

Survey of Effect of Merger in Cultural Heritage, Handicrafts and Tourism Organizations on Tourism destinations Competitiveness Development

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Abstract

Organization mergers, integration of activities in two or more organizations, have always attracted the attention of policy makers as well as decision makers. The merger of the three organizations of Cultural Heritage, Tourism, and Handicrafts into one organization named the Cultural Heritage, Tourism, and Handicrafts organization which took place in two stages between 2003 and 2005, is among the biggest mergers of the past few years in our country. This paper analyzes the effects of this merger on the competitiveness of tourism destinations. The model proposed by Ritchie and Crouch (2003), which is the most comprehensive model in this area is used. This model considers five main factors: core resources and attractors, destination management, destination policy, planning and development, qualifying and amplifying determinants, and supporting factors and resources. The effects of the merger on these factors were studied using two questionnaires verified by experts in the field. 47 of the total 62 questions were put in the first questionnaire and the other 15 were put in the second. Since the merger was completed in 2005, the statistical population is comprised of managers and staff at the Cultural Heritage, Tourism, and Handicrafts organization in the province of Hamedan who had worked in one of the three separate organizations prior to the merger and tourists who had made a visit to the province then. 74 participants i.e. employees with over seven years of experience on the job responded to the first questionnaire and 219 responded to the second questionnaire. The collected data were analyzed using SPSS software package and single or multi-variant t-test. The results indicate that by considering 3 as the significance level all the hypotheses will be proven wrong. However, by considering 2 as the significance level all the hypotheses will be proven. This shows that not many changes may have taken place after the merger and it has only had a fair effect on competitiveness. Overall, we can conclude that the merger of the Cultural Heritage, Tourism, and Handicrafts organizations has not had a positive effect.

Keywords: merger, tourism, tourist destination competitiveness, Crouch and Ritchie model

Introduction

Awareness of the fact that tourism is a considerable source of foreign exchange earnings has made tourism an extensive concept with economic, social, and cultural aspects – a full-fledged industry. Many countries consider this industry as their main source of income for, and means of employment, private sector growth, and infrastructure development. Despite the fact that

conditions are different in different regions, tourism has always been an important factor in economic development. Tourism, as a young industry, has had many influences on the economic, social, and cultural status of the world. Employment, foreign exchange gain, regional balance, world peace, investment in cultural heritage, environmental improvement, wildlife improvement, rural development in areas with tourist attractions, and prevention of immigration are among the benefits of this industry. High added value, easy income, and tens of other social, cultural, and economic factors have led to extreme competition over market share and income from tourism between different countries. This is to such an extent that has made tourism the third largest international trade in the world after oil and automobile industries. Due to the profound effect of tourism on the economy, society, and culture in modern communities, it must be managed with vision, awareness, and appropriate planning and effort needs to be made for developments and improvements.

Theoretical framework

Merger

One common point among all definitions provided for mergers is that a merger is the merging or combination of two or more organizations with different managements. This means transferring the assets and facilities of one organization to another. There must be at least two organizations for a merger to take place (Ossadnik, 1996).

There are three types of goals for a merger:

- 1- Economic goals: focusing on utilizing (national) resources, eliminating inappropriate competition in accomplishing the same mission, improving use of resources, increasing efficiency, and solving issues of extra communications with suppliers.
- 2- Environmental goals (social, cultural): improving work culture, equal chance of employment, meeting the expectations of foreign stakeholders
- 3- Organizational goals: downsizing, organizational growth, decreasing desire for managerial positions, and centralizing decision making.

In merging large governmental organizations, increasing efficiency and effectiveness is the first priority. The use of national resources and eliminating unnecessary communications are the other priorities (Kazemi and Rokuie, 2002).

Tourism industry

The thing that most people accept about tourism is span and lack of structure in this word. Tourism is voluntarily spending some of your leisure-time away from your permanent residence (Baher, 1377). The tourism industry is a combination of a chain of different activities that provide service to the tourist. Therefore, tourism includes all the events and relationships created by the interaction of sellers of tourism products, governments, and host communities involved in the hosting process (Macintosh, 1995). Increasing mutual understanding, raising a sense of admiration and appreciation of the community and the dominant culture, attention to dominant cultures, attention to local cultures (especially music, theater, and handicrafts) can be considered as the social and cultural roles of tourism (Dasville, 1379).

According to a more comprehensive definition by the World Tourism Organization, tourism is a service industry with a set of materialistic and non-materialistic services: the materialistic includes transportation (air, rail, road, water, and even space), reception (accommodation, food, and tours), and other related services such as banking, insurance, hygiene, and safety. The non-materialistic services include rest, peace, culture, getaway, adventure, and new and different experiences (Mousa, and Kahnemuei, 2007). The tourism industry, as a multi-dimensional industry, can act as the engine of the services and industrial sections of a country. It is in fact made up of a large and extensive process in which orderly and timely execution of tasks in every stage is the key to success. All the sections must work in concert to so as not to undermine the activities of another section (Kazemi et al., 2010).

Competition

The concept of competition dates back to the publication Adam Smith's famous book "The Wealth of Nations". In the field of competitive analysis in the 1980s, Michael Porter's strategic books were very popular. He believed that a competitive strategy is establishing a stable and profitable despite five determining forces of competitor intensity (Hang, 2008).

It seems that competition is a simple concept over which there is little disagreement. The Oxford dictionary defines competition as the effort for being better in quality. However, it's not so easy to define competition because it's a relative and multidimensional concept. This is clearer when we try to measure competition. Scott and Lodge (1985) believe that assessing national competitiveness raises two questions. How and to what extent should the national economy competitiveness be considered and what standards should be used (Crouch and Ritchie, 2003). National competitiveness is a country's ability to create, produce, distribute, or provide services in international trade while increasing its income (Scott and Lodge, 1985). Newall (1992) defines it as providing more products and services with higher quality successfully to national and foreign consumers.

Research on competitiveness in tourism focuses on perception and attraction of the destination both of which depend on variables that visitors consider important. Right and Newton (2005) suggest that a destination is competitive if it can attract and satisfy potential tourists. This competitiveness is also determined by factors relating tourism and a range of other factors which affect service providers. Therefore, many such competitive efforts focus on destination advertisement and development (Nadali pour, 1992).

Tourism competitiveness is a destination's ability to integrate and distribute tourism experiences. These experiences create sustained income and greatly help in a destination staying in competition with other destinations (Hang, 2008). Doier et al. (2000) believe that it is essential for industries and governments to know the strengths and weaknesses of their country in competitive areas. Any tourism business in any country must be able to retain its competitive position so as to be able to withstand the pressure of global competition. In a saturated market a manager's main duty is to understand how to increase and stabilize the destination's competitiveness. Therefore it is essential to identify and extract competitive advantages and analyze the real competitive conditions to understand whether the destination can succeed in the tourism market, which depends on how its tourist attractions create value for tourists and how its resources are managed (Omerzil and Maylhayek, 2007).

Crouch and Ritchie model

In the late 1990s Crouch and Ritchie presented their model on tourism competitiveness analysis. This conceptual model is based on the famous “National Diamond framework” by Porter (1990). They believed that a competitive destination creates the best way of living and social prosperity. Crouch and Ritchie used Porter’s competitive framework but didn’t focus on companies and products. Instead of focusing on companies and products/services they focused on service industries and national economies. Therefore, they believed that a destination’s competitiveness must be measured by its ability to improve way of living and social prosperity but also by efficiency in assigning resources in a way that creates long-term economic prosperity.

This model considers five factors:

- 1- Supporting factors and resources
- 2- Core resources and attractors
- 3- Destination management
- 4- Destination policy, planning, and development
- 5- Qualifying and amplifying determinants

Supporting factors and resources are factors that create a basis for a successful tourism industry including destination infrastructure and funding resources. Core resources and attractors include initial attractions of the destination which in fact are the main reason tourists choose a destination. These include climate, culture, history, activities, special occasions, tourism superstructures, and destination’s relationship with other major tourist destinations. The third factor i.e. destination management focuses on activities that affect other sections firstly, by increasing attraction and resource-based attractions and secondly by increasing quality and effectiveness of supporting factors and finally by adapting to the constraints of the fifth part (quality specifications). The fourth factor (Destination policy, planning, and development) include auditing, control and assessment, mission, philosophical values, competitive/cooperative analysis, placement/branding, development, and system definition. The fifth factor i.e. quality specifications (Qualifying and amplifying determinants) includes factors that can balance the effects of the other four factors. These factors include key variable such as overall costs and security which are not controlled by the tourism sector and nevertheless play an important role in destination competitiveness (Inn Right, 2003).

Destination competitiveness

Destination competitiveness determinants – based on Crouch and Ritchie (2003)

- 1- Supporting factors and resources
 - infrastructure
 - Access
 - Hospitality
 - Businesses
 - Political determination
- 2- Core resources and attractors

- Culture and history
- Superstructures
- Special occasions
- Activities
- Reception
- Communications
- 3- Destination management
 - Marketing
 - Service experience
 - Visitor management
 - Resource control
 - Human resources development
 - Assets/finance
 - Information/research
- 4- Destination policy, planning, and development
 - Mission
 - Auditing
 - Competitive/cooperative analysis
 - Branding
 - Placement
 - Development
- 5- Qualifying and amplifying determinants
 - Mutual dependencies
 - Security/peace
 - Awareness/perception
 - Capacity
 - Cost/worth

Research goals

- Studying the effects of merging Cultural Heritage, Handicrafts, and Tourism organizations on increasing competitiveness in tourist destinations.
- Identifying and studying challenges and weaknesses present in the industry.

Research hypotheses

- The merger of Cultural Heritage, Handicrafts, and Tourism organizations has had a positive effect on improving qualifying and amplifying determinants.
- The merger of Cultural Heritage, Handicrafts, and Tourism organizations has had a positive effect on improving destination policy, planning, and development.
- The merger of Cultural Heritage, Handicrafts, and Tourism organizations has had a positive effect on improving destination management.
- The merger of Cultural Heritage, Handicrafts, and Tourism organizations has had a positive effect on improving core resources and attractors.

- The merger of Cultural Heritage, Handicrafts, and Tourism organizations has had a positive effect on improving supporting factors and resources.

Research Methodology

Since this research generally aims to study the effects of merging Cultural Heritage, Handicrafts, and Tourism organizations on increasing competitiveness in tourist destinations (in the province of Hamedan), it is an applied descriptive survey that analyzes the current situation using statistical methods and questionnaires. The statistical population of the study comprises two groups: employees working in fields of cultural heritage, handicrafts, and tourism in the province of Hamedan and tourists who made visits to this province prior to 2007. The analytical model of the study is based on the model proposed by Crouch and Ritchie, which identifies competitiveness factors. The literature review section explained this model in detail. This study uses two questionnaires according to the analytical model. The first questionnaire, with 47 questions, was distributed among employees of the Cultural Heritage, Handicrafts, and Tourism organization and the second one, with 15 questions, was distributed among tourists. Since the first questionnaire targeted employees with more than 7 years of experience i.e. employees who had experienced at least one stage of the merger, 74 of the questionnaires that were sent returned. Therefore, the sample size of the first questionnaire (organization) is 74. Furthermore, during the period of doing the study the author was able to find 219 tourists who had visited the province before the merger hence the sample size for the second questionnaire. To determine the validity of the data collection tools (questionnaires) both face validity and content validity were used. After making the questions they were approved by a group of professors as well as experts at the organization. These experts approved the content and face validity of the questionnaires. Then to determine the reliability of the tests Cronbach’s alpha was used which was 0.928 for the first questionnaire and 0.817 for the second one, proving the high reliability of both questionnaires.

Research findings

Describing core resources and attracts variables

Table (1) descriptive statistics for core resources and attracts variables

Core resources and attracts variables	Mean	Median	Significance	Min	Max
Culture and history	3.2162	3	3	2	5
Superstructures	2.6706	2.5	2.5	1	5
Special occasions	2.8198	3	3	1.67	4
Mix of activities	2.5358	2.5	3	1	5
Reception	2.7517	2.5	3	1	5

Destination Communication	2.5676	3	3	1	4
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According to the results from Table (1) we can conclude that after the merger there has been slight change in the culture and history area (number of museums), little change in the tourism superstructures (hotels, restaurants, travel agencies), little to medium change in special occasions (sporting events, festivals, exhibitions, industrial and business conferences, etc.), little change in reception (entertainment, recreational facilities, theme parks, cinemas, theaters, shopping centers, etc.), and finally there has been little change in destination communication with other major tourism centers.

Describing qualifying and amplifying determinants

Table (2) descriptive statistics for qualifying and amplifying determinants

qualifying and amplifying determinants	Mean	Median	Significance	Min	Max
Conditions	2.4703	2	2	1	5
Mutual dependencies	1.8919	2	1.5	1	3.5
Security/peace	3.1005	3	3	1	5
Awareness/perception	3.1706	3	3	1	5
Capacity	2.9054	3	3	1	5
Cost/worth	2.6246	3	3	1	5

According to the results from Table (2) we can conclude that after the merger there has been little change in conditions, almost no change in mutual dependencies and medium to high change in security/peace, awareness/perception, and capacity. Finally there has been little change in the cost/worth area.

Describing supporting factors and resources

Table (3) describing supporting factors and resources

supporting factors and resources variables	Mean	Median	Significance	Min	Max
Infrastructure	2.5290	2	2	1	5
Access	2.7306	3	2	1	5

Hospitality	3.5270	4	4	2	5
Businesses	2.9865	3	3	1	5
Political determination	2.964	3	3.33	1.33	4.33

According to the results from Table (3) we can conclude that after the merger there has been very little change in infrastructures (roads, airports, telecommunication, water, electricity, gas, etc.), relatively little change in access, major change in hospitality and medium change in businesses and political determination.

Describing destination policy, planning, and development

Table (4) describing destination policy, planning, and development

destination policy, planning, and development variables	Mean	Median	Significance	Min	Max
Mission	2.8514	3	3	1	5
Auditing	2.7568	2.75	2.5	1	4
Placement/ Branding	3.2027	3	3	1	5
Competitive/ Cooperative Analysis	2.4527	2.5	2.5	1	4
Development	2.7365	2.5	2.5	1	5

According to the results from Table (4) we can conclude that after the merger there has been little change in auditing, medium to high change in placement/branding, very little change in competitive/ cooperative analysis, and little change in development.

Describing destination management variables

Table (5) descriptive statistics for destination management

destination management variables	Mean	Median	Significance	Min	Max
Marketing	2.6058	2.5	2	1	5
Service experience	2.7611	3	3	1	5

Visitor management	3.027	3	3	1	5
Resources monitoring	2.5	2.5	3	1	4.5
Human resources development	2.4144	2.3333	2.33	1.67	3.33
Capital/ Finance	3.0068	3	3	1.5	4.5
Information/ research	2.4414	2.3333	2	1	4
Crisis management	1.9459	2	1	1	4
Destination management organization	3.2297	3	3	1	5

According to the results from Table (5) we can conclude that after the merger there has been very little change in marketing, little change in service experience, medium change in visitor management, little change in resource monitoring, very little change in human resources development, medium change in capital/ finance, very little change in information/ research, and almost no change in crisis management but major change in destination management.

Hypothesis 1: The merger of Cultural Heritage, Handicrafts, and Tourism organizations has had a positive effect on improving qualifying and amplifying determinants.

Hypothesis H0: the merger hasn't had a positive and meaningful effect on qualifying and amplifying determinants.

Hypothesis H1: the merger has had a positive and meaningful effect on qualifying and amplifying determinants.

Table (6) the relationship between the merger and qualifying and amplifying determinants (t-test).

t-test statistics	degree of freedom	sig	mean difference	lower limit	higher limit
-4/083	292	0/000	-0/167	-0/247	-0/086

The results from the table above show that both lower limit and higher limit are both negative therefore the mean is smaller than three and since the research requires a number larger than 3, H0 cannot be disproven. In other word the merger hasn't had a positive and meaningful effect on qualifying and amplifying determinants.

Hypothesis 2: The merger of Cultural Heritage, Handicrafts, and Tourism organizations has had a positive effect on destination policy, planning, and development.

Hypothesis H0: the merger hasn't had a positive and meaningful effect on destination policy, planning, and development.

Hypothesis H1: the merger has had a positive and meaningful effect on destination policy, planning, and development.

Table (7) the relationship between the merger and destination policy, planning, and development (binomial test).

sig	Test ratio	Observation ratio	Quantity	group
0/232	0/6	0/6	48	$A \leq 3$
		0/4	26	$B \geq 3$
		1	74	

According to the results from Table (7) we can conclude that since the observed ratio for the “smaller than or equal to 3” group is (0.6) equal to or larger than the observed ratio for the “larger than 3 group” (0.4) the result cannot be extended to the entire population and H0 remains true. In other words the results from the table above indicate that the measures taken to improve destination policy, planning, and development do not have a positive and meaningful effect.

Hypothesis 3: The merger of Cultural Heritage, Handicrafts, and Tourism organizations has had a positive effect on improving destination management.

Hypothesis H0: the merger hasn’t had a positive and meaningful effect on destination management.

Hypothesis H1: the merger has had a positive and meaningful effect on destination management.

Table (8) the relationship between the merger and destination management (binomial test).

sig	Test ratio	Observation ratio	Quantity	group
0/000	0/6	0/8	223	$A \leq 3$
		0/2	70	$B \geq 3$
		1	293	

According to the results from Table (8) we can conclude that since the observed ratio for the “smaller than or equal to 3” group is (0.8) larger than the test ratio, H0 is not disproved and the result cannot be extended to the entire population. In other words the results from the table above indicate that the merger does not have a positive and meaningful effect on destination management.

Hypothesis 4: The merger of Cultural Heritage, Handicrafts, and Tourism organizations has had a positive effect on improving core resources and attractors.

Hypothesis H0: the merger hasn't had a positive and meaningful effect on improving core resources and attractors.

Hypothesis H1: the merger has had a positive and meaningful effect on improving core resources and attractors.

Table (9) the relationship between the merger and core resources and attractors. (t-test).

t-test statistics	degree of freedom	sig	mean difference	lower limit	higher limit
-9/847	292	0/000	-0/390	-0/468	-0/312

The results from Table (9) show that both lower limit and higher limit are both negative therefore the mean is smaller than three and since the research requires a number larger than 3, H0 cannot be disproved. In other word the merger hasn't had a positive and meaningful effect on improving core resources and attractors.

Hypothesis 5: The merger of Cultural Heritage, Handicrafts, and Tourism organizations has had a positive effect on improving supporting factors and resources.

Hypothesis H0: the merger hasn't had a positive and meaningful effect on improving supporting factors and resources.

Hypothesis H1: the merger has had a positive and meaningful effect on improving supporting factors and resources.

Table (10) the relationship between the merger and supporting factors and resources. (binomial test).

sig	Test ratio	Observation ratio	Quantity	group
0/000	0/6	0/7	214	A≤3
		0/3	79	B≥3
		1	293	

According to the results from Table (10) we can conclude that since the observed ratio for the "smaller than or equal to 3" group is (0.7) larger than the test ratio, H0 is not disproved. In other words the results from the table above indicate that the merger does not have a positive and meaningful effect on supporting factors and resources.

Hypothesis 6 and overall results: The merger of Cultural Heritage, Handicrafts, and Tourism organizations has had a positive effect on improving destination competitive advantage.

Hypothesis H0: the merger hasn't had a positive and meaningful effect on improving destination competitive advantage.

Hypothesis H1: the merger has had a positive and meaningful effect on improving destination competitive advantage.

Table (11) the relationship between the merger and competitive advantage. (t-test).

t-test statistics	degree of freedom	sig	mean difference	lower limit	higher limit
-9/606	292	0/000	-0/297	-0/358	-0/236

The results from Table (11) show that both lower limit and higher limit are both negative therefore the mean is smaller than three and since the research requires a number larger than 3, H0 cannot be disproved. In other word the merger hasn't had a positive and meaningful effect on improving destination competitive advantage.

Conclusion

Mergers in organizations, which cause the integration of activities in two or more organizations under the name of a new organization, have always been important for policy and decision makers. Among the most important mergers in our country in the recent years is the merger of the three independent organizations of Cultural Heritage, Tourism, and Handicrafts. The merger took place in two stages from 2005 to 2007 and led to the creation of the Cultural Heritage, Tourism, and Handicrafts Organization.

The results of this study indicate that by considering 3 (major change) as the significance level, all hypotheses are disproved and by considering 2 (medium changes) all hypotheses are proved. This means that there may not have been major changes after the merger nevertheless the merger has had medium effects on improving competitive advantage. Overall we can conclude that the merger hasn't had a positive effect on competitiveness in tourist destinations. According to the results the biggest challenges and shortcomings of the tourism industry in the province of Hamedan can be summarized in Table (12).

Table (12) the biggest challenges and shortcomings of the tourism industry in the Province of Hamedan.

Factors with little or no change		Challenges and shortcomings
Qualifying and amplifying determinants	Mutual dependencies	1- Not using research and statistics on foreign travel. 2- Little use of the international booking system
	Conditions	Easy access (by ground or air) for visitors to the province
Destination management	Crisis management	Lack of planning and proper management in case of a crisis

	Information/research	<p>1- Little use of information technology in the organization of the province.</p> <p>2- Lack applied research projects for development and growth in the industry.</p> <p>3- Lack of research in plans.</p>
	Human resources development	<p>1- Lack of employment opportunities in businesses related to tourism</p> <p>2- Holding only few workshops and conferences related to the tourism industry in the province.</p> <p>3- Mismatch between educational capabilities in the province and what tourists need.</p>
	Resource monitoring	<p>1- Very little attention to maintaining and renovating historical sites.</p> <p>2- Lack of planning for preserving natural attractions</p>
Destination policy, planning, and development	Competitive/cooperative analysis	<p>1- No understanding of the experiences and attractions provided by major competitors</p> <p>2- No attention to strengths and weaknesses in comparison with competitors</p>
Supporting factors and resources	Infrastructures	<p>1- Number of roads, airports, and communication systems of the destination</p> <p>2- Quality of infrastructures</p>
Core resources and attractors	Activity mix	<p>1- No advantage over competitors' products</p> <p>2- Little developments</p> <p>3- Inadequate cost of developments compared to available capacity</p>

Recommendations

In order to overcome the mentioned challenges we make the following recommendations:

- Creating and improving international booking systems and using statistics and foreign travel research to attract foreign visitors.
- Setting up a crisis management committee in the organization to respond in unexpected situations. This is because destinations sometimes face crises that not only affect visitors directly but also sometimes face crises that not only affect visitors directly, but also may have indirect consequences that influence their perception of the destination.
- Holding more workshops and conferences on destination tourism, improving employment opportunities in order to ease shortages in human resources of the industry and related businesses.
- Identifying successful destination and their experiences and attractions as well as identifying the strengths and weaknesses of the province compared to successful destinations. Modeling their successful experiences and using the resources of the province more efficiently.
- Utilizing information technology in the organization, giving more value to research projects related to the industry in order to develop the destination and using research in planning.
- Paying more attention to historical sites and attractions by renovating and expanding them as well as providing side-services near the sites. Using expert ideas and creating plans to preserve natural attractions.
- Improving the conditions for and investment in developing the city airport and the west-side railway of the country plus repairing the roads that lead to tourist attractions of the province.
- Planning for increasing tourism activities that the organization is responsible for.
- Improving conditions for investments in order to create unique recreational centers and providing unique services (e.g. using the climate and capacities of the province to build a winter sports resort since there are no such resorts in the country and the province is located in a mountainous area).

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