types of cooperation: inter-organisational resource integration, dyadic collaboration, and inter-organisational collaboration. Each of these cooperative exchanges was seen to include performance-based trust, or absorptive capacity which suggests that a learning-based organisation is a pre-requisite to effective cooperation. Willingness to share becomes conditioned by either subjective trust, mutually-beneficial opportunities, or a coordinating pilot to guide the multi-party collaborative process. In this destination, these actions are influenced by the interdependence of complementarity and reputation characterising this tourism destination.

Figure XVIII: Relational Absorptive Capacity



Thus, the information access is a positive characteristic of network structure. Yet the ability to value, assimilate and apply this information is dependent upon the organisation's absorptive capacity. In a network context, this is a pre-requisite to collaborative relations, and absorptive capacity alongside a responsibility or willingness to share with others is the essence of relational absorptive capacity. This process can be facilitated or constrained by the level of network interdependence. Together, these elements form the essence of the collaborative model illustrated above.

12.4 Embeddedness

The above discussion focussed on the overt structuring of the destination through organisational actions, conditioned by a willingness to actively cooperate with other actors. However, while accepting the context-specificness of this data, it also confirmed substantial structuring that occurred through the social exchanges within the network. As noted in the literature review, these social exchange mechanisms have only recently gained legitimate favour amongst organisational theorists, and the insights in this section are pertinent in that they confirm the significant role social and structural embeddedness plays in the structuring process. The elements discussed in this section are illustrated in Figure XIX, p.361.

Social Structure

In the Waitomo context, substantial decision making is now located in the local community following the 'structure-loosening' events of the late 1980s (Madhavan et al., 1998). These multiple nodal locations suggest a density of network connections formed by the durability of the destination and the complexity of strongly-tied exchanges (Meyer and Rowan, 1977; Di Maggio and Powell, 1983). Importantly, this 'social structure' acts as a diffusion agent in transmitting exchanges through the network, confirming how these non-market relationships

provide the stimulus for 'fine-grained' exchanges (Larsen, 1992; Uzzi, 1996, 1997a).

The data supporting these social exchange influences were distilled into three types of topics of concern: *problem-solving*, *innovation* and *skills transfer*. Incremental *problem-solving* was constantly represented during the data collection process, and the primary mode of this enactment occurred through social exchanges. The critical enabler of problem-solving was the village tavern, with one operator already cited as acknowledging, "Waitomo is one of the few places left where you can still have a beer with your worst enemy". The importance of the tavern in this destination was also confirmed by a second operator, "Oh, we don't let competition interfere with our drinking arrangements".

The data illustrated multiple incidents where destination operators discussed and acted upon local topics of concern: the withdrawal of Kiwi Experience from the Waitomo location, the reduction in local support by Tourism Waikato, fencing and planting programmes involving the landcare group, the on-going viability of the hotel, issues surrounding the Ruakuri Cave, issues surrounding caving accidents, and fatalities within the national adventure tourism industry. All of these topical concerns provided thematic events which prompted public dialogue, some of which preempted structured coordination amongst local operators. Others events required consensus-building and negotiation, prompted by the need to coordinate diffident but interdependent realities. Thus, socially induced structured problem-solving became a critical dynamic in surreptitiously coordinating and structuring the local environment.

While *innovation* as a social mechanism was less noticeable in this network, there was some evidence of 'ideas' being propositioned within the social environment. The museum, the marketing group and adventure operations were all examples of

public dialogue initiating the fledgling business formations. Indeed, innovative product development has characterised this environment over the last twelve years, a response to the 'structure loosening' opportunities. While there was evidence of technological and systems-related innovation within the destination, e.g. the WSRT, it was structured at an organisational level or a response to problem-solving, rather than diffusion through the social context. This may have been partly a consequence of the low technological requirements in this industry and, hence, its low barriers to entry.

Finally, the case-data demonstrated a fluidity of work-base relations, causing a *diffusion of skills* through the network. While the tourism literature coined the phrase 'comings and goings' (Greffé, 1994) to describe the supply arrangements involved in creating customer-based packages, this term can also be used to describe the diffusion process by employees. Characteristic of seasonal employment, were the short term casual relationships that formed between employees, as confirmed by one operator, "Who sells our product depends on who their boyfriend is today". As employees became part of a social group, they lived, worked and played together. In this way, organisational knowledge was transferred from one activity to another, building a transferability of interorganisational routines and systems through social connectivity. More formal approaches also occurred, with employees changing employment from one organisation to another. As they brought their old routines into a new organisation, a system of best practices began to emerge at a network level. While this has the ability to increase the strategic competitiveness of the destination, the evidence also suggests that organisations need a foundation of absorptive capacity for this assimilation process to occur.

Structural Embeddedness

At a structural level, embeddedness refers to glue of social construction (Granovetter, 1985), and explores the aggregated patterns that emerged from the

density of exchanges and transmission between third parties over time. As previously indicated, the Waitomo tourism destination is currently constructed of small complementary organisational structures alongside one high profile core attraction. Thus, its size is small, but the relationships within it are highly complex, with multiple interdependencies of land, family, community and economy. This makes Waitomo a small, but highly dense network.

This presupposes a network group which functions on a velocity of information exchanges, assisting in the accumulation and stockpiling of a complexity of aggregated debts and credits. Yet while Jones et al. (1997) suggest these actions form the macroculture of the network, what and how this occurs has not been detailed. Nevertheless, reconstruction of this case narrative suggested three types of activities that formed debts and credits of the Waitomo macroculture: *landscape*, *tourism* (industry), *organisation* and *community*.

Throughout this documentation, there has been habitual reference to the specificity of this landscape. The unique aggregation of caves, karst, glowworms and adventures are the spirit of this destination, and form the basis of the *images and symbols* for external representation. More recently, these have been supported by a diversity of *complementary* product attractions and activities. Together, these form a deeply ingrained and specialised destination which negates ready duplication in the marketplace. Thus, the Waitomo destination has aggregated deeply specialised imagery overtime.

The tourism-specific elements too have already been closely examined in this thesis and include the *specificity* of this asset, the *durability* of this destination site, and its core *location* within the national tourism framework. Together, these elements have created a history of credits for this destination. A partial explanation for this has been through the close connectivity with the State-monopolised tourism system.

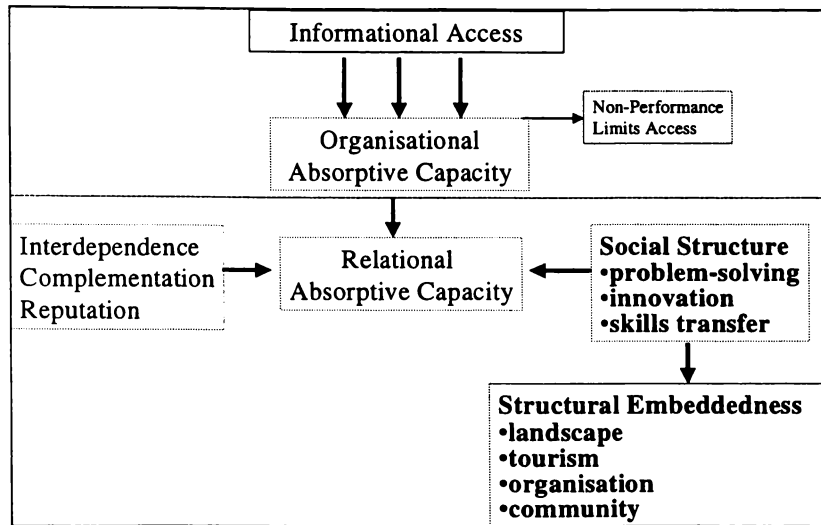
While not suggesting an equitable relationship existed, certain reciprocal benefits were transferred between the ex-THC and the Waitomo destination: legitimacy to Waitomo through the institutional connectivity with substantial economies returned to the State. These actions endorsed the Waitomo destination as worthy of its icon status and reinforced the substantial credits Waitomo has stockpiled as a consequence of this tourism connectivity.

The third form of activity that has influenced the Waitomo macroculture is organisation-specific, and this include *systems and processes* for product delivery and the *capital investment* needed to manage and maintain growth. As the data repetitiously affirmed, there was a reoccurring history of limited organisational investment which has negatively influenced the strategic leverage of this destination. While the preceding decade has witnessed a change in these attitudes and actions, this has created a neutralising of this debit, granting the destination competitive parity rather than creating a platform for strategic advantage. Thus, at a macro-level, these aggregated patterns remain competitively neutral.

Finally, the aggregation of community-related activities. Throughout the data, there were references to the longevity of family ties within this destination, both Maori and European. While acknowledging that this relational connectivity is context-specific, it does play a significant influence in the structuring of this destination. Following the revestment of the cave resource after marginalisation from positions of authority under the THC, the local hapu have needed to source external *managerial skills* to manage their asset. This history has also left the community imbued with *distrust*. Reinforced by the consequences of residual collective Maori land tenure, the destination is characterised by a tendency towards subjective-based trust. Thus, actions will be accorded on the strength of relational connections, rather than on performance. This is readily observed in the on-going weak performance of the hotel organisation.

At the heart of this reliance on strong ties, is a deeply ingrained local knowledge of landscape, karst and tourism, passed down through generations and embracing both Maori and European. The implications of this structural embeddedness is its reaffirmation of the strength of strong ties (Krackhardt, 1992), which act to stabilise the values and conventions of the macroculture. Thus, while Burt (1992) claimed the supposedly redundancy of structurally equivalent ties, where everyone knows what everyone knows, it is posited here that these redundant ties perform a vital role in building support in the network. Indeed, throughout this thesis, the purpose and function of those structurally equivalent ties has been to act as *guardians* in safeguarding and stabilising the destination network. Although not visible under conditions of external control, this credit was still able to accumulate. Under current network conditions, in which access to information and legitimate power exists within the multiple nodal conditions, its visibility is seen through complex stakeholder negotiations, posing an informal accountability and constraint on organisational action that may threaten the macroculture. This confirms Rowley's (1997) proposition that organisations within dense networks will need to compromise or subordinate their actions to resist stakeholder accountability.

To conclude this section, which is illustrated in Figure XIX, it is advocated that the social environment plays an influential role in the coordination process of the network. Indeed, this data would suggest the socially constructed activities help to create and structure coordination within the network, while the effects of structural embeddedness act as guardians, in safeguarding the conventions of the network macroculture. Together these activities replace the requirement for formal control mechanisms. These mechanisms do not necessarily imply adaptability, as a consequence of these safeguards may be overprotection and inertia.

Figure XIX: Embeddedness

12.5 Destination Capabilities

Through both the formal avenue of inter-organisational relations and the informal diffusion of norms and conventions within the social and embedded structure, the network forms, adapts and coordinates its activities. These two processes have contributed to the development of strategic capabilities at a network level, which, as readily indicated through the data illustration, have been reconstructed to include:

- Underground Karst Management
- Aboveground Landcare
- Adventure Risk Management
- Marketing
- Product Complementation

These capabilities have been created as a result of, and are dependent on, interorganisational cooperation. This discussion reiterates case data to inform how the earlier described theoretical propositions build these networked capabilities. It reconstructs this process for each capability and includes commentary on the

strategic significance of these on-going actions. Its purpose is to inform and illustrate how these fine-grained relationships become the source of inimitable strategic advantage, through their inappropriability, durability and scarcity in value creation (Grant, 1996). The importance of this section is to illustrate how these capabilities become the foundation of inter-organisational activity to access strategic leverage.

Underground Karst Management

Only in recent years has there been a strong propensity to actively manage the karst environment, despite intermittent *access* to specialist knowledge. Currently, the gatekeeper within this activity, the THL licensee, is demonstrating a commitment to building *absorptive capacity* within the Glowworm Cave. The introduction of *specialised systems* to monitor, record and analyse the karst conditions is creating a greater understanding of the interrelationships and effect of the tourism phenomena on the cave hydrology and glowworm habitat. This accumulation of knowledge and expertise is now being transferred within the broader community through both formal and informal actions. Other cave operators have been invited to participate in a broader-based monitoring programme, acknowledging the *interdependence* of the underground karst environment, aboveground activities and the economic dependence on the tourism phenomena. This initiative is being *piloted* by the karst officer from the Glowworm Cave and demonstrates a goodwill that extends beyond the individual benefit. This supports the claim of cooperation involving a moral *responsibility* towards achieving *common benefits*. At a formal level, this transference depends upon partners ability and *willingness* to absorb and assimilate new information, with some organisations establishing closer and reciprocal contacts as a consequence, while limited actions from others reduce their accessibility.

At a structural level, the *embeddedness* of past actions have performed an

constraining influence, through the absence and *distrust* of managerialism. While there was a history of access to external expertise, the previous gatekeeper, the THC, constrained managerial practices to build a structural embeddedness of inaction. Thus, the formation of the Waitomo Caves Management Committee has required the Department of Conservation, as primary facilitator, to perform a negotiation role in reconciling stakeholders. Thus, the *guardianship* of the network occurs through legitimate stakeholder representation on the Waitomo Caves Management Committee.

Nevertheless, at a network level, this specialised external information is accessed primarily by the Glowworm Cave organisation. While currently demonstrating a *willingness to share* with others in the destination, this activity is still to be enacted. Other organisations have illustrated little propensity to utilise this access, highlighting the important role of the *pilot* and *common benefits*. Thus, this capability demonstrates low destinational connectivity, despite its primary importance to this destination as the foundation of the *images and symbols* that represent the destination *macroculture*. While acknowledging the significant learning curves accumulated over recent years, continued commitment to capital investment, on-going monitoring, research and analysis, and the creation of a networked approach to this activity are required to create durability of this critical resource.

Aboveground Landcare

The aboveground landcare capability demonstrated stronger connectivity and illustrated the formation of a multi-party collaborative group. The formation process has been structured with ease, with little embedded constraint. The karst landscape, economic *interdependence* and the destination *reputation* all contributed to a cumulative formation process, involving government agencies, community stakeholders and local commercial enterprises. The *common benefit* of

collaboration has been embraced almost exclusively by those interdependent on the cave resource, suggesting the transparency of the common benefit. Significantly, this multi-party involvement has reduced the function of gatekeepers, with each actor having structurally equivalent access, a consequence of the transparency and simplicity of the systems, processes and structures: fencing and planting. While Environment Waikato's *pilot* role was that of facilitator, the accumulated learning processes and knowledge of landcare guardianship and sustainability resided amongst those within the network, confirming the network's *relational absorptive capacity*.

Within the collaborative group, commercial activities assumed a visibility and tangibility for public dialogue, yet the underlying coordination and organising of activities was actioned within the *social structure*. The initial formation of the group was a response to a topic of concern, illustrating a problem-solving response. This occurred through the bundling and transferring of symmetrical resources through the social structure, involving land resource owners, fencing and planting physical resources, and members of the local community donating labour. The *safeguarding* of these landcare activities was visible in the strongly held conventions of the group, and the narrative recounted activities that threatened these norms. These instances highlighted the velocity of information exchanges and the reaffirming of existing norms that occurred under conditions of *distrust*, attesting to how these routines acted as safeguards to protect the *macroculture*.

Of importance to the on-going durability of this capability, is the management of the karst environment. As illustrated, the implementation of the Resource Management Act (1991) gave little jurisdiction to the localised District Councils in their management of caving contexts. With limited resources and skills, these local councils lacked the *capacity* to implement adequate and on-going *guardianship* of these resources, particularly within the Waitomo context as a region of national

significance (s.6, RMA, 1991). This insufficiency of support is further conditioned by the absence of a broad-based Regional Tourism Plan, a consequence of the dissent amongst the local authorities in giving unified approval and support.

Consequently, in a context of minimal legitimate authority, the Waitomo stakeholders endeavour to self-manage and regulate their local environment. Understandably, this occurs through a structuring of existing norms and routines, with structurally embedded distrust acting as a safeguard and guardian of the landscape. More formalised conventions within the Landcare Group may assist in its shaping and organising, an acknowledgement of a responsibility and mutual interdependence of common benefits that extend beyond the individual.

Adventure Risk Management

Remembering that these cave environments are dark, cold, wet and often confined spaces, the ability to manage these potentially risky and dangerous situations is a prerequisite to the visibility and status of the accumulated destination *reputation*. An advanced standard of cave guiding is required to ensure client safety and these related activities form the basis of this third destination-based capability.

The data associated with these activities demonstrated strong reciprocal exchanges between the Waitomo operators and the broader institutional environment, a consequence of the deeply ingrained specialisation inherent within this context. This form of connectivity reflects a different structuring process whereby the institutional knowledge resides within this context. First, within the education sector, the Waitomo Standard Rope Technique has been adopted as a national standard within the New Zealand Qualifications Authority. Second, within the outdoor sector, the Waitomo operators are involved in both Sport, Fitness and Recreation Industry Training Organisation as training providers, and New Zealand Outdoor Instructors Association as training assessors. Third, both AT1 and AT2 are active members of

the industry-based Adventure Tourism Council, with AT1 actively involved in forming and structuring the industry-based codes of practice. Thus, in this capability, access is a reciprocal activity.

A mutual dependency then occurs with the external environment, dependent upon the *learning* processes that occurs within the Waitomo context. Two conditions illustrate the development of this specialised capability. First, is that the two key organisations demonstrate a strong propensity for the development of operational systems and processes to ensure a *competency and reliability* of product delivery. Second, the formal connectivity within the destination was limited to dyadic performance-based collaboration between AT1 and AT2. Limited subjective-based trust ensured that these actions focussed primarily on industry-related topics of concern which allowed active *problem-solving*, small-scale technological and process *innovation*, and *skills transfer*. While there was a *willingness* to collaborate around industry topics of concern, this willingness ceased beyond individual performance. Thus, while there was limited subjective trust, the substantial performance-based connections demonstrated absorptive capacity in assimilating specialised organisational knowledge, creating an expertise and competency of product delivery.

Nevertheless, while there was limited formal connectivity, the *social structure* facilitated in the transfer of this knowledge through the destination. Exchanges within the tavern context involved active and passive passing of information and resources to and between other organisations, to both problem-solve, increase operational standards and to improve product innovation. Informal transfer also occurred through the active ‘comings and goings’ of organisational employees, with the social environment accelerating the transmission of systems, routines and processes. Finally, because of the volatility of the task environment, an informal rescue system has been formed involving specialist cave guides from all

organisations. Any emergency requires these *systems* to swing into action immediately, and there has been substantial *willingness* and sharing between organisations to ensure there is a rapid implementation response. Instances were also noted of Waitomo guides assisting in national caving rescues.

To conclude the summary of this capability, there is strong evidence of the active structuring occurring by the Waitomo actors in a context of limited institutional coordination. The specialisation of this context alongside strong organisational competency and willingness to share, has created a durable capability upon which the destination depends. The specificity of the connections make this capability difficult to appropriate by other contexts. This process embeds this capability as highly legitimate both at destination level and a national level.

Marketing

With the New Zealand location so peripheral from major markets and the significant free-rider benefits that effect the tourism system, the New Zealand Tourism Board undertakes the marketing activity at an international level. Nevertheless, this function is primarily enacted upon raising the profile of New Zealand in international markets, and internal legitimacy of product supply, innovation and regulation is structured by the market under conditions of competition. As such, regional coordination falls under the jurisdiction of Regional Tourism Organisations (RTOs), whose legitimacy is conditioned by the support, assistance and funding from their territorial councils. These local councils need a unified agreement before being able to develop a Regional Tourism Plan.

This description illustrates the absence of clear exchange relationships between the local operators and the institutional environment, with both marketing activities and broader coordination occurring under ad-hoc and unstructured conditions. There

is limited formal access to market-related information³⁹. Nevertheless as earlier illustrated, the close connectivity with the dominant national operator, THL, accords the Waitomo destination significant market advantages. THL's collaboration with other key New Zealand-based activities, its own response to market fragmentation, enables fine-grained transfers to emanate to local Waitomo operators. Thus, *access* to external information is primarily transmitted through informal exchanges.

At a local level, the Waitomo region lacks a unifying Regional Tourism Plan, placing the responsibility of coordination on the local RTO and the tourism suppliers. The case narrative illustrated the key role the RTO played as a *pilot* in facilitating coordination amongst the local operators in their marketing endeavours. The RTO's withdrawal from this function and the subsequent disarray of the Waitomo Marketing Group confirms the benefits of external coordination, particularly in a context involving direct competitors. Indeed, over the life of the marketing group, the focus has been on the production of collaborative brochure advertising, with limited efforts centred on market penetration through product complementarity. Under conditions of competition, the threat of losing market share embedded a distrust of competitor intent, illustrated by a *willingness to share* resources as they related to new activities rather than through integrating current resources and activities. Thus, strategic leverage for the destination was constrained through pursuit of individual benefits rather than through a consideration of the *accumulated benefits* associated with complementary value creation (discussed in the following section). The marketing group exhibited a lack of cohesiveness with limited accumulation and stockpiling of *learning-based activities* at an interorganisational level, inhibited by the absence of a *pilot*, limited *absorptive capacity*, and an individualistic approach to resource sharing.

39: Although currently there are initiatives to establish an internet site to assist in the transfer of information from the NZTB to local operators.

Beyond the formalised workplace, the data offered many instances of market-related information being exchanged through the *social structure*. Indeed, market access was a critical issue for these operators and there was substantial evidence of joint *problem-solving*, *negotiation* and *innovation* occurring within the social context. However, alongside these active endeavours the embedded durability and longevity of this destination provided far greater leverage. As repetitiously recounted, the unique *images and symbols* characterising the experience have accumulated and built a *reputation and macroculture* preceding it, forming the foundation of the destination's marketability. Thus, marketing was structured primarily through its historical conditions and through a reliability of organisational reputation, rather than through the connectivity of the destination network.

Product Complementation

The final capability that can offer leverage to the destination is its supporting framework of network structure. While this narrative is context-driven and has been subsumed around images reflecting the core attractions, it does not deny the interdependence of the complementing sectors of transport, accommodation and food, and supporting activities in constructing a cohesive tourism experience. These cooperative linkages between the suppliers are the basis of fine-grained information transfer and have formed the essence of this thesis. They are the location of problem-solving, innovation and skills transfer through the network, at both a formal organisational level and informally through the social structure.

These complementary nodal positions within the networked system enable an *adaptability* to be attained through access to information, product diversity and flexibility. As already noted, *informational access* to a complexity of structural holes enables the network to benefit from many forms of specialised expertise and first-mover market advantages. A *diversity* of smaller specialist product offerings can result which enables value to be attained from companion and supplementary

product offerings. This offers the consumer a *flexibility* of product offerings, a structural jolting, which crafts a competitive environment based upon improved product and service delivery. Through these smaller specialised structures, the fine-grained transfers result in faster response mechanisms to improve the local context. Thus, these cooperative links encourage the adaptability and synergistic functioning of the network form.

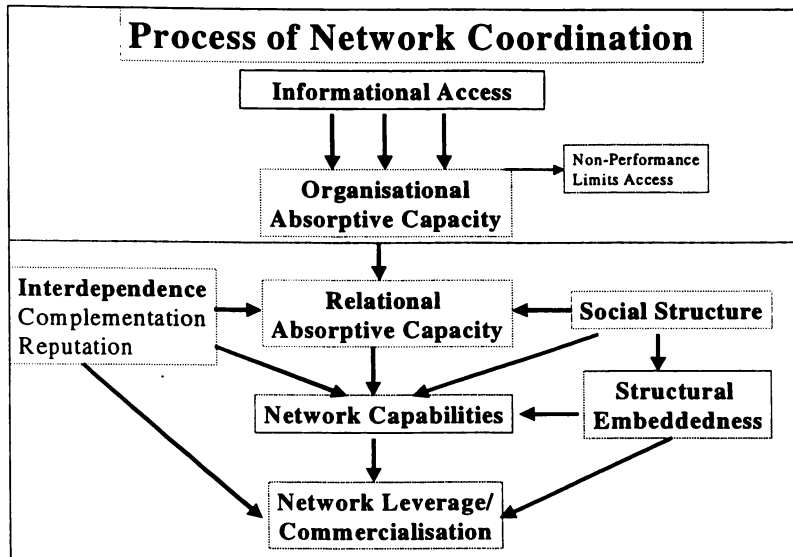
These elements are particularly pertinent in a tourism context. As Chapter Four argued, the essence of the tourism phenomena is its break from the routines of everyday life. These breaks were crafted around personal experiences to see, feel and learn of the uniqueness and specificity of distinctive places (Leiper, 1995). Customised and individualised experiences then became the strength of small specialised supply structures, which were able to respond with a flexibility and adaptability of product demand. This 'individualisation of leisure' (Britton, 1991) is attained through the network structure organised by adaptability and specialisation, rather than economies of scale.

The Waitomo experience has illustrated how the network structure has achieved a basis of structural coherency, in its provision of adventure, nature, distinctive landscape, education and learning provisions. These activities provide a social patterning of distinctive landscapes in order to see, feel and learn of alternative gazes. However, it is suggested that active actions to improve complementation of products would improve its synergy and add value to the tourist experience through innovation and differentiation. At a market level, the data demonstrated limited integrated activities between complementors, reflecting an embedded distrust of new conventions and routines beyond existing connections. Yet structured complementarity can form a legitimate network-based capability, with destination interdependence assumed in each structural position. A key strategic constraint is the melancholic state of the hotel which plays a pivotal role in

providing quality destination stays. This weakness confirms how the macroculture is dependent on all nodal positions, and weak links can constrain leverage of the interlinking parts.

In summary, these reconstructed capabilities have been described as their connectivity influences the construction of the destination. Its purpose has been to illustrate their underlying interdependence, and how these activities act to construct or impede destination leverage, visible through the commercial markets. The essence of these capabilities is that they nurture and develop “different forms of social patterning, with a much greater sensitivity to the visual elements of landscape than is normally found in everyday life” (Urry, 1990, p.27). Thus, through building interdependent capability within the network, these distinctive images can be enhanced through the specialisation of the nodal locations, crafting a durable and unique destination site unable to be replicated by economic markets.

A full illustration of the process model is depicted in Figure XX. The model illustrates the interrelationships between information access, absorptive capacity and relational absorptive capacity. It demonstrates the influencing contextual factors of network interdependence, social structure and structural embeddedness, all of which contribute to the ability of the network to collaborate over their network-based common benefit capabilities. Finally, these elements inform the essence of the network and its ability to realise strategic leverage within the commercial markets, which are described briefly in the final concluding section.

Figure XX: Process of Network Coordination

12.6 Strategic Leverage

This process of network-based cooperation offers for public dialogue an understanding of the underlying structures and patterns that inform strategic leverage. While the Waitomo tourism operators have formally collaborated over marketing activities, this overt involvement in the other interdependent capabilities seemingly overlooks their structuring role in sourcing sustainable competitive advantage. This final section discusses briefly how these capabilities inform strategic leverage in each of the commercial segments.

The mainstay of the Waitomo experience is the high-volume short-stay Glowworm Cave. Stemming from a focus on volume, it has become a commodity tourism product, and while fulfilling the function of a passive tourism experience, the education of karst and culture has been suppressed over time. Regardless of the constraints demanded from the short-stay coach tours, there is significant leverage that could be afforded from the delivery of a more comprehensive tourism

experience.

Its key role in the New Zealand tourism context affords the Glowworm Cave an embedded legitimacy. This attests to a moral responsibility from its operational licensee to play a principal role in building capability within the destination through on-going investment in organisational processes. Current managerial actions have been characterised by high access to external information, improved product competency, and intermittent responsibility to other destination actors. Yet its dependence on the durability and assimilation of the karst, landcare and marketing capabilities engenders the licensee a critical responsibility in piloting these activities for the network. This relational absorptive capacity reflects the interdependence of the tourism system and fulfills the common benefits required for destination coherency.

The adventure market has been the catalyst for change in Waitomo, and the growth of supply in this market has formed the basis of the current structural coherency in this destination. This change has enabled decision making to be relocated into local contexts, and enables specialised product deliveries embracing adventure, nature, distinctive landscapes and educating activities to provide an 'individualisation of leisure'. Legitimacy of this market segment has occurred through active structuring by key players in Waitomo through their individual development of organisational absorptive capacity, alongside relational absorptive capacity in certain contexts. This is the most fragile market, with its strong interdependence on karst, landcare, risk, regulatory environment, marketing and product complementation. The actions described show a strong structuring process through connectivity, assisted by key individuals in this destination demonstrating both competence and responsibility. This has built an accumulated reputation over a short time-frame from the currently stockpiled destination reputation.

While the conference market is the weakest market in Waitomo, it has the potential for significant leverage if the hotel was redeveloped. Both the corporate and domestic leisure market segments in New Zealand are likely to display significant growth, with the process of recreating in distinctive environments affording the Waitomo destination leverage. Its distance of 2.5 hours from the central Auckland market in a rural location with unique images, symbols and activities supports its opportunity in building complementarity for the core activities. However, the low absorptive capacity and low connectivity of the hotel organisation confirms strategic immobility in this market, which negatively impacts on both the marketing and product complementation capabilities.

Finally, the smallest market segment is the education market, mediated by the museum organisation. Organisational competency and a willingness to share routines and conventions have made this organisational highly legitimate in the external marketplace. Education of the karst landscape becomes a critical component of the tourism phenomena, and complements the delivery of the active tourist experiences. As such, aspects of education embrace all of the interdependent capabilities: karst, landcare, risk management, marketing and product complementarity. However, commercialisation is not the strategic intent of the museum, and its focus on learning and educating highlights the importance of common benefits as underlying the collaborative process, where organisations structure to their strengths and establish knowledge-based resource synergies.

This reaffirms the responsibility of the Glowworm Cave operational licensee in providing a greater proportion of resources for the common benefit of the destination. Yet the reciprocal function of the network form means these smaller organisations contribute through their provision of greater specialisation and individualisation of leisure activities, which increases the legitimacy of both the central organisation and the destination reputation. This supports the importance

of the network structure as being a system of coherency created from its interconnected suppliers. It highlights the flexibility and adaptability of the network form as a consequence of these specialist nodal positions, with active structuring of the network occurring through the cooperative exchanges. In this destination site, its specificity and embeddedness has formed a reputation upon which cooperation can leverage significant advantage.

And thus ends this tale of network reconstruction, with the thesis contributions briefly summarised in the final chapter.

13: Conclusion and Contributions

13.1 Introduction

This final chapter provides an overview of the contributions stemming from this thesis inquiry. The research question centred on “*How is supply organised within network arrangements?*” Underpinning this question has been an exploration of cooperation as a facilitator of this coordination process and thus, the thesis explored how these fine-grained interactions and exchanges between actors became mechanisms to condition interorganisational action. The thesis sought examination of these dynamics through an analysis of network theory: structure and action. Most particularly, it illustrated the role of embeddedness as it facilitated and constrained interorganisational actions and network adaptation. These dynamics are now discussed as they influence and contribute to methodology, theory and research.

13.2 Methodology

Description, illustration and exploration are the foundations of ethnographic research and this methodological perspective provided an appropriate lens to examine these fine-grained interorganisational exchanges. The focus of this thesis was to scrutinize the patterns of organising and coordination within this tourism destination, and the perspective displayed was a reconstruction of the exchange mechanism. This methodology was assisted by a preference for a single context case site, which enabled a depth and richness of fine-grained detail to be observed as actors structured their context. The four-year research process within the Waitomo Caves tourism destination enabled an explanation of network coordination and adaptation to be constructed over time.

This placed the focus on the integration of relationships, on the order and sets of

typifications that were shared between the actors within organisations (Burrell and Morgan, 1979), making the object of study to be phenomena of features and situations rather than the actors themselves. The thesis used a grounded theory approach in reconstructing these practices and features of social life (Glaser and Strauss, 1967), moving the analysis of data through an iterative process of reconceptualising existing frameworks and assumptions. This was evident in the final development of a conceptual process model, constructed through the analysis of data illustrations within contextual situations.

The research process was consumed around a process of themes and events, with this process subsumed within the context of the researcher's own value system and ideals. This reflexivity formed a mutually constructed relationship between the object to be studied and the inquiring subject (Watson, 1987). The objects studied were also subjectively constructed through their own social order of patterns and themes. These were arranged around situations and issues within contexts, with a focus on how these actors recreated their own realities through the active use of resources within their control. Thus, subjectivity was evident in the context, with its own set of idiosyncratic issues, affecting the manner in which dialogue emerged to structure the research process.

Inherently, there are limitations to this mode of research. It is context-driven and context-bound. The analysis of data is vast and unstructured, making the creation of structured reality arduous and complex. Thus, it does not purport to be the 'truth', assuming that 'truth' emanates in a human context. Nor will the practices described necessarily reflect all the perspectives of those within the social group. It is the story of the researcher, my story, my reflections, my experiences and my understandings.

These iterations reflect middle-range thinking as recounted by Laughlin (1995). The

research process began with skeletal understandings of the theory and context, but as the researcher became entwined with the context, these two elements formed the discovery process. The data remained heavily descriptive, but the analytical process that unfolded “complemented and completed the skeletal theory” (Laughlin, 1995, p.81). Ultimately, these theoretical insights provide general discoveries which support a broad understanding of relationships.

The methodological contribution from this thesis, then, lies in its description and explanation of the fine-grained exchange mechanisms that coordinate the destination network. These interactions are observable through an attention to detail and through its longitudinal perspective. The contributions, then, are the rich, case specific narratives of local action. The strength of ethnography, as attested here, is its conceptualisation of issues and constructs, which enables the mediation of structural effects to be observed at the local level in order that macro-level policy be formulated (Lyon, 1997). In this way, this ethnographic study contributes through its illustration and explanation of the specific, as it informs the public domain through a theoretical lens (Geertz, 1975).

13.3 Organisational Theory

The theoretical contributions of this thesis stem around the development of an integrated model of network coordination, which was illustrated in depth throughout the preceding chapter. This model addressed the broad-based research question of *How is supply organised within a network arrangement?*, and offered insights and reconstructions into the coordination of network forms of organising. Most pertinently, the model explained the conditions for structural balance, with the network structuring process dependent upon access to the institutional environment, organisational absorptive capacity, relational absorptive capacity, and a strong social structure. Strategic leverage in commercial markets was facilitated or constrained

by the embedded network macroculture which structured the interdependent and mutually beneficial network-based capabilities. The thesis data consistently affirmed that cooperation facilitated the fine-grained information exchanges which acted as the structuring agent in coordinating and organising the network arrangement.

The more focussed questions subsumed within this inquiry were also addressed:

- How does structure influence the adaptability of the network?

The network form provides significant advantages in terms of independent access to external expertise and market intelligence. These 'weak ties' and 'structural holes' relationships enable new forms of information to enter the network. In this way, these multiple nodal positions within the network form favour additional flexibility and adaptability.

- How is information diffused within the network?

The data illustrated the considerable role relational and structural embeddedness plays in the diffusion of information within the network. Relational embeddedness was formed through the subjective-based trust displayed by the strong-ties within the network. These relationships assisted in problem-solving, innovation and skills-transfer activities, contradicting the 'redundancy' of strong ties argument claimed by Burt (1992). These activities were further influenced by organisations displaying 'absorptive capacity', with competent and reliable organisational routines and practices diffused through the social structure. This performance-based trust was assisted by specialisation and interdependence which encouraged a willingness to share information, creating a relational absorptive capacity. The structural embeddedness of the network facilitated or constrained this diffusion process through third parties, based upon social mechanisms rather than calculative price mechanisms. This was evident in the patterns or webs of integration which cumulatively built an embedded macroculture, acting as the glue which bound interests together. Together these embeddedness factors formed a local environment of fine-grained exchanges, supporting and cultivating improved

productivity.

- What is the role of complementation within the network?

These multiple nodal positions enhanced the specialist offerings within the network, with companion and supporting products adding value and synergies. For the tourism destination network, the provision of transport, accommodation and attractions were essential to building destination coherency while product complementation assisted in creating buyer value. Being indirect competitors, these companion organisations were more likely to engage in cooperation, with this collaborative structuring process assisting with problem-solving, supporting innovation and improving the productivity of network.

- What affect does the embedded macroculture have on the function of the network?

In this context, the embedded macroculture played a significant role in constructing and stabilising the network, as the historical influences reaffirmed existing conventions and safeguarded current conditions. The macroculture was built upon the specialised images, symbols and routines inherent in this context which have assisted the cooperative process.

- Where are the sources of strategic advantage for the network?

The thesis data illustrated the importance of network-based strategic capabilities in building commercial leverage for the network. These common-interest areas of interdependence encouraged a willingness to share for mutual benefits. This process enabled the fine-grained specialist information exchanges to embed an inimitability of value-creation (Barney, 1991), creating a complexity and intangibility unable to be replicated by competitors: the essence of strategic advantage.

The contributions of this thesis have primarily been to illustrate and explain existing theoretical propositions. The data illustrated *how* the network forms and adapts. Access to multiple information sources, component flexibility and specialist knowledge have been widely cited as advantages of network structures and this data

confirms and explains these considerations. The data also confirmed the need for absorptive capacity, relational absorptive capacity and pilots to structure coherent network arrangements.

Emphasis has been placed on illustration and explanation of the construct of embeddedness, for which the literature proposed the two elements: relational and structural. In this context, the pertinent relational exchanges were structured around problem-solving and innovation which assisted in the transfer of skills through the network. These interactions were aided with subjective-based trust. However, performance-based trust became the primary agent of network adaptation, as the ability to assimilate and convert new information into organisational systems and routines was fundamental to establishing reciprocal and closer fine-grained information exchanges. This formed an interdependent relationship of mutual hostage, with opportunistic action less likely to occur due to the mutuality of common benefits. Thus, this data confirmed the direct cohesive ties of relational embeddedness as a mechanism to carry trustworthy information and to reduce uncertainty (Gulati, 1998), and again resists Burt's (1992) claim of strong-tie redundancy.

The new knowledge contribution of this thesis however, is its examination and explanation of structural embeddedness, for which there has been limited empirical data (Khanna, 1998; Gulati, 1999). Credible explanation of structural embeddedness was attested by Jones et al. (1997) with their propositions of macroculture as the structuring agent, restricted access which both coordinated and safeguarded, while reputation and collective sanctions were claimed to assist in safeguarding the network. Gulati (1998) took a more structural approach in his definition as the "informational value of the structural position these partners occupy in the network" (p.296). His arguments centred around status groups, claiming that parties occupying similar positions evoked similar expected behaviours, regardless of the

groups connectivity.

The thesis data offers five further explanations of structural embeddedness. First, the primary contribution of this data is in its illustration of the importance of macroculture, posited by Jones et al. (1997) as the critical coordinating mechanism within network arrangements. It was seen that the nodal structure and social structure became the informal coordinating mechanisms within the network as they diffused or organised information/exchanges through third parties. These exchanges were constructed around critical themes/events - landscape, tourism, organisation and community - which cumulatively built an historically embedded macroculture upon which future actions are dependent. It is these themes which act as the glue which binds interests together in *patterns or webs of integration*.

Second, this case data stresses the importance of *location* in the construction of the macroculture: its landscape and incumbent activities that became the essence of the *symbols and imagery* upon which the network was formed. While this research is context-driven, this destination is framed within its location, and this specialisation facilitates the diffusion and assimilation of both imagery and knowledge. Thus, location, and its associated specialisation, can be a critical attribute in understanding macroculture.

Third, the macroculture plays a critical role in creating strategic leverage for the network, with its specialised images and symbols functioning to facilitate cooperation and form the basis of strategic knowledge. Of importance are the network-based *strategic capabilities* which assist in establishing mutual benefit areas for cohesive action. These capabilities play a role not only in providing inimitable strategic advantage (Barney, 1991), but also in creating points of commonality for information exchange. Thus, they assist in structuring the macroculture as they provide a commonality of purpose and provide a vital role in

establishing conventions within the network.

Fourth, the reputation of the network is the visible signal in the market and this has been structured from connectivity arising from the macroculture. The thesis data demonstrated active structuring within the institutional environment which functioned to build the network's reputation. This would suggest that reputation plays a role in both structuring and safeguarding the network, rather than solely safeguarding, as claimed by Jones et al. (1997).

Fifth, the protection of the macroculture was cited by both Jones et al. (1997) in their restricted access and collective sanctions; and Gulati (1998) in his recognition of different status groups. While this case context was exemplary to explore and explain the construction of macroculture, the recent emergence of the network arrangement limited a longitudinal focus on coalitions: the status groups, restricted access and collective sanctions. This does, however, create opportunities for future research.

Finally, this thesis has explored the organising process played by a network's macroculture - facilitated by action and trust, constrained by inaction and distrust. Thus, subsumed within these organising processes has been an exploration of structure and action: the tensions between external constraints of structure and the social practices that form legitimate organisations. It is the actions surrounding these tensions which structure the adaptability of the network.

13.4 Research

The research component of this thesis offers more direct practice-relevant contributions for local contexts. This section provides insights specifically relating to tourism destination arrangements, and then furnishes comments on the Waitomo

Caves context itself.

Cooperative relations as a structuring activity inform the management of tourism arrangements through the destination life cycle. While Butler's (1980) adaptation of this evolutionary framework is not intended to be predictive, it does offer explanations of how activities are structured and their supply opportunities. This research extends this framework by noting how cooperative activities may inform the networked structure of these supply arrangements. These are developed from Table 6 (p.305) which is replicated and amended in Table 7 below.

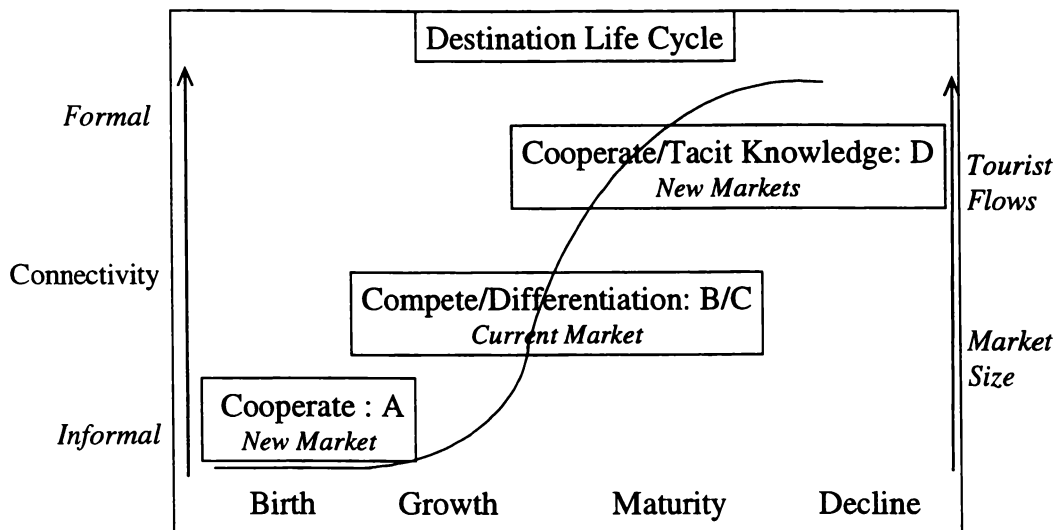
Table 7: Cooperation and Destination Life Cycles

	Complementors	Competitors
Compete	Distinguishing Competition Product/Market differentiation within location [B]	Competing Competition Land Caves Access to markets [C]
Cooperate	Facilitating Competition Reduced commission costs Reduced information search costs 'Mutual hostage' based upon product reliability [A]	Creation of Tacit Knowledge Training: WRST, SFRITO, NZOIA Education: NZQA Adventure Tourism: Codes of Practice Marketing synergies [D]

Table 7 demonstrates that in times of network emergence, substantial cooperation exists amongst suppliers, with market growth contingent upon informal collaborative actions to attain economies of scale. This is illustrated in phase A, with the new arrangements and sector interdependence facilitating cooperation. As the destination becomes more attractive, this market growth encourages copy-cat and complementing suppliers. Eventually this may lead to a situation of intense competition and product differentiation, as illustrated in phases B and C, with a withdrawal of informal cooperative exchanges. As destination maturity approaches,

various status groups become cohesively structured with more formal organisational contracts, leading to a shake-out of peripheral organisations. Finally, the remaining status groups become actively involved in structuring the network capabilities, which leads to the creation of tacit knowledge for those within the status group, as illustrated in phase D. These phases are illustrated in Figure XX1 as they pertain to the destination life cycle:

Figure XXI: Connectivity and the Destination Life Cycle



This Figure illustrates the role cooperation can play within destinations. It suggests that cooperation is less complicated in phase A (birth) and phase D (maturity) due to lower levels of competition. Under conditions of low barriers to entry in this industry, intense levels of competition limit the development of both subjective and performance based trust, which results in the withdrawal of informal cooperative exchanges. As demonstrated earlier, this lack of connectivity reduces the effectiveness of information exchanges, limiting the productivity of the destination network. By phase D, those organisations displaying absorptive capacity have

survived due to their ability to embed tacit knowledge within their organisational practices. Connections with similar organisations create status groups with institutional legitimacy. Their cooperative processes are protected by more formal arrangements due to the complexity of the operating systems. The durability of the destination system is dependent upon their relational absorptive capacity as a structuring activity in attaining strategic leverage.

Application of this framework suggests that the Waitomo Caves context is currently favouring more formalised organisational connections, rather than the informal processes earlier demonstrated. This places it within a competitive/maturity stage, whereby the product complementation and differentiation of phase B has been replaced by intra-organisational replication of products, creating a strongly competitive context. Concurrently, organisations with absorptive capacity are playing a lead role in the structuring process, and their 'piloting' relations with the institutional environment are forming strong capabilities of tacit knowledge, as illustrated in phase D. The emergence of coalitions is occurring, but as earlier noted, their impacts are yet to be appreciated.

Yet the Waitomo Caves context is unique and it demonstrates characteristics of overembeddedness. Its abundance of stakeholder influences have impeded innovative organisational action. Limited formal coordination exists which has enabled the assertion of existing conventions and routines to structure the environment through the social conditions. Thus, in a context with minimal institutional assistance and coordination, the structuring process occurs by proxy.

Nevertheless, a deeper examination offers opportunities for attaining destination leverage. Throughout the history of tourism in Waitomo there has been an embedded legitimacy. The specificity of the destination context has stockpiled a cumulative reputation over time. In constructing a distinctive tourism experience -

to see, to feel, to learn - this landscape has fulfilled its task of providing a visual social patterning beyond that found in everyday life. While early control and structuring of the destination by-passed the local community, every day actions were deeply embedded within the community for generations. This become the foundation of stability for this destination, creating a rich tapestry of connectivity which has enabled problem-solving and negotiation to occur within the social context.

The latter decades of the 20th century witnessed a transformation of consumerism. Growth in visitor numbers, increasing sophistication of demand, an awareness of environmental issues and stronger stakeholder assertiveness all made their claim within the Waitomo context. These conditions exposed the lack of knowledge accumulation within the organisational structures and systems, restricting the stockpile of specialised tacit knowledge, of operational complexity, and of experienced learning curves. Without these organising capabilities, the Glowworm Cave was ill-prepared to compete within the global marketplace.

The arrival of the adventure organisations and THL played a critical role in restructuring the destination context. The formation of organisational learning capacities demonstrated how appropriate resource allocation can accelerate experiential learning curves and create a tacitness of knowledge accumulation. Further, these organisations displayed a capacity to form collaborative learning relationships with others.

The flexibility and adaptability of this network form has the ability to build a tacitness of uniqueness and durability. The strength of the Waitomo context is the re-emergence of social community with their deeply in-grained specialist knowledge of resource guardianship, providing a stability and durability within this context. It is through this structural embeddedness that the common benefits of collective

action in the formation and maintenance of interdependent capabilities may be structured.

Thus, Waitomo is at a crossroads. As it returns to local democracy, will it develop a collectivity in building sustainable competitive advantage through its interdependent capabilities, or will its actors pursue an individual focus on attaining short term market share?

13.5 Policy Implications

The final comments in this thesis are policy recommendations, in moving from the specificity of the data to the public domain. The focus of this thesis has been on the supply of the tourism product and most particularly it has centred on the interactions and exchanges between the attraction operators. It has been argued that these images and symbols of representation stemming from these specialisations are the uniquely differentiating aspects of the tourism destination. While accommodation, food and transport form pivotal functions in the tourism phenomena, they are not the point of differentiation. Rather the recreating process is embedded in the uniquely satisfying experiences provided by the activity suppliers.

Nevertheless, government policy has tended to by-pass these smaller specialist structures, with support being centred on the provision of infrastructure, transport and hotels, often with large investment portfolios. This is particularly pertinent in the New Zealand context as tourism is now a major foreign exchange earner for the country. There is large scale economic dependence on tourism, with both urban and rural locations capitalising on the topology of the natural environment. Yet these contexts raise issues of exposure and risk, as consumers are placed unexpectedly in situations of minimal industry-based regulation and few certified operational

requirements.

Thus, in a national context involving risk, product fragmentation and low barriers to entry, there is no stable central organising structure to assist in attaining a coherency and consistency of product reliability and quality. Indeed, the mandate of the NZTB (now Tourism New Zealand) is for international exposure and marketing, and the industry-based TIA is noted for its absence from regional locations. At the local level, the District Councils and the Regional Tourism Organisations have little jurisdiction in implementing legislative recommendations, preoccupied by their own parochialism and undercapitalisation. Thus, limited connectivity is evident, not only amongst the various sectorial layers within the tourism system, but also between these layers and the institutional context. This creates a negotiated order which promotes existing establishments, with the structuring process shaped by those already attached to the institutional environment. Coherent connectivity is not reaching these smaller specialist players who particularly need assistance, support and informational access.

Recommendations for tourism policy include stronger assistance and support for coordination of the destination context at the local level, with closer and more transparent links for information transfers. The creation of destination macrocultures which clearly differentiate local contexts are interdependent on the development of specialised norms and conventions, formed embedded learning capabilities. This is dependent on interorganisational connectivity. Indeed, the data illustrated that collaboration and coordination was time consuming and required the negotiation of varying perspectives in order to realise common benefits. External 'pilots' of coordination processes assisted in attaining a negotiated social order through their neutrality of position. This function could be performed by the Regional Tourism Organisations, but with a significantly broader national policy-based mandate than their current guidelines.

Finally, the strong structuring process that occurred in Waitomo through the social structure raised for public dialogue the intensifying tensions between organisational economic imperatives and emergent stakeholder interests. Within New Zealand's current deregulated climate, issues of Maori sovereignty under the Treaty of Waitomo, raising awareness of environmental threats, and issues surrounding social engineering have assisted stakeholders in claiming stronger accountability of actions. This collectivity can facilitate the safeguarding of current conventions, retaining habit, and enabling obligations to the social community to be developed around common benefits. Yet these actions can also lead to conditions of inertia and over-embeddedness which limit the productive capacity of the network. Thus, as the organising mechanism within network arrangements returns decision making and control to the local context, the challenge is to negotiate a social order conditioned by both safeguards and adaptability: a structural balance.

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Appendix A: Three Caves are Gold Mine

(New Zealand Herald, 1965)



£600 Wisely Invested

N.Z. Herald, Monday, June 7, 1965

THREE CAVES ARE GOLD MINE

It was an unusually enlightened Government that nearly 60 years ago paid £600 to the Maoris for limestone caves "for protection and development as a national tourist attraction."

Now on holidays about 1500 of the grotto. Not a word is: cake stalactites and stalagmites are protected by wire-meshing. Other blackened formations show the effects of years of curious pawing.

There are three caves—the Waitomo and glow-worm grotto, the Miskaki and the Aranui. If time is limited the Waitomo will give a glimpse of limestone formations, glow-worms and river-eroded tunnels.

A Little Delay

On a busy day the cave is Newmarket at rush hour. Long queues wait to be ushered in 20 at a time. There is congestion at passage intersections. Parties stand first on one ledge, then on the other, waiting for the drop in front to move on. Sometimes there is further delay because one of the two boats is out of action perhaps because it has sprung a leak from the bucket of an extra heavy cargo of tourists and camera equipment.

Golden wren passengers to keep their fingers inside the boat for reasons varying from possible crushing to glass cuts.

"There should be no unnecessary swimming, but," they may add, "if you do feel like drowning, please drown quietly."

Like the Styx ferry the passengers deep into the darkness

After all the tales of how sensitive glow-worms are to noise it is disappointing to see not the slightest dimming of their lamps on the guide's voice boom when he points out the entrance where the first explorers entered.

The other caves? Well, for those still energetic who feel they have not seen enough formations, the next is Ruakari.

A former Maori burial ground, the cave has been converted to an attraction. There is a long entrance hall, a Barry Lime-type "ghost path," the eerie dust and rubble of the underwater waterfall and the thrill of perhaps careering down flights of slippery stairs on your seat.

The final and most beautiful cave is the Aranui at the summit of a long, steep path.

The entrance is a crevice in a sheer rock face barred and padlocked like a prison. "Boy, what a perfect spot for George Wither," pants one visitor.

This is a cave for the romantic, the dreamer, the imaginative and the "one-ers and 'nash'-ers."

The formations are pretty illuminated so that with imagination during a rather quiet, King Henry VIII and chorale can be seen. The best of the wedding-

"They could be cleaned," say the guides, "but the caves would have to be closed while the chemical fumes cleared. With all of you paying your five bobs, can you imagine the Government agreeing to do it?"

From the far-off days when Maoris charged an entrance fee of one centile, the owners of the caves must surely have blessed nature for supplying them with these effortless money-makers.

WAITOMO TOURIST CAVES - Visitor Statistics – 1986 - 1998

	All Caves	% Increase	Glowworm	% Increase	GW Coach	% Increase	GW Casual	% Increase	Aranui	% Increase
1986	268009		236405		125777		110628		13571	
1987	280011	4.48%	249887	5.70%	134614	7.03%	115273	4.20%	13667	0.71%
1988	278094	-0.68%	262291	4.96%	147141	9.31%	115150	-0.11%	7164	-47.58%
1989	244331	-12.14%	239323	-8.76%	128529	-12.65%	110794	-3.78%	5009	-30.08%
1990	276623	13.22%	256237	7.07%	139536	8.56%	116701	5.33%	20386	306.99%
1991	275913	-0.26%	256615	0.15%	144223	3.36%	112390	-3.69%	19298	-5.34%
1992	302291	9.56%	277349	8.08%	169551	17.56%	107798	-4.09%	24942	29.25%
1993	355290	17.53%	330209	19.06%	210563	24.19%	117646	9.14%	25081	0.56%
1994	416536	17.24%	391666	18.61%	269185	27.84%	119281	1.39%	24870	-0.84%
1995	436978	4.91%	412538	5.33%	297420	10.49%	115118	-3.49%	24440	-1.73%
1996	439479	0.57%	415801	0.79%	301625	1.41%	114176	-0.82%	23678	-3.12%
1997	401453	-8.65%	378884	-8.88%	272219	-9.75%	106665	-6.58%	22569	-4.68%
1998	315,000	-21.54%	295,000	-22.14%	196,500	-27.82%	98,000	-8.12%	21,500	-4.74%

Please note that the % of coach visitors to total visitors going through the Glowworm Cave over the past few years is about 72%. A high proportion of decrease in numbers in 1997 is due to changes in the Asian economy – in particular the Koreans. The Koreans stopped coming to the cave on 16th December 1997. Korean numbers went from approximately 2,000 tourists per week to 0. Koreans were 27% of coach totals in May 1997, 32% of coaches in July 1997. The Korean market comprised a third of coaches in winter 1997 and 20% in summer 1997. At present (winter 1999) the Korean coach numbers are slowly creeping up sitting now at about 5%.

WAITOMO TOURISM - Visitor Statistics

	Ruakuri	Aranui	Glowworm	Total	%increase
1956	16426	21439	44285	82150	
1957					
1958	17856	22497	49158	89520	
1959	14646	19477	43129	77252	-13.70%
1960	19321	20871	48912	89104	15.34%
1961	20461	23052	54321	97834	9.80%
1962					
1963					
1964				102279	
1965				109853	5.45%
1966				116229	5.80%
1967				121395	4.44%
1968	14074	17450	90310	121834	0.36%
1969	12792	17242	99234	129268	6.10%
1970	11871	15189	111438	138498	7.14%

	Ruakuri	Aranui	Glowworm	Total	%increase
1971	13726	15380	138807	167913	21.24%
1972	13626	15132	150982	179740	7.04%
1973	16671	18596	175649	210916	17.35%
1974	16985	18075	188813	223873	6.14%
1975	14563	16586	192480	223629	-0.11%
1976	14721	14548	206791	236060	5.56%
1977	15252	12350	197402	225004	-4.68%
1978	15906	15714	197501	229298	1.91%
1979	34399	11986	154307	188706	-17.70%
1980	13550	10308	183673	207531	9.98%
1981	15966	12859	181055	209880	1.13%
1982	19345	16950	189889	226184	7.77%
1983	18065	13896	192647	224608	-0.70%
1984	17462	14508	224022	255992	13.97%
1985	16626	13435	234813	264874	3.47%

Total Caves Statistics Only: 1900-1955

1900	325	1917	4468	1930	12200	1943	6500
1905	296	1918	4612	1931	8500	1944	
1906	572	1919	7721	1932	7800	1945	13500
1907	1227	1920	7600	1933	10000	1946	
1908	1245	1921	6178	1934	16000	1947	20159
1909		1922	5548	1935		1948	31800
1910		1923	7400	1936	19000	1949	56398
1911		1924	8163	1937	23000	1950	64802
1912		1925	10548	1938	24000	1951	
1913		1926	13331	1939	15370	1952	
1914		1927	13155	1940	9280	1953	
1915	4483	1928	15000	1941	5472	1954	
1916		1929	13800	1942		1955	80000

Appendix C: Chelsea Clinton in Waitomo

(New Zealand Herald, 14 September, 1999)

Blackwater backwater for VIP daughters

By SCOTT MacLEOD

WAITOMO — The Clinton and Shipley daughters were secretly flown to tiny Waitomo for a spot of adventure caving yesterday as their more famous parents talked in Auckland during Apec.

But the secrecy was compromised when two Iroquois helicopters rattled the early-morning teacups of residents of the King Country town.

Chelsea Clinton, Anna Shipley — the daughters of United States President Bill Clinton and New Zealand Prime Minister Jenny Shipley — and a posse of security officials landed at the local sports ground and were whisked to the Black Water Rafting company to don wetsuits.

The party of seven spent more than three hours on a 35m abseil, an underground flying fox and a wet inner-tube journey through labyrinthine limestone caves.

But the media were hot on the trail, and there was a series of brilliant decoy moves by security officers which kept the frustrated photographers one step behind until their quarry flew out at 3 pm.

Chelsea left an entry in the caving log book. It read: "Thank you for a terrifically adventurous, and wild time. Chelsea Clinton."

Above it was Anna's comment: "Nothing like a few crazy Americans to provide some motivation! I won't forget that abseil in a hurry!"

Caving guide Angus Stubbs said he wasn't told of the visit



GOING DOWN: Three hours of blackwater fun proved a "wild time" for Chelsea Clinton yesterday.

until 8.30 am. The company was informed the previous night.

"They were great, exactly the same as any other touring group," he said. "Even the bodyguards were pretty laid back about being thrown off walls and cliffs."

It was the first time Chelsea had been caving. There was "lots of screaming and hooting and carry-on" when the visitors used the flying fox.

Police said Chelsea was becoming annoyed by the intense security and media interest surrounding her visit. She had just one security guard in the US.

The visit sparked concern among police when the young VIP's helicopter didn't arrive on time. "I thought I'd lost the President's daughter," said one officer.

But the helicopter had taken a detour to Hamilton for more fuel.

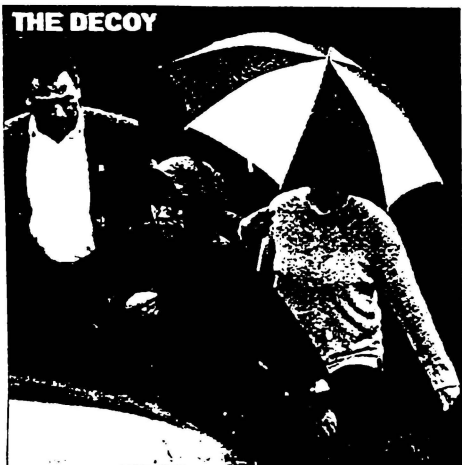
Chelsea's holed up in Waitomo

First Daughter **Chelsea Clinton** went walkabout in the Waikato yesterday. But trying to track her down was tough. At Waitomo Caves she was protected by a wall of men in mufti.

They even sent a decoy out the front door while she did a Princess Diana, leaving through the back. **Rachel Solotti** joined the paparazzi...



TIGHT SECURITY: The Iroquois wait for Chelsea. **PICTURE:** Stephen Barker



THE DECOY
STAND-INS: US and New Zealand security officers whisk two decoys out to waiting cars. **PICTURE:** Stephen Barker

First Daughter goes underground

Chelsea Clinton went adventure caving in the Waikato yesterday - with a bodyguard and two New Zealand police officers for protection.

While her father US President Bill Clinton was discussing trade with other world leaders at the Apec conference which finished in Auckland yesterday, the 19-year-old spent five hours abseiling, tubing and caving at the Waitomo Caves. She was in a party of seven, including Prime Minister Jenny Shipley's daughter, Anna.

Two Iroquois helicopters flew the young women into Waitomo, 75km southwest of Hamilton, landing on local rugby fields.

A contingent of New Zealand police officers and US security officers, wearing mufti clothes, waited at the Black Water Rafting Cafe. Their job was to put media off the trail of the pair. No comment was a

common reply to media questions.

Later, they also whisked Anna and Chelsea out the back of the cafe, sending two decoys out the front of the cafe to be photographed by waiting media.

Adventure guide Angus Stubbs was told he would be escorting Chelsea and Anna at 8.30am yesterday. It was the first time the pair had tried adventure caving.

"They loved it and they were very good at it. They were surprisingly adventurous and athletic," he said.

"For a start it's a bit scary when you turn up to work to find you're with a celeb. It crosses your mind that if anything goes wrong... but all safety procedures swing into action. She was just like a normal tourist."

Chelsea was expected to head to Queenstown with her father today.



THE REAL THING
DARING ADVENTURE: Anna Shipley, left, and Chelsea Clinton, right, in their caving gear. **PICTURE:** Fotopres