

Understanding institutional change in tourism public policy

The case of Sweden

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The research issue

- The role of the public sector in tourism development?
 - The interface between the public and private sectors?
 - When is the market the solution and when is it appropriate for the public sector to intervene?
- A project funded by the
Swedish Association of Local Authorities and Regions
Swedish Association for Economic and Regional Growth and the
Swedish Hotel and Restaurant Association

Project design

- Theoretical framework
- Historic development – literature review
- Interviews with:
 - Politicians
 - Civil servants (municipal and regional level)
 - Entrepreneurs
- Questionnaire to all Swedish municipalities
- Results and conclusions

A theoretical framework

- Institutional theory: How formal and informal institutions shape practice and how practice and institutions interplay
- Markets as ideas, regulations, and practice

Changes on the macro level

Stage 1, 1920-1950

- **General features:**
 - The role for the state is expanding.
 - State mediates between labour and capital
 - Gradual shift towards an active state in the economic sphere. (Rise of a fordistic society)

Changes on the macro level

Stage 2, 1950-70

- **General features:**
 - Keynesian economic policy,
 - Active intervention in different spheres of the society ,
 - Regional policy
 - Transfer systems with regional effects expanding.
 - Population re-distribution and urbanization (Fordistic system in its prime)

Changes on the macro level

Stage 3, 1980-2010

- **General features:**
 - Market based reforms in Public Sector,
 - Privatisation, Decentralisation
 - New Management in Public Sector
 - Competition State, Post Keynesian Competition State
 - Public incentives for enhancing competition.

Changes in tourism on national level

- Stage I - Passive involvement
 - Tourism insignificant part of the economy
 - Indirect support to STTF
 - 1938 legislation on two weeks of holidays

- Stage II - Active involvement
 - Government commissions
 - National physical plans
 - New tourist board
 - State funding
 - Social tourism policy
 - Public investment and ownership of accommodation
 - Corporate bodies implement policies

Stage III – Market solutions

- National tourist board becomes marketing agency
- Physical planning abandoned
- Social tourism is scrapped
- Legislation reinforces competition
- Corporate solutions are replaced by networks and partnerships

Regional and local implications

- The paradox: Finding practical solutions and adapting to 'modern' ideas/institutions:
 - Starting businesses in order to create supply – selling off businesses in order not to prevent competition and to comply with new legislation
 - Trying to work with long-term strategies – while at the same time re-organize in order to keep up with the latest fashion in organization
 - Perform new market functions (i.e. platforms for booking) – which mean competing with private bookers
 - Building partnerships with private industry – while at the same time loosing 'moral legitimacy'

Preliminary results

- The division between public and private sector is continuously negotiated
- The division depends on local/regional context
- There seems to be a tension between ideas in fashion and every day realities