

## **Chapter 6**

# **FORMULATING A TOURISM MANAGEMENT FRAMEWORK**

### **6.1 MANAGEMENT CONTEXT**

In this chapter a framework is suggested as a model and bird's eye view to guide the formulation of an integrated tourism management framework. The findings of the literature study and surveys are used to initiate the development of possible indicators or thresholds of likely concerns to measure tourism performance and changes on the socio-economic environment. Aspects such as a management philosophy, grading of the tourism facility, human resource planning, financial management, business planning and marketing are discussed as essential elements of a tourism management framework. The expected outcome is a generic framework that will evolve in time through adaptive management into a fully integrated tourism management framework.

### **6.2 PREPARATION OF A MANAGEMENT FRAMEWORK**

#### **6.2.1 The Process**

A management plan is a strategic policy document that outlines how Sikkim or any other destination should be managed. It is a dynamic technical document that has to be improved at regular intervals as environment changes. Planning in general should not be done in isolation by an individual (expert) but should rather involve internal as well as external stakeholders.

Cohen & Eimicke defines a strategy as “the basic pattern of current and planned resource deployments and environmental interaction that indicates how an organization will achieve its objectives” (Online Correspondence). According to the researcher, strategy formulation involves the following steps:

- Defining objectives – what are the desired outcomes?

- Identifying potential activities – what means can be devised to accomplish the objectives?
- Describing actual and potential organizational capabilities – what activities can be implemented by the organization?
- Projecting the expected results of specific activities – to what degree will these activities result in the accomplishment of specific objectives?
- Assessing the change of specific activities – to what degree did these activities result in the accomplishment of specific objectives? and
- Correcting midcourse – what changes are needed in activities, resource allocations or objectives?

In its simplistic understanding a management plan involves the following activities:

- Defining tasks and responsibilities;
- Setting time lines for achieving goals;
- Benchmarking (indicators) against which progress can be measured; and
- Determining resource needs.

A business plan will focus on the classification of resource needs and is intended to give a clear picture of the following:

- Financial needs that must be met in order to implement the proposed management framework, and
- Potential revenue sources to help meet the needs.

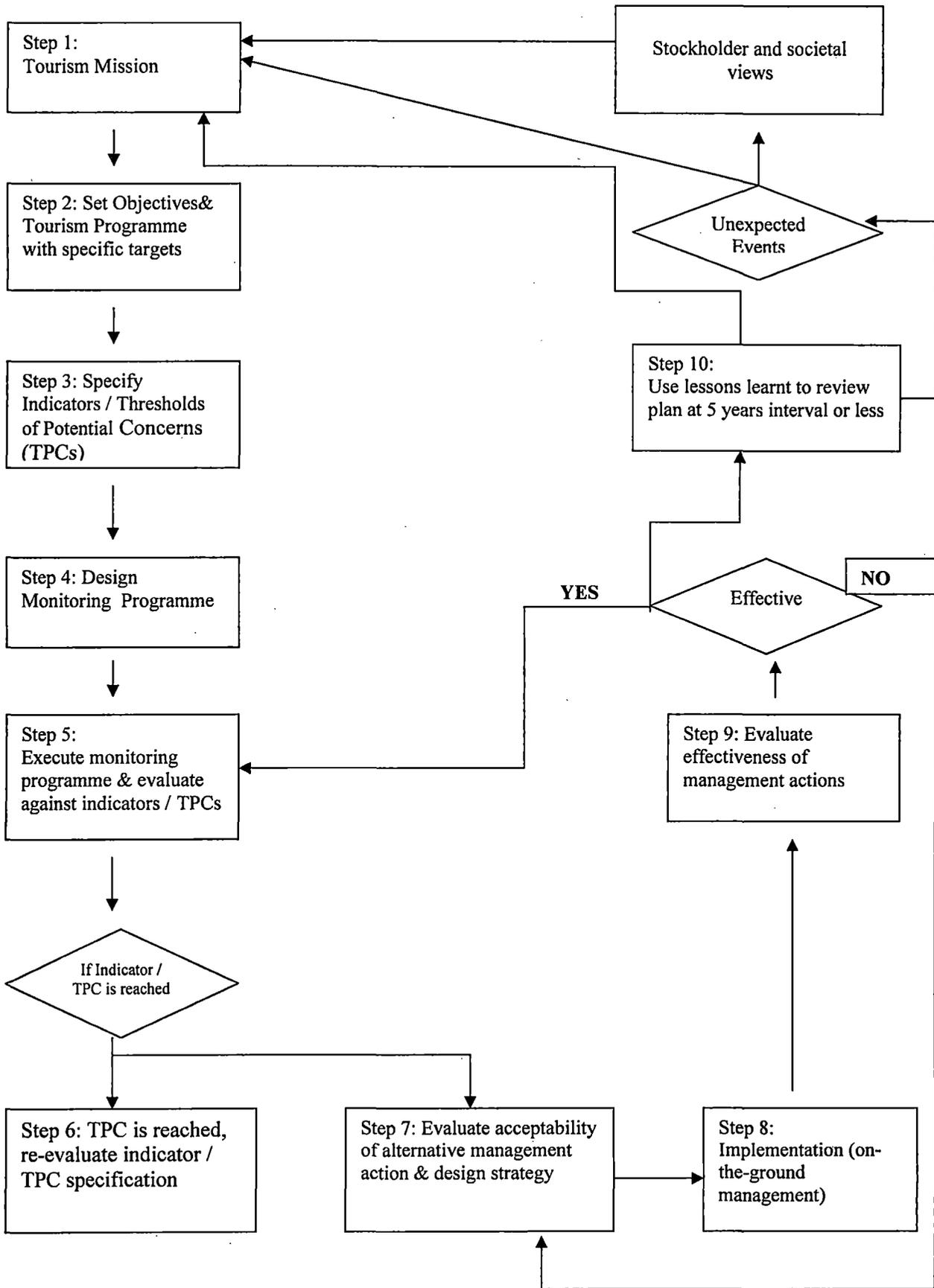
A full discussion of the business plan is beyond the scope of this research project, although aspects of it will be discussed at the end of this section.

The proposed Sikkim Tourism Management Framework should ultimately become a strategy based on the above steps to achieve an all round development of the local communities and also keep the priorities of tourist in mind.

### **6.3 MANAGEMENT PARADIGM**

The adaptive management paradigm is based on the premise that tourism operates in fast changing (internal and external) environments. Such environments are complex, unpredictable and operate on rarely complete information or certainties. The ability of a tourism establishment to adapt swiftly to sudden changes and customer needs constitutes its strength or resilience and facilitates survival in turbulent market conditions. Strong goal-setting and establishment of indicators or thresholds of likely concerns to manage performance are the keys to survival of a tourism business. The management plan should have monitoring and evaluation plans to assess progress, derive lessons and iterate (use results to adapt and learn). Adaptive management is fundamentally a framework of systematic analysis and learning.

Diagram 13  
**ADAPTIVE TOURISM MANAGEMENT PROCESS**



## **6.4 ADAPTIVE TOURISM MANAGEMENT PROCESS**

### **6.4.1 STEP 1 (TOURISM MISSION)**

“To develop, manage and enhance a range of sustainable tourism products, in synergy with the Government of Sikkim environment conservation policy. This will be done by satisfying evolving market needs, through predictable service excellence, high quality standards and infrastructure. Sound business principles will be used to generate revenue from the tourism initiative to support the government policy”.

### **6.4.2 STEP 2 (SET OBJECTIVES AND TOURISM PROGRAM WITH SPECIFIC TARGETS)**

#### **Main Objectives**

1. Develop an integrated socio-economic plan to act as a basis for development of tourism. This plan must embrace social values, be compliant with all reasonable biodiversity conservation needs, embrace principles of distribution of wealth and be financially viable and contain practical tools and indicators.
2. Investigate and enhance all underlying enabling factors that promote the success of tourism.
3. Study, analyse and respond to current and future market needs in the alternate tourism sector and develop an appropriate range of products in accordance with the integrated socio-economic plan.
4. Implement a service-delivery program for tourism products and services within a total quality management (TQM) framework. This should be achieved through the provisioning of a continuum of products/services along the full chain of tourist access, travel, entry, accommodation, interpretation, wilderness qualities, effective marketing and appreciation of community cultures.

5. Generate sufficient revenue to allow funding of conservation initiatives, maintenance of infrastructure and contribution to community programs, and
6. Create mechanisms to establish a sense of partnership between all the stakeholders in a manner that contributes to social upliftment, good neighbourliness and advancement of socio-economic goals.

### **6.4.3 STEP 3 (SPECIFY INDICATORS)**

#### **Grading by the Tourism Department**

The first step towards establishing measurable standards for the Sikkim's tourism and hospitality facilities should commence with a formal grading exercise by the Tourism Department of Sikkim. The Tourism Department lays down minimum standards and criteria for allocating star ratings for serviced accommodation (hotels, lodges, guesthouses and other establishments) and camping facilities. The Sikkim facilities and service would fall within both categories (serviced accommodation and camping facilities). The wildlife product would be excluded from this grading exercise.

Minimum general standards for serviced accommodation establishments and restaurants include the following:

- Maintenance of a high degree of general safety and security;
- A high standard of cleanliness and comfort fit for the purpose intended;
- Compliance with relevant statutory requirements such as business license, registration, public liability insurance, health and safety certificates, safe buildings, etc.;
- Offering high standards of courtesy to tourists and dealing with complaints promptly; and
- Friendly and efficient service, marketing, reservations and pricing approach appropriate to the style of the establishment

## **6.5 PRESSURE ON SERVICES AND FACILITIES**

### **6.5.1 Infrastructure maintenance**

The existing facilities were developed over a period of approximately 10 -15 years and are not necessarily compatible with modern design, safety and maintenance standards. They may be having an unacceptable environmental change and/or are inadequate to satisfy existing or projected tourism demand and use patterns. A major review of existing facilities is required and clearer priorities for maintenance and upgrading of facilities or removal need to be developed to ensure that capacity building can be met in a management environment of limited resources.

In this proposed management plan Sikkim should undertake a systematic review of all tourism and recreational facilities in the State to determine their environmental change, maintenance requirements and costs, any hazards to public safety and the current and projected demand for those facilities. The review will be used in the management plan that will be finally submitted to the Chief Ministry, Ministry of Tourism, Ministry of Urban Development, Ministry of Industries etc to develop priorities for maintenance or upgrading and the basis for allocation of the capital and maintenance budgets.

Closely related to the issue of pressure on facilities and services is the problem associated with the lack of programs to monitor tourist use. If management is not aware of what tourists are doing in different parts of the State and also what the impact on such activities is, it will be difficult to anticipate challenges and mitigate their impact on facilities and experiences.

### **6.5.2 Tourist-use Monitoring Programmes**

Tourist-use monitoring programmes are a necessity in any tourism-oriented economy. They are essentially established and maintained, in cooperation with relevant interest groups, with the following objectives to:

- Determine the pattern of recreation use including locations, types of use, number of tourists and seasonal distribution of use;

- Identify tourist needs;
- Identify and, where possible, quantify tourist impacts on the State's natural and cultural features; and
- Provide a more objective basis for future management of tourism and recreation in the State.

The Government of Sikkim should progressively research, implement and promote similar tourist use monitoring programs but customized for its own tourist health and safety through:

- Regular inspection and assessment of tourist facilities;
- Identification and adoption of appropriate tourist facility standards;
- Incident analysis and assessment of groups at risk; and
- Targeting of tourist safety information programmes to groups at risk.

There are no known examples of tourist-use management programmes in Sikkim, except for rules regulating tourist behaviour in certain destination in the form of billboard display.

**6.5.3 Confines of Tolerable Change (CTC):** the process of identifying appropriate and acceptable resource and social conditions and the actions needed to protect or achieve those desired conditions. It involves the following nine action steps:

- Identify areas of concerns and issues;
- Define and describe opportunity classes
- Select indicators of resources and social conditions;
- Draw an inventory of existing resources and social conditions;
- Specify standards for resource and social indicators for each opportunity class;
- Identify alternative opportunity-class allocations;
- Identify management actions for each alternative;
- Evaluate and select preferred alternatives; and
- Implement actions and monitor conditions (Eagles et al., 2002).

**6.5.4 Tourist Change Management (TIM):** A process that addresses three basic issues relating to change: problem conditions, potential causal factors and potential management strategies. It was developed by the researcher for the State of Sikkim. It involves the following eight action steps:

- Conduct pre-assessment database review;
- Review management objectives;
- Select key indicators;
- Select standards for key change indicators;
- Compare standards and existing conditions;
- Identify probable causes of changes;
- Identify management strategies; and
- Implement

There are both advantages and disadvantages for the above tourist-use management programs and their application in Sikkim. It will also depend on the availability of resources to scientifically carry out such programmes. Sikkim's roads network constitutes an important attribute and provides access from outside and within Sikkim. This aspect also warrants some guidelines when a tourism management framework is developed.

#### **6.5.5 Carrying Capacity of Roads**

Roads within the State will be maintained at a standard consistent with their relative high-volume use and their relative importance in providing access to State features of significant tourism and recreation value. The following actions are needed:

- Review the use of public roads in the State by heavy vehicles such as busses and trucks, because of their impact on the roads' surface and the increase of traffic within the State;
- Regular review of public roads to ensure that they are managed within acceptable environmental and financial limits, that user conflicts are minimized and appropriate levels of public safety are provided;

- Close public roads which are no longer required or which cannot be maintained within acceptable environmental and financial limits, after consultation with relevant interest groups; and
- Consultation with the Traffic Departments, local government and tourism organizations leading to the dissemination of appropriate information to State tourists on public access roads and warning signs to be erected where necessary to promote tourist safety (e.g. the road closure due to excessive snow fall to avoid any inconvenience to tourists).

In the final management framework a detailed schedule of the assessed tourism and recreation needs should be included to address the above concerns strategically. Once all the elements of the State's tourism and recreational values are understood and defined, it is possible to draw a list of standards as part of the tourism management framework. The success of any management plan depends on the availability of a suitable and capable human capital.

## **6.6 HUMAN RESOURCE PLANNING**

Human resources are considered the most valuable asset for any organization or company today. An organisation's edge is no longer found in its products only but in its people's well being. The State needs a human resource (HR) plan that will generate motivation, performance and good customer relations. Several aspects of an HR plan should be given priority.

### **6.6.1 Aims of a Human Resource Plan**

These include:

- Integrating HR needs into the tourism management plan;
- Making front-line staff (e.g. receptionists, retail business persons, local communities, guides and educational officers in tourist centres) a visible public expression of the management philosophy of the State;

- Inculcating a positive relationship between tourists and the local communities;
- Recruiting and employing competent staff that will be better placed to protect the environment, involve local communities and share a positive conservation message with tourists.

To achieve the above aims, a thorough understanding of staff's abilities to deliver on the job is achieved through a job analysis.

### 6.6.2 Job Analysis

A job analysis exercise should be conducted on all tourism-related positions and a specific and detailed job description attached to each job. Job analysis is a systematic process of determining the nature or content of a work assignment through collection of relevant information.

**Table 6.1: Job Analysis Process**

| Planning and Staffing             | Employee Development                        | Employee Maintenance                                  |
|-----------------------------------|---|---|
| Current and future staffing needs | Inform employee about performance standards | Determine compensation                                |
| Recruiting information            | Training                                    | Health and safety                                     |
| Selection criteria                | Performance appraisal                       | Labour relations to bargain over job responsibilities |
| Performance results               | Career planning                             | Promotion opportunities                               |

Some aspects of the job analysis process are explained below:

- At the beginning of a tourism assignment employees/people should be orientated on work expectations and performance standards to dispel false expectations and avoid later disenchantment.

- Training seminars will help to enhance an employee's performance in specialized areas such as customer service or equipment handling.
- Employees often seek advancement through promotions, thus by clearly communicating job specifications and desirable work outcomes for each job they will be in a better position to measure their own success and growth.
- A job analysis process can provide the criteria for the content and qualifications required for each job on which decisions for compensation can be based:
  - It can safeguard equity by standardizing pay structures;
  - It can be used to identify potential job hazards such as exposure or vulnerability to wildlife contact and help management to minimize risk
- With a job analysis discussions with labour unions can be facilitated in times of bargaining for improvement of working conditions (McKenzie & Mathew, 1998 page no. 21).

Once the job analysis process is over, the needs for training and development become apparent and enables management to plan for human resources development.

### **6.6.3 Human Resource Development**

Training and development is a vital investment in peoples and should be strategically planned and focused on the development of employee's fundamental competencies to perform their jobs to the highest standards. It is recommended that training be provided to tourism staff in the following areas:

- Customer service;
- Tourist and community relations;
- Financial planning and business skills;
- Environmental education and interpretation;
- Conflict resolution skills;
- Ecological research and monitoring;
- Public relations and communication; and

- The conservation ethic of the government.

Equally important to human resource development is the encouragement of team effort among employees.

#### **6.6.4 Organizational Development**

Organizational development is concerned with an improvement of the energy generated when employees working together. Such programmes contribute to improving the quality of life at work, team building and loyalty. It helps employees to be able to deal with difficult tourists to the Park.

- Career development is focused on helping individual employees to prepare for future upward mobility (promotion) in the organization.
- The benefits for preparing employees include job satisfaction, motivation and a desire to contribute and perform with direction and purpose (Roth et al., 1991).

To achieve this, the Government of Sikkim will have to enter into partnerships with NGOs higher education and training institutions to design certification programs, educational diplomas or degrees, and apprenticeships for continuing professional development.

With all the necessary skills and capabilities available, it becomes possible for managers to assess the performance of their staff and their organization.

#### **6.6.5 Performance Evaluation**

Performance evaluation will enable management to communicate to staff and the local communities how well they are doing and, if necessary, provide reasons why changes should be made:

- Information will be gained through a continuous collection, analysis and evaluation of data on individual employees and the people;

- An effective evaluation system will determine if human resource management is helping to achieve the conservation tourism objectives of the Government; and
- Performance evaluation tied to compensation levels is one way to encourage performance of employees and the people.

Once the HR and other component plans are in place, it becomes imperative to match the plans to available financial resources. It was elucidated earlier in the study that the financial viability of Sikkim tourism is circumstantial.

## **6.7 FINANCIAL MANAGEMENT**

Financing mechanisms for tourism rely on a market-based approach of valuating and marketing goods and services (Visser & Erasmus, 2002). This approach is an innovative departure from heavy reliance on ever diminishing state subsidy grants. However, it should be viewed as a complementary alternative to government appropriations and not a substitute (Harvard Business Essentials, 2002). An integrated tourism management plan should have a sound financial plan as its strategic component. The financial plan should have components that will support tourism management.

### **6.7.1 Management of Revenue Sources (cash management)**

The management of all relevant processes and procedures applicable to revenue collection is imperative to achieve the following benefits for Sikkim:

- Improved revenue flow (cash flow);
- Improved cash management and more accurate cash-forecasting ability;
- Greater interest earning on investments;
- Greater budgetary control and the ability to complete projects timely;
- Improved credit worthiness and reduction in borrowing costs; and
- Cash-in exceeding cash-out (Harvard Business Essentials, 2002).

## 6.7.2 Budgeting

The budgeting process can be incremental, programme-based or zero-based and it must remain an instrument by which expenditures are linked to revenue and park objectives. The budget should reflect the following needs:

- Policy objectives;
- Financial implications associated with the objectives;
- Realistic estimates that allow orderly financial management of activities;
- Performance plans; and
- Intended outcomes.

The budget should have the following components:

- Operating budget:
  - Compiled for a short-term and normally for a period of one year. It deals with revenue and expenditure on daily activities;
  - Consists of operating costs (stock, human resources, technology, telephone, service supplies); and
  - Maintenance of existing infrastructure.
- Capital budget, providing for:
  - Replacement of assets;
  - Expansion of the organization;
  - Product diversification; and
  - Research into new technological advancements.

The next step is for managers and their staff to know how to manage financial resources in a manner that optimizes revenue-earning opportunities and prevents wasteful and fruitless expenditure.

### 6.7.3 Financial Management System

Establish a financial management system for entire Sikkim and specifically the tourism function:

- As a management information system;
- To provide managers and all staff with rationalized budget information;
- To meet all requirements for recording all accounting transactions;
- To provide an efficient financial control system so that possible areas of over-spending and under-spending may be determined timely;
- To provide a basis for revenue and cost calculation;
- To provide any additional financial and statistical information;
- To establish standard procedures; and
- To allocate codes to spending objectives to the level of each respective functional unit so that each transaction can be processed according to the relevant responsibility to keep track of the flow of funds and overall expenditure versus the budget.

Linked to the Financial Management System are issues of asset and risk management as discussed below?

Other important financial management aspects

- Asset management – ensure proper control of assets and keeping of an asset register to be used as part of the & for the organization.
- Risk management – identify the potential for unwanted and negative consequences and the probability and severity of such adverse effects (e.g. what would happen to Sikkim if there would be a terrorist's attack on foreign tourists?).
- Financial and performance reporting – using the following performance indicators:
  - Effectiveness = doing the right things;
  - Efficiency = doing things the right way;
  - Economy = doing things cheap;
  - equity = doing right (as being fair)

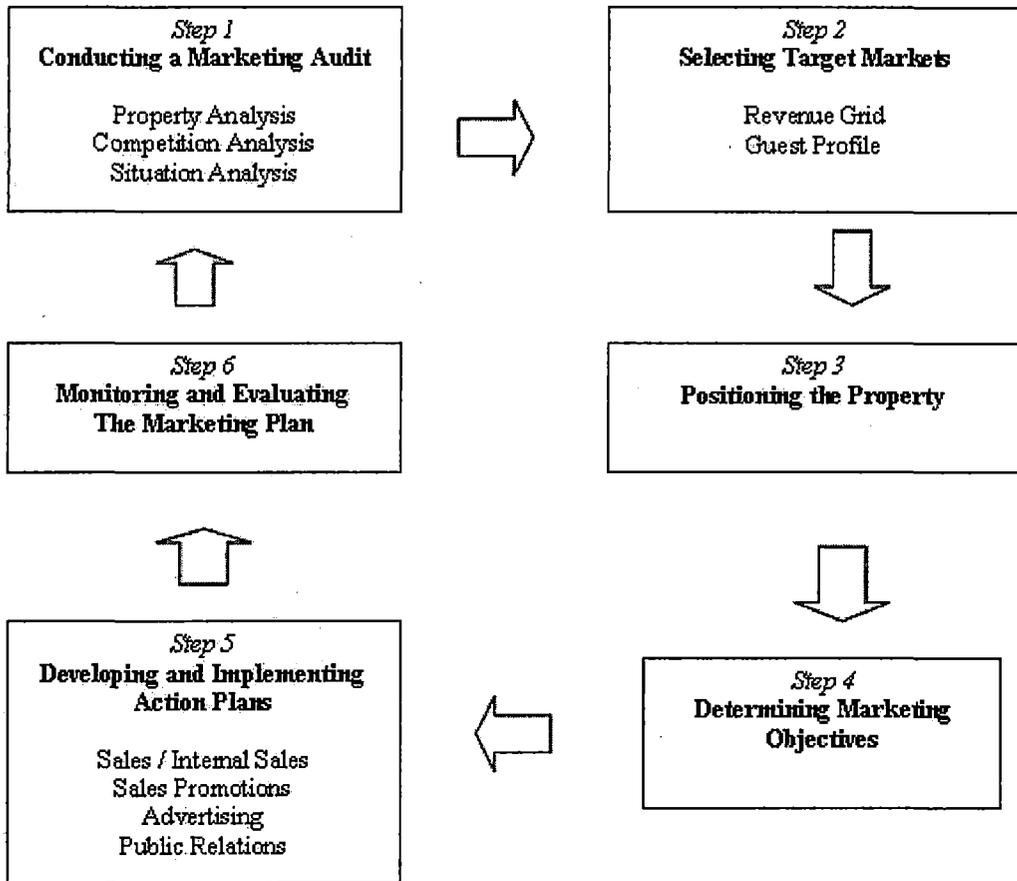
Unfortunately, many of the current tourism business owners have no financial management training to contribute effectively in managing the State's financial resources and budget programs. It is imperative for these members of businesses to receive on-the-job training on financial management.

## **6.8    MARKETING PLAN**

Both marketing and sales are necessary if a business hopes to effectively compete in today's globalized marketplace. Marketing is the foundation upon which sales are done. Marketing seeks out demand, identifies products and services that will satisfy demands, and then employs strategic sales and advertising techniques to reach customers.

Diagram 10 presents the basic steps that should be followed in the development of a marketing plan for Sikkim.

## MARKETING PLAN CYCLE



**Diagram 14 - Marketing Plan for Sikkim**

The plan should help to achieve the following objectives:

- Instituting a highly focused national and international marketing initiative for Sikkim as a holiday destination to increase market share;
- Segmentation of the market with specific market segments profiled to match specific guest facilities and activities;
- Development of the Sikkim brand and brand image as a focused component of marketing activities;
- Development of relationships with the travel trade through data base, internet marketing, trade visits and trade shows;

- Enhancing and expanding relationships with the media whereby a proactive interaction is developed; and
- Initiating a suitable and sustainable advertising campaign supported by editorial exposure to increase market awareness, and organizational image.

A well-constructed marketing plan is a blueprint for guiding the sales effort. These self-explanatory six steps, once they have been transformed into an integrated marketing framework, will provide an effective sequence that minimizes wasteful efforts and ensures a systematic approach for increasing sales and market share. The full development of an integrated marketing framework falls outside the scope of this study. After developing most of the components of the tourism plan, it is important to formulate indicators or criteria that will be used in the monitoring and evaluation phase of the management framework.

## **6.9 MONITORING AND EVALUATION PLAN**

### **Why monitoring and evaluation?**

In Chapter 1, the need for developing a monitoring and evaluation tool or plan for a tourism area was alluded to. The researcher has developed a framework that can be adapted to suit the objectives and prevalent conditions in Sikkim. It is imperative to develop clear criteria for assessments, trends, outcomes and outputs. Monitoring is a systematic and periodic measurement of key indicators of economic and social conditions. Systematic development implies that there should be an explicit plan with set indicators and predetermined stages of monitoring. Monitoring requires ample funding, trained personnel, access to data and sufficient time to implement the monitoring program. The monitoring of tourism in the Sikkim should be on:

- **Monitoring Tourist Changes:** Tourists to Sikkim bring both economic and social changes. Measurable indicators must be developed to allow periodic assessments of such changes and to determine corrective action; and
- **Monitoring Service Quality:** This will involve collecting, analyzing and evaluating information about the fulfillment of tourist needs and expectations.

## **Who Should Monitor?**

The government should issue instruction appropriately to business owners to perform audits, but the help of the following people can also be enlisted:

- Non governmental organisations;
- The local community;
- Tourists;
- Tour operators; and
- Researchers from institutions of higher learning or research bodies.

## **6.9.1 Steps to Develop and Implement a Monitoring Plan**

### **6.9.1.1 Planning For Monitoring**

- Form a steering committee; and
- Hold a meeting with role-players and agree on terms of reference.

### **6.9.1.2 Developing a Monitoring Plan**

- Identify changes and indicators to be monitored;
- Select methods of measurement;
- Identify limits of acceptable change; and
- Develop an operational monitoring plan.

### **6.9.1.3 Conducting Monitoring and Applying Results**

- Train staff, managers and other role-players;
- Carry out monitoring and examine data; and
- Present monitoring results.

#### **6.9.1.4 Evaluation**

- Evaluate the effectiveness, reliability and validity of the monitoring program; and
- Reiterate results and apply lessons learned to improve the situation to achieve desirable results.

#### **6.9.1.5 Monitoring Instruments**

The researcher recommends the following instruments to monitor service quality:

- Interviews and personal visits to guests;
- Comment book;
- Suggestion box;
- Mystery customers;
- Unannounced visits by management; and
- Tourist questionnaire.

Measuring i.e. monitoring economic and social changes will take time to accomplish but the researcher suggests an evaluation technique based on the identified tourism and the change on the destination. The instrument will need to be standardized until it can lead to repeatable results from which reliable evaluation conclusions can be drawn. A lot of piloting and statistical adjustments would have to take place before this instrument can be adopted.

An example of a single item is included below

| ATTRIBUTES            | CRITERIA FOR ASSESSMENT                                  | EVALUATION |           |              |      |           | MONITORING          |                    |                        |                         |            |
|-----------------------|--|------------|-----------|--------------|------|-----------|---------------------|--------------------|------------------------|-------------------------|------------|
|                       |  | Excellent  | Very Good | Satisfactory | Poor | Very Poor | Improving Generally | Improving Slightly | No Visible \Net Change | Declining in some Areas | Widespread |
| Natural Scenery       | Undisturbed, No human structures                         |            |           |              |      |           |                     |                    |                        |                         |            |
| Wildlife              | Presence of various species of animal & plants           |            |           |              |      |           |                     |                    |                        |                         |            |
| Wilderness Quality    | Atmosphere of peace & tranquility                        |            |           |              |      |           |                     |                    |                        |                         |            |
| Water Quality         | Unpolluted rivers & streams                              |            |           |              |      |           |                     |                    |                        |                         |            |
| Status of air quality | Unpolluted air   |            |           |              |      |           |                     |                    |                        |                         |            |
| Natural noise levels  | No artificial noise                                      |            |           |              |      |           |                     |                    |                        |                         |            |
| Overcrowding          | Level of noise in shopping area                          |            |           |              |      |           |                     |                    |                        |                         |            |
| Buildings             | Appearance of building blends with environment           |            |           |              |      |           |                     |                    |                        |                         |            |
| Cultural              | Souvenirs or common items sold at tourists shop          |            |           |              |      |           |                     |                    |                        |                         |            |
| Communication         | Knowledge of standard national & international language. |            |           |              |      |           |                     |                    |                        |                         |            |

**Table 6.2 Monitoring Instruments**

Each of the attributes can be rated on a 1-5 Likert Scale to assess its condition. The rated score can be balanced by marking with “✓” the trend of each criteria assessed. Where appropriate qualitative remarks can be added to substantiate or add perspective on the indicators that are being measured. To improve monitoring and evaluation tools continuous research must be encouraged in the field of tourism management.

#### **6.9.1.6 TOURISM RESEARCH**

The need for continuous research in the field of tourism was identified as one of the attributes that can add value to tourism and recreation. The primary function of research is to assist in the understanding of the State’s natural and cultural resources and use and to provide information that will contribute to socio – economic changes. There is an urgent need to conduct more surveys and research on aspects such as market segmentation, tourist profiles, seasonality, customer satisfaction, service quality, tourist needs, tourism changes on biodiversity and Sikkim’s resources, infrastructure and suitability of facilities, opportunities for additional tourism and recreational experiences, levels of community participation and many other areas of the subject. Such research should provide an adequate basis for improved tourism management and effectiveness.