

Factors Determining the Sustainable Success of Community-Based Tourism: Evidence of Good Corporate Governance of Mae Kam Pong Homestay, Thailand

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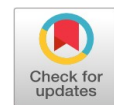
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Abstract: To be sustainable, tourism businesses essentially offer the genuine ways of how people live their lives. It is the community itself that should be empowered based on the wisdoms that they have been practicing from generation to generation. In tourism, experts termed it as Community-Based Tourism (CBT). CBT is a aims at attracting tourists to experience the uniqueness of community way of life as what have been done by the people of Mae Kam Pong in managing their village tourism, especially their homestays. This research aimed at promoting the best practices of good corporate governance of the management of Mae Kam Pong homestays in Chiang Mai Thailand. In-depth interviews with the homestays owners and the head of the village as the manager and the leader of the homestay businesses were used as a method of data collections. The parameters used in assessing the governance of the homestay management were clear strategy, effective risk management, discipline, fairness, transparency, social responsibility, and self-evaluation (Mack, 2010). Based on the triangulation technique conducted, it was revealed that the Leader of Mae Kam Pong village effectively adopted and implemented the concepts of good corporate governance in managing homestays. The utmost key success factors were the sincere intention and perseverance of the head of the village to improve the quality of life of the people. His noble interest vanished all the obstacles he encountered at the beginning of the initiation of the village tourism development.

Keywords: CBT, Corporate governance, Homestay

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INTRODUCTION

CBT has been becoming more pro-poor and pro-environment compared to mass tourism. CBT enables host community to participate in planning and maintaining the development of sustainable tourism (Beeton, 2006; Hiransomboon, 2017). It is the local peoples interest to set their vision and mission of their own village tourism. They know the capacity and the needs of the village for preserving their environment and creating a more conscious culture for their sustainable tourism development. Internally driven development based on the interest of locals is more sustainable. Since locals plan their own village tourism development, their ownership is higher in walking the plans they have set. CBT is one of the approaches to develop village tourism in a more responsible way. This is relevant to His Majestys (Thai King) signature approach which is “explosion from within” to empower people to stand up for themselves so that they are able to join the outside world (Ministry of Foreign Affairs of Thailand, 2017; Rex, Yetunde, Grace, & Pearl, 2017).

Mae Kam Pong village has become very popular for CBT in the North region of Thailand. According to statistics, the number of tourists surveyed over the past 10 years has seen a steep jump. Between 2006 and 2011, Baan Ma Kampong had about 2,780 visitors. From 2012-2016, the number of visitors increased to 7,585 people (Bangkok Post, 2017). In 2007, Mae Kam Pong received awards from

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the Tourism of Authority Thailand (TAT) and Pacific Asia Travel Association (PATA), respectively i.e., Thailand Tourism Award for community-based tourism in 2007 and a Gold award for cultural tourism in 2010. Furthermore, Mae Kam Pong has been assessed as having a high level of CBT readiness in which 80% of them stayed overnight with locals and the rest of 20% just visited for one-day tour (Pathumporn & Nakapaksin, 2015; Saisuk, 2018). From the time before tourism was develop to the current condition, peoples income had increased since the coming of tourism from \$1463 (51,217 baht) per year to 2474 (86,576 baths) (Yangarm, 2005). In 2018, TAT collaborated with ASEAN Korea Centre to have an international camp in Mae Kam Pong village with the aim to encourage ASEAN youth to learn about community tourism, create identities, learn from experiences, and build friendship amongst their ASEAN peers. This proved that the village has been very successful in managing the CBT and widely observed as a benchmark for other CBT development (City News, 2018).

Harada (2016) revealed that the tourism development of CBT in Mae Kam Pong village could alleviate poverty since the locals created varieties of income resources improved quality of life as a consequence of the solidity among locals as one community. Okazaki (2008) raised questions for the Mae Kam Pong that were related to economic leakage, future growth and the benefit of CBT. Kallayanamitra and Buddhawongsa (2006) found out that the CBT development in Mae Kam Pong was sustainable. The findings were high customer satisfaction, continuance of local language, pride of local wisdoms, and high local satisfaction. On the other hand, community understanding on the CBT development was low. It also stated that other factors, such as economy and culture, which were increasing and preserved. These three researches have focused on the consequences of the CBT development. It was very rare research on the fundamental aspects of the causes of and all these consequences, such as villages leader quality, local residents commitment, and their quality of followership for the sustainability of CBT.

To improve the benefits of Mae Kam Pong CBT to the local community and other stakeholders as consequences of CBT development, fundamental aspects as the causes of these benefits needed to be researched. This research focused on the factors that determine the success of sustainable CBT of managing homestays in Mae Kam Pong village. The practice of good corporate governance was adapted as a measurement to see behind the scene scenario to bring all responsible ideas manifested. It was either by the quality of the leadership role and people or the management style rendered. Thus, the objective of this research was to find out factors that determine the success of sustainable CBT in Mae Kam Pong village, Chiang Mai province, in the North region of Thailand.

REVIEW OF RELATED LITERATURE

Tourism development has brought positive and negative impacts economically, socio-culturally, physically, environmentally, and politically. For minimizing the negative impacts, tourism development has been shifted from mass tourism to sustainable tourism. The sustainable tourism development aims for economic viability, local prosperity, employment quality, social equity, visitor fulfilment, local control, community well-being, cultural richness, physical integrity, biological diversity, resource efficiency, and environmental purity (United Nations World Tourism Organization, 2013). Thailand has used CBT as a turning point in its sustainable tourism development (Suansri & Richards, 2013).

CBT is a tourism activity, community-owned and operated, and managed or coordinated at the community level that contributes to the well-being of communities through supporting sustainable livelihoods and protecting valued socio-cultural traditions and natural and cultural heritage resources (Association of Southeast Asian Nations, 2016). WWF defined CBT as a form of tourism “where the local community has substantial control over, and involvement in, its development and management, and a major proportion of the benefits remains within the community”. Satarat (2010) stated that CBT success depends on the abundance of tourism resources, level of community participation, strong leadership, the strength of community organization, fair benefit distribution, effective natural resource management, and sufficient outside support. These three ideas have commonality in CBT as community leadership, community ownership, community management/involvement, community benefits for enhancing their well-being, and protecting natural and cultural heritage. CBT is a form of sustainable tourism to turn greedy tourism to green tourism (Kenichiro, 2015).

Mae Kam Pong in Chiang Mai, Thailand has been developed as CBT since 2000s. At first, only three locals provided homestays for tourists. Gradually as the number of tourists went up, the number of homestays increasing to 27 in 2016 (Harada, 2016). As it was revealed by Harada (2016), it was surprising that the villagers and the head of the village kept their intention that the homestay development was enough as not to cater over visitors who bring intensive to village atmosphere. Harada (2016) further found out that the Mieng identity should be adhered to tourism as not to lose it. Relationship among villagers is needed to be improved, otherwise it happened only based on transactional purposes. His finding questioned the democracy practises of the management of the village where homestays revenue was distributed equally and some went to the village cooperative. It seemed that the villagers had limited access to have a say to in the development of the village since the government's top-down approach was mostly used.

The CBT development in Mae Kam Pong had significant benefit for the locals as their infrastructure improved, income increased, agriculture activities preserved, surrounding environment preserved, and their access to higher education improved. Yet, the negative impacts were inevitable, such as air pollution, business-oriented relationship, and other future problems when the successor of the village leader might have different vision and missions. System approach instead of leader figure approach should drive the CBT development of the village.

The practice of good corporate governance is a system approach. Despite of its negative impacts, the positive significance of the management of the CBT needs to be researched in its good governance practices as to make use of the negative impacts as the opportunities for making improvement. There are many characteristics of good corporate governance used as the basis for management. In this research, seven characteristics from Mack (2010) were used as parameters to measure the governance of CBT in Mae Kam Pong village. These characteristics were clear strategy, effective risk management, discipline, fairness, transparency, social responsibility, and self-evaluation. The characteristics were simple, measurable, and adopting management functions that were PDCA as it was popular as Deming or Shewhart cycle (Pietrzak & Paliszkiwicz, 2015).

Strategy is the appropriate actions taken that had the most impact on the output and outcome. Enz (2009) defined strategy as a pattern of organizations plan of action to achieve its goals and fundamental purposes. Enz (2009) described the strategic management process as a series of strategic direction, strategy formulation, and strategy implementation. Strategic direction includes vision, mission, and goals that are established based on the situation analysis, internal and external. Strategy formulation is a plan of action in achieving the goals at three different levels: corporate level strategy, business level strategy, and functional level strategy. The strategy formulation refers to as development of strategies to take advantages of strengths and opportunities or overcome or neutralize weaknesses and threats. At last, strategy implementation is all about the development and execution of implementation plans, including organizational design, control systems, and management. In relation to this research, clear strategy refers to the availability of vision, mission, goals, strategic plans based on SWOT analysis, and management functions adopted, such as PDCA approach.

The second characteristic of good corporate governance was effective risk management. Since risk is anything which prevents an organization from achieving its business objectives (Spedding & Rose, 2007), the effort to manage it through the action to mitigate or eliminate the risks is utmost important. This research measured the availability of risks mapping and the initiatives to mitigate them, including the evaluation of mitigation results.

The third characteristic is discipline. Mack (2010) defined discipline as the consistency of the management to have strong commitment to implement policies, resolutions, and strategies. It is not on the commitment, but on the willingness to materialize all strategies and risk mitigation plans that have been set. This research investigated how far the head of the village implements all strategies shown from some evidences, such as customers perceptions, locals perceptions, and records that they had in hand.

Fairness is the fourth characteristic. It was all about treating all stakeholders fairly: its employees, local people, customers, and government. Mack (2010) measured it through seeing employees morale, turnover, and satisfaction. For locals, they are all supposed to be happy as well and willing to share the

benefits of the homestay businesses. The tax generated from the homestay business had to be addressed properly as to boost the development of local infrastructure and facilities to improve the well-being of the locals and visitors.

Transparency is the fifth characteristic that should be addressed to unify the organization (Mack, 2010). This is done through the documentation of all activities and reports. All these things have to be disseminating to locals and village management members so that they all have clear understanding on the business. The regulation had also to be socialized to locals as to know what it is and how it is implemented. This would bring fairness and equality on how management treated the community that led to the unity of the village.

Social responsibility is the last but one characteristic. It is related to the managements ability to properly respond to any social and environmental issues. Social issues refer to education, health, and spirituality, while environmental issues are related to land zoning, waste management, the density of facilities, and new homestay development. This research measured this through management contribution to education, health, spirituality, and environment of the village.

The last characteristic is self-evaluation. This referred to the managements ability to identify problems through monitoring and evaluating them in order to be able to make corrective actions. This process should lead to management review by involving community leaders to have a say in solutions. Since it is their feedback, their ownership to problems and solutions would be much better. This indicates that their business in homestay is a collective business for collective benefits.

RESEARCH METHOD

This study began with a review of related literatures and related documents. The qualitative approach, including in-depth interviews with key informants, was adopted. According to Walle (1997), qualitative method has become increasingly appropriate to researchers of tourism as they begin to explore personal feeling, perception, and attitudes, particularly of host communities and the impact of tourism on them. This research selected the Mae Kam Pong as a case study approach to study CBT sustainable success of good corporate governance practice because Mae Kam Pong has a unique CBT in the north region of Thailand and interesting story attraction to both domestic and international tourist (Neale, Thapa, & Boyce, 2006). As mentioned earlier, Mae Kam Pong received Awards from certified institutions, for example the TAT and PATA, respectively Thailand Tourism Award for community-based tourism in 2007 and a Gold award for cultural tourism in 2010 (Satarat, 2010) and in 2017 received the best village of ecotourism model in the north of Thailand (Bangkok Post, 2017).

Using convenience sampling, the key respondents of this study were the homestays owners and the head of the village as the manager and the leader of the homestay businesses. Because they could represent the voice of the people of concern (Neale et al., 2006). These people are able to speak for the community as they have special knowledge of the community because of their roles in the community. In order to find out factors that determine the success of sustainable CBT in Mae Kam Pong village, face-to-face semi-structured interviews were conducted with 30 respondents after explanation of the purpose of interview to the respondents. At the data analysis stage, the triangulation technique was employed since this technique is commonly conducted in tourism research (Aref, Redzuan, & Gill, 2009). Triangulation was also crucial in this study since information on Mae Kam Pong provided in many previous studies and on website is often inconsistent and contradicts primary data gathered for this study from villagers and village headman.

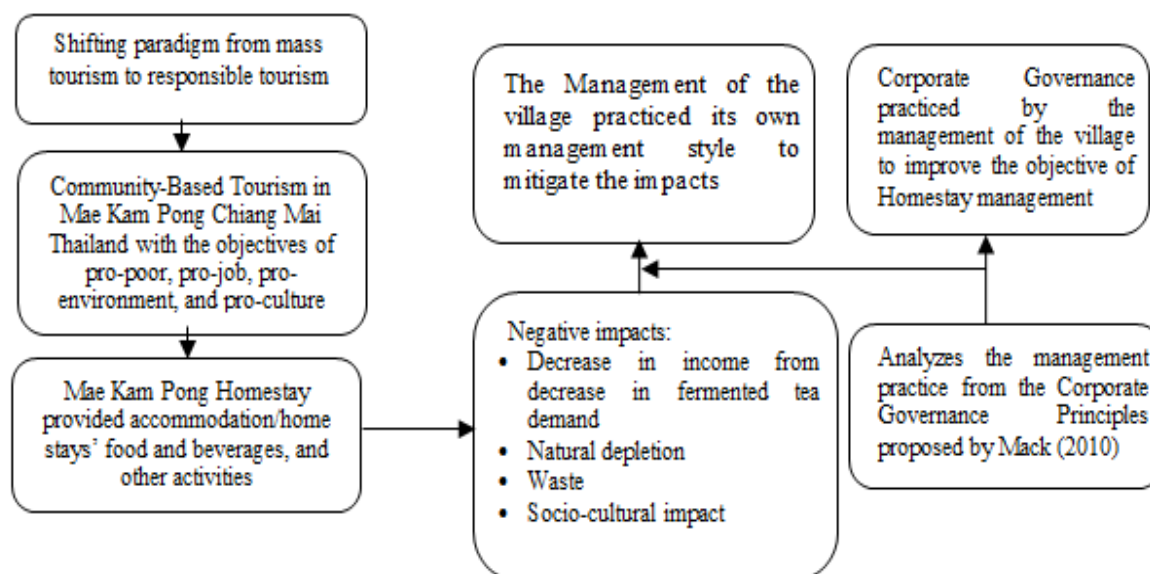


Figure 1. Hypothesized model structure and results

RESEARCH FINDINGS

The research findings are based on the evaluation of the management practices being employed by the village headman and committees of Mae Kam Pong against seven characteristics postulated by Mack (2010) shown as Table 1.

Table 1: Research findings

Characteristics	Parameters	Findings
Clear strategy	1. Vision	<ul style="list-style-type: none"> Rules and regulations are clearly set used as the baseline operation
	2. Mission	<ul style="list-style-type: none"> Numbers of committees are enough for managing and operating
	3. Goals	<ul style="list-style-type: none"> Members participated in tourism implementation
	4. Strategy formulation	<ul style="list-style-type: none"> Members are willing to participate in assigned tourism activities
	5. Strategy implementation	<ul style="list-style-type: none"> Group decision is based on members consensus Strong community leader All committees have a sense of village belonging All committees share the same objectives and awareness
Risk Management	6. Risk identification	<ul style="list-style-type: none"> Exists an evaluation division
	7. Risk mitigation plan	<ul style="list-style-type: none"> Villagers are able to attend meeting with government officials
	8. Risk mitigation results	<ul style="list-style-type: none"> Villagers participated in tourism evaluation Formed a set of committees to carry out surveillance, monitor and evaluate tourism activities

Table 1: Continue....

Characteristics	Parameters	Findings
Discipline	9. Strategy implementation rate	<ul style="list-style-type: none"> • Members can give accurate information to tourists • Regularly committees meeting • Rules and regulations are clearly set • Committees and members are highly responsible for their own duties • All committees share the same objectives and awareness
Fairness	10. Visitor satisfaction index	<ul style="list-style-type: none"> • Distribution of profits from tourism is transparent and accountable
	11. Villagers satisfaction index	<ul style="list-style-type: none"> • Members are satisfied with tourism benefits that they received
	12. Employees satisfaction index	<ul style="list-style-type: none"> • Tourism benefits are fairly distributed
Transparency	13. Strategy formulation dissemination report	<ul style="list-style-type: none"> • Villagers are able to make decisions independently • Formed a set of committees to carry out surveillance, monitor and evaluate tourism activities
	14. Strategy implementation dissemination report	<ul style="list-style-type: none"> • Members are involved in the evaluation process
Social responsibility	15. Management contribution to community	<ul style="list-style-type: none"> • Tourism profits are distributed transparently • Members participated in tourism benefits • Community adopted effective waste management
	16. Management contribution to environment	<ul style="list-style-type: none"> • Community implemented rules and regulations on natural resource conservation • Formed a set of committees to carry out surveillance, monitor and evaluate tourism activities that may harm natural resources • Set up tourism resources capacity to prevent negative impacts
Self-evaluation	17. Self-evaluation report	<ul style="list-style-type: none"> • Formed a set of committees to carry out surveillance, monitor and evaluate tourism activities
	18. Corrective action plan	<ul style="list-style-type: none"> • Members help monitor tourism activities
	19. Corrective action report	<ul style="list-style-type: none"> • Villagers participated in tourism evaluation

CONCLUSION

Many believe that only public companies need to be concerned or can benefit from implementing corporate governance practices. In fact, all companies, not only listed companies, big companies but also private and small companies can benefit from adopting corporate governance practices (Noe, Hollenbeck, Gerhart, & Wright, 2006). The findings of this study indicate that community leadership role is very important for collaborative CBT development. The leadership of the Head of the Village of Mae Kam

Pong traditionally has adopted the CG in his management, by implementing the seven characteristics of it. It was concluded that the practices of CG have become the foundation of the success of Mae Kam Pong Homestay business. The quality of strong leadership with an intent to develop the village for the prosperity of the villagers in an environmentally and socially friendly manner has brought stakeholders satisfaction. Strong community organization is another vital component of successful CBT. It involves establishing a management committee run by community members and facilitating group processes to build the cooperation and commitment of members. A community without leadership may not be able to mobilize resources and influence local members to engage in tourism.

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