

“The Roles of Social bonds in the Australian Tourism Network”

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Keywords: social bonds, relationships, interactions, network, Australian tourism industry

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There is limited published research on the social bonds between employees in two organizations, this paper aims to examine 1) relationships in the Australian tourism industry, 2) the nature and role of social bonds and commercial friendships, 3) the nature and roles of the investments in economic and social resources, and 4) the nature of personal relationships in the tourism network. The perspective and attitudes of the tourism network participants become clear and their vested interests are highlighted. Network pictures are developed for the 5 key sectors of this industry. The adaptations of these sectors are also discussed. The nature and role of social bonds and commercial friendships is examined. The Leximancer program is used to qualitatively analyze interview transcripts. Findings show the centrality of relationships in this industry and the importance of social bonds to the travel agency sector. This study provides additional insight into the nature of social bonds in the development of successful business to business relationships. A discussion of antecedents and outcomes of social bonds will be further developed.

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1. Introduction

The Interactive Approach postulated by the IMP Group (Hakansson, 1982; Turnbull & Cunningham, 1981) proposes that both suppliers and manufacturers are often involved in close, long lasting adaptive relationships. Firms within relationships must work together, share information and also communicate clearly and precisely using a common language. Actors are linked and connected together through commercial and social relationships. Participants in the relationship must exchange economic and social resources in order to achieve their desired business goals. Business relationships are strengthened by both investments in economic resources (Anderson and Weitz, 1992) and social resources (Crosby, Evans and Cowles, 1990). There has been debate on the nature, importance and allocation of social resources to the relationship and the desirability of business friendships, whether participants should become business friends to improve the relationship. Suwandi and Purchase (2006) point out that “social bonds are perceived to be particularly important in professional service contexts where the service is embodied in the service professional”. On the other hand, Newman, Lings and Lee (2005b) uncover a number of negative consequences of affective commitment (sense of liking and emotional attachment) to the relationship. Price and Arnould (1999) in a study on commercial friendships find that tension between instrumental and expressive goals lead a number of participants to reject commercial friendship even though it is likely to foster closer relationships. However, Newman, Lings and Lee (2005b) note, there is little research on the impact of changes of interaction partners. They note that the possibility of those changes will affect commitment levels as affectively commitment partners show a stronger intention to stay than customers who feel more calculative commitment.

This paper aims to examine 1) relationships in the Australian tourism industry, 2) the nature and role of social bonds and commercial friendships, 3) the nature and roles of the investments in economic and social resources, and 4) the nature of personal relationships in the tourism network. The paper focuses on social bonds and how the tourism industry in Australia illustrates this concept. Service industries in general and the Australian tourism industry specifically is a highly social industry with numerous social and business interactions between actors. This paper discusses the nature of Australian tourism industry and the characteristics of social bonds, outlines the methodology and data collection procedure and discusses preliminary findings.

2. Nature of Australian Tourism Industry

There are many participants in the tourism network who have vested interests in tourism development. These vastly different sized organizations include hotels, associations of hotels and

hotel owners, inbound and outbound travel agents, travel wholesalers, tourism industry associations, airlines, cruise lines, tourism promotional agencies, regional and local tourism authorities, SME tourism businesses, conference and convention centers and many more. Individuals in the tourism industry intermittently change employment. They often remain in the industry and can move between types of organizations. Their contacts, associations and personal networks remain useful and indeed are utilized. Industry and government bodies and tourism associations facilitate networking and conduct political lobbying. Relationships with association member companies and travel industry participants are critical to their success. Business organizations such as airlines, hotels, cruise companies, and etc. have commercial relationships with many firms such as suppliers, customers, service providers, channel members and collaborators. Travel agents are a key component of this study. The current sample size precludes concentration on travel agents alone. With consolidation within the industry, many travel agents are part of a corporate network. The relationships held by individual travel agents are often transactional in nature. Travel agents do have B2B relationships with airlines, hotels, consolidators, cruise lines, industry bodies and inbound agents. Key relationship management is practiced by many of these organizations whereby more important network partners receive greater economic and social resources.

Co-promotion of tourism events, co-funding of promotions and events, and consumer experience delivery require that network participants communicate and interact, and relationship on a wide range of issues. The processes of market sensing, information sharing, sourcing promotion partners and the planning and delivery of tourism products require considerable interaction. Communication, coordination, information sharing and interaction are required on a range of political and social issues which are relevant to the tourism network as a whole. The travel and tourism industry is also experiencing considerable environmental and structural change caused by the global financial crisis, change and consolidation, the Internet, alternative business models in travel and a changing end consumer.

3. Social Bonds

Wendelin (2007) defines bonds as the “concrete or abstract technical, time, knowledge, legal, economic, geographical, social, cultural, ideological, psychological and strategic value creating, neutral or value reducing factors that form the building stones of the industrial business relationship”. Definitions and characteristics of social bonds from various researchers are provided by a number of authors, for example, Thunman (1992), Wilson (1995), Cann (1998), Perry, Cavaye and Coote (2002), and Rodriguez and Wilson (2002). Cater (2008) states that attachment, commitment, trustworthiness, conflict, benevolence and equity are included in social bonds (McCall, 1970; Perry, Cavaye and Coote, 2002; Wilson and Mummalaneni, 1986). Cater’s (2008, pg. 3) study on the importance of social bonds for communication and trust in professional services, finds that social bonds positively influence openness of communication and trust. He concludes that there is limited published research on the social bonds between employees in two organizations. Suwandi and Purchase (2006), find that social interactions are critical in improving strength of relationship with a legal services firm. Social bonds are perceived to be very important. The better the “personal fit” between the parties, the stronger the social bonds (Cann, 1998).

Newman, Lings and Lee (2005a) suggest that business-to-business (B2B) relationships operate on two levels: interorganizational (buying and selling, firm-to-firm) and interpersonal (individual-to-individual) relationships. Interpersonal relationship is the primary way in which firms communicate, negotiate, and influence each other. They suggest that there are dysfunctional consequences of close personal relationships in business and that professional distancing can avoid conflicts of interest and behaviour which is not in the best interests of the employer.

Three levels of interpersonal relationships developed by Haytko (2004) are strictly business, business friends and personal relationship. It would appear that a richer and more detailed description of interpersonal relationships is desirable. These categories could be differentiated on the degree of liking, the degree of interpersonal relationship, the degree of closeness and the degree of attachment.

4. Method

A total of 43 in-depth, semi-structured interviews in the Australian tourism industry were conducted from August to November 2008. The interviews were predominantly conducted face-to-face and were audio taped. Interviews were conducted with senior managers in hotels, associations of hotels, inbound and outbound travel agents, travel wholesalers, tourism industry associations, airlines, cruise lines, tourism promotional agencies, travel agencies, regional and local tourism authorities and conference and convention centers. Respondents were asked to draw a picture of the relationships and interactions that they had within the tourism industry. A range of theoretical concepts were explored. They are network picture, network position, resource constellations, interaction, resources and activities, interdependence, adaptation, actor bonds, strategy and change. These network informants expressed satisfaction with the interview and are willing to provide further information on the nature of their interactions, relationships and communications within the network.

5. Data Analysis

The 43 respondents are divided into 5 groups. They are tour wholesalers, tourism bodies, travel agencies, transportation providers, and travel organizing companies. Transcripts were analyzed into two stages: relationship mapping and overall perspective mapping using Leximancer (www.leximancer.com, 2009).

Leximancer has been developed nearly a decade and has been around in qualitative research since then (Kivunja, 2008a; 2008b; 2008c). UniQuest (2005, page 1) defines Leximancer as “a text mining software tool that can be used to analyze the content of collections of textual documents and to visually display the extracted information a browser”. It provides a conceptual map of the material overview and main concepts of related texts, basing on Bayesian theory.

6. Results

As five research groups and views have been captured, it is important to use a systematic structure throughout, which focuses on two groups of concepts based on a review of the literature. The 43 respondents are divided into 5 groups. They are tour wholesalers, tourism bodies, travel agencies, transportation providers, and travel organizing companies. The starting point for all research interviews a pictorial representation and subsequent description of the relationships (external, internal, individual) which allow that particular department or person to perform their roles. The purpose is to use the network pictures as a starting place for each interviewee to discuss interaction dynamics based on their own interpretations.

The results from the primary research interviews reveal observations in the form of various activities between companies, including activity adaptations. A summary of activity links and adaptations are shown in Table 1. There are considerable differences between the interview groups. Activities vary by the size of the organization, time in the role, environmental pressures, corporate philosophies and characteristics, customer contact strategy and participant organizational role.

Table 1 Activity Links

Interview Group	Activity Links – key Characteristic	Adaptations
Tour Wholesalers	External – strong: Negotiation activities	Not Really
Government Tourism Agencies	External – strong: Liaison activities	Not Really
Travel Agencies	External – strong: negotiation activities Internal – strong: links with various depts.	Yes – in particular due to changing technology
Transportation Providers	External – strong: negotiation activities, operations activities Internal – strong: links with various depts.	Yes – new equipment and business models. Online - strong

Travel Organizer companies	External – strong: negotiation activities Internal – strong: links with various depts.	Yes – customer focus
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There is considerable adaptation required by travel agencies and transportation providers. Transportation providers face serious financial difficulties due to shrinking markets, over capacity and high costs. They generally are large organisations facing staff redundancies. Often the business case supersedes social relationships. Travel agencies are also going through considerable change due to changing business models. Domestic airfares are now sold mostly through the Internet. Transportation providers are reducing the margins given to travel agents. They encourage travellers to book direct. Travel agencies need to adopt “fee for service” charging rather than commission based sales. Travel agencies are either large franchised organisations or niche SMEs who are travel specialists. Social relationships are more important to this group in their struggle to survive.

In order to generate a further understanding of particular groups (tour wholesalers, tourism bodies, travel agencies, transportation providers, and travel organizing companies), a single network perspective is formed for each group. This is purposeful as it avoids the trap of only seeing the network from a single company perspective and ‘failing to understand the dynamics and interface between others’ (Håkansson & Ford, 2002). As a result, 5 network pictures have been identified. Figure 1 shows the network for tour wholesalers. This network was derived from the several tour wholesales who were interviewed. Figure 2 shows the network for government tourism bodies.

Findings are consistent with Ford and Hakansson (2007) who state that “each person’s view of a network is based on their ‘picture’ of that network”. Network perspectives vary by participant and the issue being addressed. Interesting perspectives on the personalization continuum are being generated. Relationships vary substantially on the “very close” to “very distant” continuum. Some participants state that “it is all about relationships” where others state that the business case is critical and that “money talks”. Others also indicate that “business friendships are a façade”. Social bonds are instrumental in developing trust and commitment. Detailed findings will be presented and a classification of business relationships and hypotheses for future research will be generated.

Figure 1 illustrates the many relationships formed by tour wholesalers. Tour wholesalers operate on narrow margins and higher volumes. They have relationships with offshore organizations that bring tourists to Australia. The remote location of actors means that they have limited opportunity and limited funding for the development of social bonds. Certainly, as with all tourism sectors, the relationships themselves are important.

Figure 2 shows relationships for government tourism agencies. The State and Commonwealth governments have developed tourism development agencies. Their role is to network and provide services and advice to a myriad of organizations. Relationships are critical in achieving these goals. Due to the many industry meetings and functions in this industry, there is considerable social interaction in any event. Due to public accountability of these agencies, there are limited and strict entertainment policies. There is also pressure to liaise with all sectors of the industry.

Figure 3 illustrates the travel agencies perspective and Figure 4 illustrates the overall perspectives from 43 participants using Leximancer program to analyze the data. It can be seen that relationships are central to the travel agencies. Relationships are more closely aligned to industry and business as is the social component. Customers of travel agencies and state agencies are not closely related to social relationships.

Figure 4 also shows that relationships are central to the tourism industry. However social relationships are not central to the interaction. Deals, customers, product, offers and work are separate from personal relationships. The Leximancer program was run separately for all 5 industry groups. Only travel agencies (shown in Figure 3) indicated the importance of social relationships. This may relate to the adaptations that travel agencies are now making under the considerable change in the travel industry and their efforts to find the best operating model.

Figure 1 Tour wholesalers group

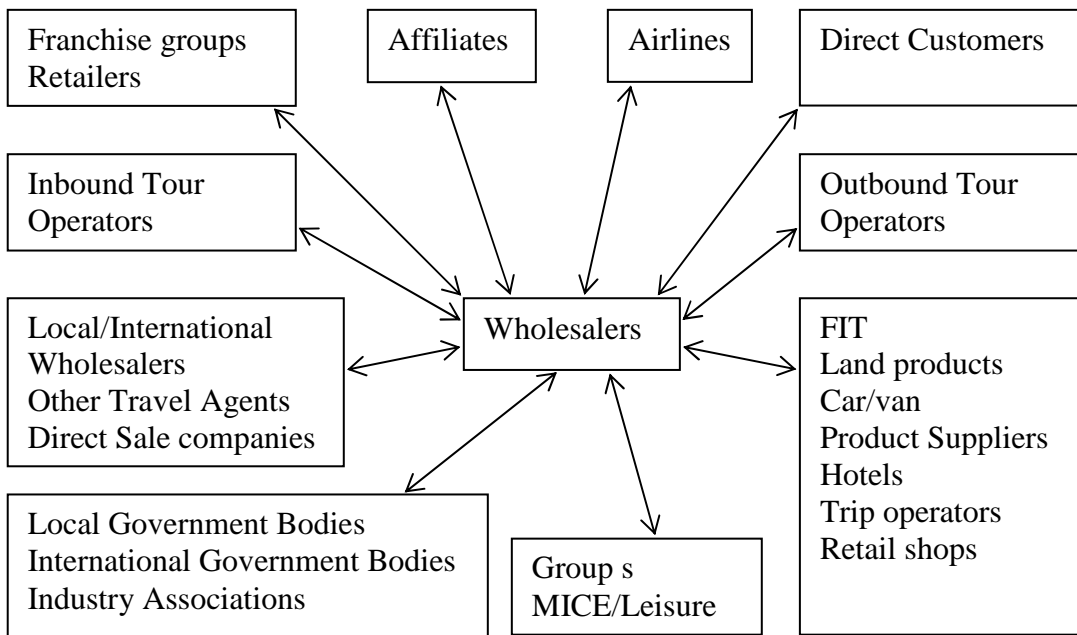


Figure 2 Government Tourism Agencies group

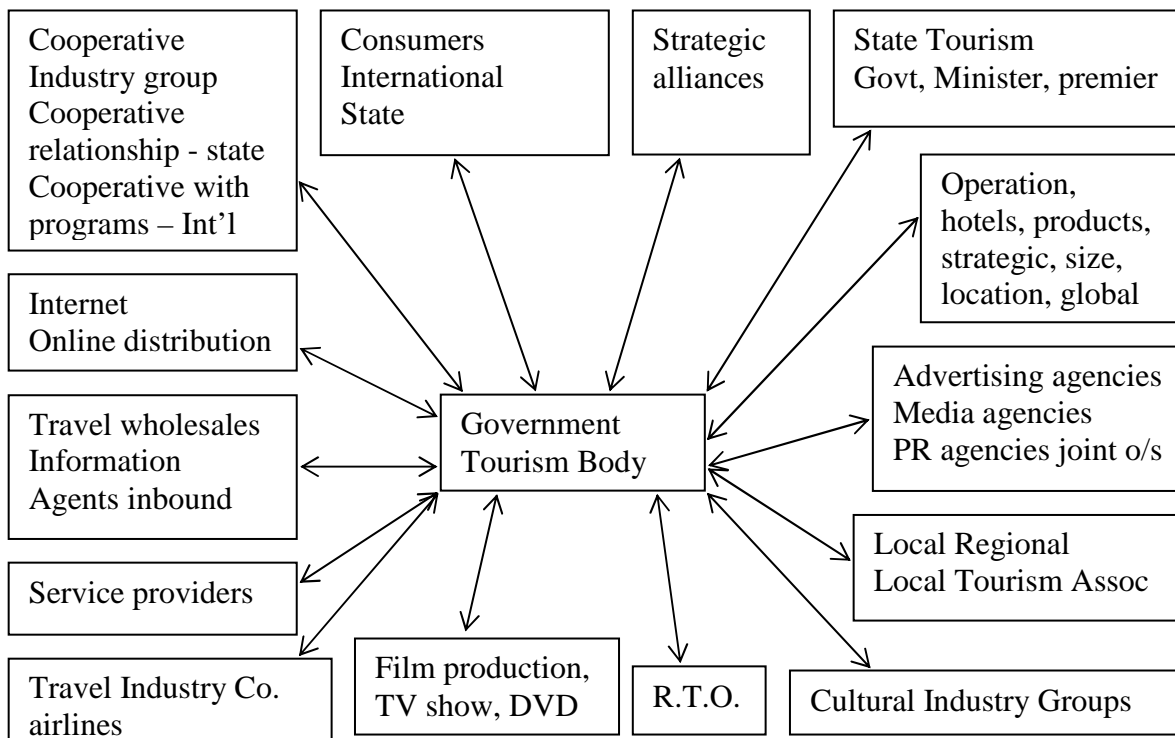


Figure 3 Travel agencies group perspective using Leximancer Program

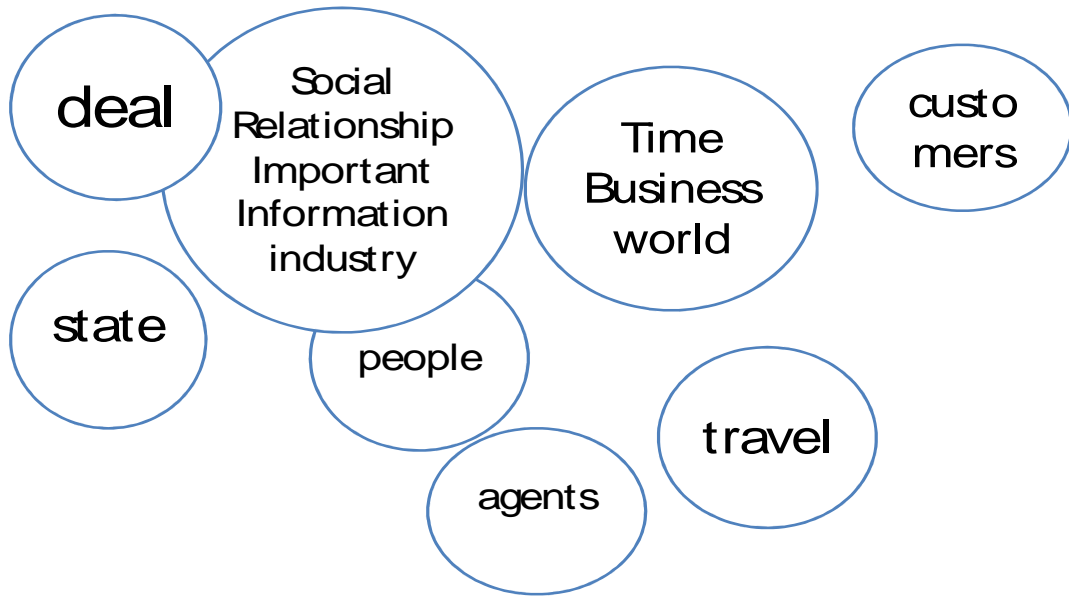
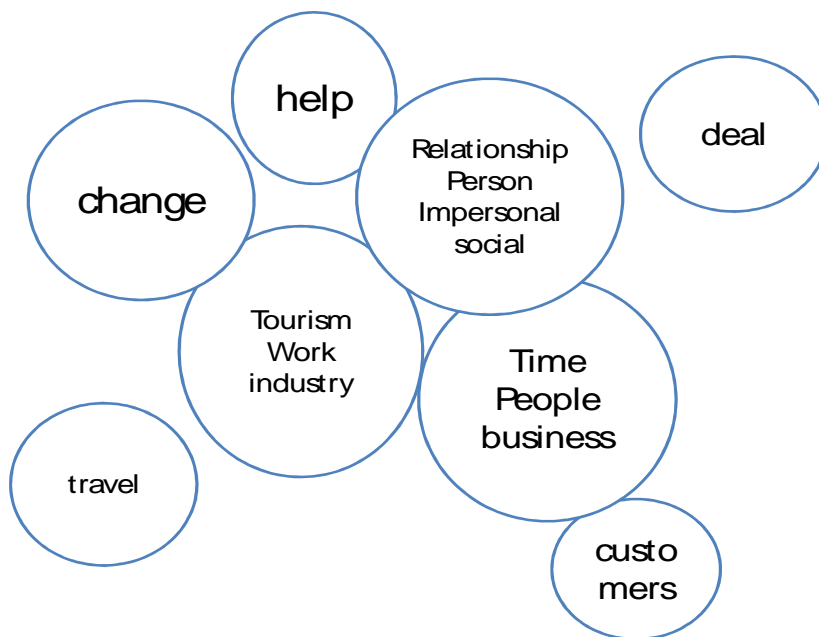


Figure 4 Overall Perspective of Australian Tourism Industry using Leximancer Program



7. Conclusion

This study examines relationships in the Australian tourism industry and the nature and role of social bonds and commercial friendships. Organizations choose many different approaches to the management and allocation of economic and social resources within the relationship. Approaches vary by the size of the organization, time in the role, environmental pressures, personal philosophies and characteristics, home and family considerations, customer contact strategy, and participant organizational role. This study provides additional insight into the nature of social bonds in the development of successful business to business relationships.

Tourism network participants in Australia have different objectives, plans, needs, challenges, markets and opportunities. Through this process, the perspectives and interests of tourism organizations are assessed and compared. The perspective and attitudes of the tourism network participants become clear and their vested interests are highlighted. These tourism perspectives are framed by size of informant, location, role and objectives of the tourism organization.

The IMP approach is used to study the tourism network. Network pictures are obtained from respondents and analyzed. Network pictures are considerably different for each industry group. Activity links, adaptations and resource dependencies vary considerably. The nature and role of social bonds and commercial friendships is examined. Leximancer is used to illustrate the centrality of relationships in this industry. Social relationships are seen to be more important to the travel agency sector which is undergoing considerable adaptation. The next step in this project is to further understand the nature of social bonds within the tourism industry as well as the benefits and costs of them. The value of networks and social relationships will be assessed with a view to providing normative advice to the industry.

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