



The Influence of Culture in Tourism Supply Chain Management

MASTER THESIS



Christine Koblun

The Influence of Culture in Tourism Supply Chain Management

Christine Koblun
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Student number: 3482553
Supervisor: Dr. Gery Nijenhuis

International Development Studies
Department of Human Geography
Faculty of Geosciences
Utrecht University, The Netherlands

Commissioned by ECEAT and the CBI

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Christinekoblun@hotmail.com



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Executive summary

Tourism has grown to be one of the world's largest industries. It is estimated that the tourism sector generates approximately 11% of the global Gross Domestic Product (GDP), gives employment to more than 200 million global residents and 880 million international tourist arrivals were accounted in the year 2009 (WTO, 2010: 2). The increase of international tourist arrivals in developing countries is remarkable. While at the beginning of the 1980, developing countries did not even receive one third of all international tourist arrivals, within not even three decades developing countries increased their share of international tourist arrivals to 46% in 2009 (WTO, 2010: 6). If managed sustainably, tourism can have a significant contribution to a country's economic development. Local linkages and local ownership are seen as essential requirements in order to spread the benefits of growth. Particularly alternative forms of tourism, such as ecotourism and community-based tourism contribute to an equal distribution of tourism incomes and at the same time ensure that local resources are used in a way that does not hinder the local population access to it. Further, alternative forms of tourism limit the risk of social alienation and the rejection of the local population towards tourism development.

But how can tourism businesses from developing countries tap the growing tourism market? How for example can a Thai inbound tour operator located in the remote north of Thailand reach his customer? According to several researchers (Middleton, Victor T. C.; Fyall, Alan; Morgan, Michael and Ranchhod, Ashok: 2009) the answer lies in providing access, meaning points of sales convenient for the customer. Through the provision of multiple points of sales both at the place of service production and away from the place of service production, the inbound tour operator enhances the likelihood of sales. Providing multiple points of sales requires a tourism business to develop a smart supply chain management, in which his tourism products are offered directly to the consumer (B2C supply chain) and offered to the final consumer making use of sales intermediates (B2B supply chain).

According to the CBI "especially the market for long-haul tourism revolves around the relationship between inbound and outbound tour operator" (CBI; 2008, 2). At the same time inbound tour operators from developing countries frequently fail to successfully connect and sell to European outbound tour operators. For this reason the CBI implemented its third 'CBI Export Coaching Programme Tourism' programme in 2008 (CBI; 2008, 2). Within the programme inbound tour operators are offered a great variety of trainings to improve their access to the European tourism market. Due to the absence of studies on the influence of cultural differences on tourism supply chain management, the CBI commissioned this research to investigate whether cultural differences between Thai inbound and European outbound tour operator influence the Thai inbound tour operator's management of the supply chain. If cultural differences should prove to influence the operator's management of the supply chain, the CBI commissioned to be provided with recommendations on possible training programmes.

Based upon the developed research framework the research focused on the Thai inbound tour operator's management of the supply chain and possible culture related causes of disturbed interaction that are internal to the Thai inbound tour operator and causes of disturbed interaction that are specific for the interaction between Thai inbound and European outbound tour operator (intra-stakeholder causes of disturbed interaction). In the analysis of internal and intra-stakeholder causes of disturbed interaction it was looked upon:

- the inbound tour operator's Human Capital Resources (HCR), focussing upon the entrepreneur's education, the entrepreneur's prior experience in entrepreneurship and prior work experience in the tourism industry, the entrepreneur's intercultural competencies and firm skills;
- the inbound tour operator's Organisational Capital Resources (OCR), thus the operator's extent of relations with the external environment and his built network;
- the issue of trust between Thai inbound and European outbound tour operator; and
- the inbound tour operator's awareness and management of cultural differences.

It was found that the management of the tourism supply chain varies highly between the individual Thai inbound tour operators that participate in the CBI Export Coaching Programme Tourism; however the majority of Thai inbound tour operators face considerable challenges in their supply chain management. Most Thai inbound tour operators rely for the majority of their generated revenue on the B2C supply chain, particularly Thai inbound tour operators with overall poor management of their supply chain. Further many inbound tour operators face difficulties in the management of the B2B supply chain. If developed at all, most Thai inbound tour operator developed a lengthy and ineffective B2B supply chain, in which the number of European tour operators cooperated with is minimal, often even zero. Decreasing or fluctuating overall sales volume and unfavourable profit margins oppose another challenge faced in the B2B supply chain.

In the synthesis of culture related causes of disturbed interaction between Thai inbound tour operator and European outbound tour operator it was concluded that:

- the entrepreneur's prior experience in entrepreneurship/ work (HCR);
- the entrepreneur's intercultural competencies (HCR);
- the inbound tour operator's level of Organisational Capital Resources (OCR), thus the level of relations with its external environment;
- the entrepreneur's likelihood to receive trust; and
- the entrepreneur's management of cultural differences

influence the inbound tour operator's management of the supply chain, in particular the management of the B2B supply chain. To a lesser degree the management of the supply chain (including the B2B supply chain) is influenced by:

- the inbound tour operator's staff's management of cultural differences; and
- the inbound tour operator's skills in communication, coordination and information exchange.

Based upon the synthesis of findings a model was developed. The model shows that the five culture related causes, as described above, influence the inbound tour operator's management of the supply chain and at the same time are interrelated with one another. At the core of an inbound tour operator's capabilities to manage cultural differences in the supply chain stand 1) the entrepreneur's prior experience in entrepreneurship, 2) the entrepreneur's prior work experience in the tourism industry, 3) the entrepreneur's intercultural experience and 4) the entrepreneur's language skills.

General conclusions were illustrated with the help of two case studies, of which one was representative for the majority of Thai inbound tour operators with a poorly managed supply chain (B2C as well as B2B) and limited culture related resources and capabilities, while the other case study was representative for Thai inbound tour operators with a well managed supply chain (B2C as well as B2B) and extensive culture related resources and

capabilities. Although the two inbound tour operators perform utterly different in their supply chain management, it was concluded that both have in common that challenges are faced in their supply chain management. The analysis hence shows that not only inbound tour operators with a poor management of the supply chain and with limited culture related resources and capabilities require the support of the CBI, but also inbound tour operators with a well managed supply chain and extensive culture related resources and capabilities face culture related challenges in their supply chain management which require the CBI's support.

In sum it was concluded that cultural differences between Thai inbound and European outbound tour operator (and European customer) influence the Thai inbound tour operator's management of the supply chain. It was therefore recommended that the CBI develops and implements a training programme to enhance the Thai inbound tour operator's culture related skills and capabilities which are vital for an improved supply chain management. It was recommended that the training programme would meet the following requirements:

- training modules are focused on gaining international experience in the field of entrepreneurship and tourism;
- training modules are focussed on the B2B supply chain;
- training modules are focussed upon business culture;
- training modules are inbound tour operator specific and are tailored to the needs of each inbound tour operator;
- training modules use a form of experiential training and development (ETD); and
- training modules deliver tangible results.

Based upon the above outlined requirements and identified needs of Thai inbound tour operators it was recommended that the CBI initiates and further facilitates the development of Business-to-Business Cooperations between Thai inbound tour operators and European outbound tour operators. The instrument underlying the proposed training module was the concept of twinning programmes, which in its essence aims at strengthening the capacity of two stakeholders in two or more countries to deal with their own problems through a form of mutual partnership which delivers mutual benefits and knowledge gain to both partners. If implemented, Business-to-Business Cooperations between Thai inbound tour operators and European outbound tour operators could serve as a pilot programme. Depending on the results of the Business-to-Business Cooperations it could be feasible to enlarge the training programme to other countries where the CBI supports inbound tour operators.

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List of abbreviations

CBI	The Centre for the Promotion of Imports from developing countries
B2B	Business to business
B2C	Business to consumer
ECP	CBI Export Coaching Programme Tourism
EU	Europe
GDP	Gross Domestic Product
TO	Tour Operator
WTO	World Tourism Organization

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Chapter 1 Introduction and contextual background

In this chapter an introduction to the research as well as an outline on the contextual background is given, followed by a description of the study's objective and an overview of this paper's content and structure.

1.1 Introduction

Tourism has grown to be one of the world's largest industries and the increase of international tourist arrivals in developing countries is remarkable. If managed sustainably, tourism can have a significant contribution to a country's economic development. Local linkages and local ownership are seen as essential requirements in order to spread the benefits of growth amongst the local population. Particularly alternative forms of tourism, such as ecotourism and community-based tourism contribute to an equal distribution of tourism incomes and at the same time ensure that local resources are used in a way that does not hinder the local population access to it.

But how can tourism businesses from developing countries tap the growing tourism market? According to scholars and development organisations the answer lies in providing access, meaning points of sales convenient for the customer. Through the provision of multiple points of sales both at the place of service production and away from the place of service production, the tourism operator enhances the likelihood of sales. Providing multiple points of sales requires a tourism business to develop a smart supply chain management.

In basic terms supply chain management refers to how a tourism business manages to sell tourism products to the final consumer and which intermediaries are involved in this process. In principle, a tourism business can choose between two distinctive methods; directly selling his tourism product to the final consumer (also referred to as B2C), or using intermediaries to sell their tourism product to the final consumer (also referred to as B2B).

Research in the field of tourism supply chains, especially in the field of tourism supply chains in developing countries, is very limited. Most studies on tourism supply chains focus on the B2B supply chain and it is commonly agreed that the B2B supply chain is organised in a sequence of linear two-party relationships from tourism supplier to inbound tour operator, outbound tour operator and the final consumer. Within the tourism supply chain the outbound tour operator holds the most powerful and influential position, as he directs and influences the volume of tourism, selects tourist destinations and chooses tourism services. This particularly applies for tourism in developing countries, where the tourism supplier and inbound tour operator are located at the vacation destination and the outbound tour operator is located in close proximity to his customer.

The limited available research shows that the interaction between inbound and outbound tour operator is often distorted. Yet, no research has ever explored the causes of the disturbed interaction. This research makes the proposal that the disturbed interaction between inbound and outbound tour operator could be caused by cultural differences. There is not only a geographical difference between inbound and outbound tour operator, but also a cultural differences.

1.2 The CBI Export Coaching Programme Tourism

The Centre for the Promotion of Imports from developing countries (CBI) was founded in 1971 as an Agency of the Ministry of Foreign Affairs and is part of the development cooperation effort of the Netherlands. The CBI contributes to sustainable economic development in developing countries through the expansion of exports from these countries. For this purpose it has developed a wide range of support programmes. The CBI possesses over a vast amount of experience and its extensive international network makes the CBI one of the most important centres of expertise in export marketing and export management from developing countries.

Tourism is one of the many sectors in which the CBI is working. In 2008, the CBI launched its third Export Coaching Programme for tourism (ECP). The underlying assumption of the programme is that “Europeans are increasingly crossing borders. Not only do they travel more, they also travel further. Major European markets for long-haul tourism like Germany, the UK and the Netherlands have grown by a striking 35% over the past six years. European outbound tour operators are searching for reliable partners, providing quality services in long-haul destinations.” (CBI; 2008, 2) Through the Export Coaching Programme for tourism the CBI supports about 270 companies in 36 developing countries in becoming reliable suppliers for the European market. The main goal of this programme is to generate income and create employment in the developing countries and also to safeguard sustainability principles.

Eligible for participations in the third Export Coaching Programme for tourism running from 2008 till 2014 were tourism service providers, such as incoming tour operators and ground handlers, as well as Community Based Tourism networks from the following countries:

Table 1: Eligible countries to the CBI Export Coaching Programme Tourism 2008-2014

<i>AFRICA</i>	<i>ASIA</i>	<i>EUROPE</i>	<i>CENTRAL AMERICA</i>	<i>SOUTH AMERICA</i>
Benin	India	Albania	El Salv.	Bolivia
Burk. Faso	Indonesia	Armenia	Guatemala	Colombia
Ethiopia	Jordan	Georgia	Honduras	Ecuador
Ghana	Vietnam	Bos-Her.	Nicaragua	Peru
Kenya	Nepal	Montenegro		Suriname
Madagascar	Pakistan	Serbia		
Mali	Philippines	Moldova		
Morocco	Sri Lanka			
Mozambique	Thailand			
Rwanda				
Senegal				
South Africa				
Tanzania				
Uganda				
Zambia				

Source: CBI; 2008, 2

Additionally, to the requirement of being located in one of the eligible countries, the participants were requested to fulfil the following criteria:

- the participant must provide a tourism services, including Community Based Tourism;
- the enterprise must be locally owned for at least 51%, or co-owned by a partner that resides in a developing country;
- the enterprise may not be involved in a joint-venture with a company in an Upper Middle Income Country (UMIC);

- the enterprise must employ at a minimum 5 and at a maximum 50 employees (including temporary staff)
- the enterprise may not be bound by licence agreements that limit exports to the EU;
- the enterprise must be willing and able to invest time and resources to become successful on the European market;
- the enterprise must at least have 2-3 staff members who master the English language both written and oral.

The application procedure was open to any enterprise fulfilling the above named criteria. After application and submission of required documentation, experts at the CBI made a pre-selection of businesses. After pre-selection, those businesses were visited by a CBI sector expert who carried out an export audit of the applicant. During the audit, factors crucial to successfully doing business in Europe, such as compliance with market requirements, product quality, marketing and management skills were evaluated. On the basis of the audit, a final selection of participants was made. Selected participants were required to formulate an action plan, describing areas of improvement, required actions and deadlines. In Table 2, an overview of selected tourism enterprises per eligible country is given.

Table 2: Participants of the CBI Export Coaching Programme Tourism 2008-2014, per country in 2010

<i>AFRICA</i>		<i>ASIA</i>		<i>EUROPE</i>		<i>CENTRAL AMERICA</i>		<i>SOUTH AMERICA</i>	
<i>Country</i>	<i>n</i>	<i>Country</i>	<i>n</i>	<i>Country</i>	<i>n</i>	<i>Country</i>	<i>n</i>	<i>Country</i>	<i>n</i>
Benin	3	India	1	Albania	5	El Salv.	3	Bolivia	16
Burk. Faso	2	Indonesia	11	Armenia	8	Guatemala	5	Colombia	13
Ethiopia	12	Jordan	5	Georgia	6	Honduras	0	Ecuador	18
Ghana	9	Vietnam	18	Bos-Her.	9	Nicaragua	5	Peru	11
Kenya	10	Nepal	13	Montenegro	1			Suriname	1
Madagascar	9	Pakistan	0	Serbia	3				
Mali	9	Philippines	5	Moldova	0				
Morocco	0	Sri Lanka	9						
Mozambique	3	Thailand	12						
Rwanda	7								
Senegal	1								
South Africa	15								
Tanzania	4								
Uganda	5								
Zambia	4								
Total countries (n=40)	15	9		7		4		5	
Total participants (n=269)	93	74		32		13		59	

Source: CBI; 2010

After selection procedure, final participants were offered technical assistance, consisting of visits by sector experts, distant guidance and an export promotion seminar (EXPRO). During this seminar, main European target markets (Germany, Spain, France, Scandinavia, the UK and the Netherlands) were presented to all participants. The participants were asked and assisted to determine which target market is most profitable for their products. Based on the decision on the best product-market combination, participants were guided to write an Export Marketing Plan (EMP). While implementing their action plan and Export Marketing Plan, selected companies received more tailor-made counselling. Each participant was assigned one CBI expert as their personal coach. The knowledge of the assigned coach as well as the wider team of CBI experts is made available to each participant through distant guiding as well as personal visits to the organisations.

As a final step, tailor-made market entry options are offered to each participant. Depending on the participant's product and target market definition, various options are available, such as participation in European trade fairs and European and road shows to present their product to buyers. CBI also provides publicity through mailings and telemarketing, hands-on consultancy and assistance in match-making. Additionally, wherever the need arises, the CBI offers training programs to participants, such as 'website promotion training'. In the years following the market entry activities, CBI experts assist participants to solidify and expand their business contacts. Practice showed that most of the above steps are overlapping, as the speed in which participants proceed from one phase to the other is highly company-specific. However, most companies have now reached the step in which tailor-made market entry options and additional trainings are offered (CBI; 2008).

1.3 Study objective

According to the CBI "especially the market for long-haul tourism revolves around the relationships between inbound and outbound tour operators" (CBI; 2008, 2). It was found that often inbound tour operators from developing countries fail to successfully connect and sell to European outbound tour operators. As outlined in the previous section, the CBI offers a wide range of activities to support inbound tour operators from developing countries to overcome challenges faced in the interaction with European outbound tour operators and thus increase their sales volume to the European market. However, within those training programmes culture related aspects that could influence the inbound tour operators' supply chain management are not yet included. Due to the lack of academic research the CBI commissioned this research to investigate whether cultural differences between Thai inbound and European outbound tour operator influence the Thai inbound tour operator's management of the supply chain. If cultural differences should prove to influence the operator's management of the supply chain, the CBI commissioned to be provided with recommendations on possible training programmes.

Therefore it is the objective of this research to explore whether cultural differences between Thai inbound and European outbound tour operator influence the Thai inbound tour operator's management of the supply chain. In this it is focused upon potential culture related causes of disturbed interaction that are internal to the inbound tour operator and causes of disturbed interaction that are specific for the interaction between inbound and outbound tour operator (hereafter named intra-stakeholder causes of disturbed interaction). If cultural differences should prove to influence the Thai inbound tour operator's management of the supply chain, recommendations on possible training programmes will be provided. The research population will be the twelve Thai small and medium sized inbound tour operators that participate in the CBI Export Coaching Programme Tourism.

1.4 Outline of the thesis

The thesis is divided into eight main chapters. In this chapter an introduction to the research was given. The second chapter is focussed on providing a theoretical framework for this study, followed by an analysis of the regional context in chapter three. Chapter four outlines the underlying research methodology. In chapter five research findings are presented. In chapter six research findings are illustrated with the help of two case studies. Chapter seven gives recommendation on possible interventions. In the final chapter a general conclusion is given and a discussion is presented on the further implications of this research. .

Chapter 2 Theoretical framework

In this chapter the theoretical framework is presented. In order to develop a sound conceptual model, it is essential to investigate into existing literature and knowledge on six principle themes. *The contribution of tourism to development* analyses how tourism should be designed and regulated in order to make a meaningful contribution to the development of a country. The findings are subsequently linked to the regulations the CBI sets for participants of the 'CBI Export Coaching Programme Tourism'. Theories on *tourism supply chains* assesses the state of art in regards to tourism supply chain analysis and in how far the subject has been theoretically and empirically explored. *International business and culture* looks at existing literature in the framework of culture and business relations. Culture is theoretically defined, models that explain how a how a culture functions are presented and theories of cultural dimensions are described. *Tourism supply chains and the expected influence of culture* is based on findings of the two prior sections. There is neither academic literature nor case studies examining the influence of culture on the tourism supply chain. For this reason, literature on the influence of culture in supply chains of manufacturing industries and the influence of culture on buyer-seller interactions are used. Theories on *intercultural competencies* and *business capabilities* are explored in the following sections. The final section synthesises findings and theories in one developed model.

2.1 The contribution of tourism to development

Having entered the 21st century, our world has become deeply interdependent. The processes and impacts of globalization are deeply embedded into our every-day life. Today, political leaders often refer to globalization as an "external and irresistible set of forces that a country must respond to" (Kelly: 2007, 183). Prior to the 1990s globalization was rarely used as a concept, even though the phenomena of globalization is nothing new, with traces back some 500 years ago. The modern characteristics of globalization differ in their "extensity, intensity, velocity, impact and institutionalization" (Kelly: 2007, 187) from globalization prior to the 1990s. Nowadays globalization "is not just about the movement of money, or things, or people, across global space" but also refers to "the ways in which economic processes in particular places are becoming increasingly dependent upon processes happening or originating elsewhere" (Kelly: 2007, 187). Thus today's definition of globalization is not only concerning the connectedness of places and stakeholders around the world, but their integration into it.

Underlying today's globalization is neoliberalism. Influential politicians such as United Kingdom prime minister Margaret Thatcher (1979-90) and the United States President Ronald Reagan (1981-9) advocated a counter revolution to the prior popular Keynesianism, which proofed to be unable to cope with inflation, insecurity in global commodity markets and repeated business cycles that troubled the developed nations in the 1970s (Cypher, 2009: 204 - 205). Soon the neoliberalistic thought was also applied by the Organization for Economic Co-operation and Development (OECD). In their study published in 1970, it was concluded that Import Substitution Industrialization had done more harm than good. The study "advocated more openness to foreign trade, less use of controls, more use of the "price mechanism," and currency devaluation" (Rapley: 2007, 63-86). A year later the National Bureau of Economic Research (NBER) came to similar conclusions as the OECD study. The study advocated that trade regimes should be liberalized and that more 'freedom' should be given to the labour market. Further it argued that poor nations should concentrate on trade with 'advanced' nations, since it would deliver the greatest gains to their economy (Rapley: 2007, 63-86).

In sum, underlying the neoliberal approach was a sort of "trade optimism" (Rapley: 2007, 63-86), with a clear outward orientation, an export-led growth strategy with a minimum of state control, giving freedom to the market. Development strategies were from now onwards focused on export-led growth rather than domestic-led growth (Rapley: 2007, 63-86).

Based on the neoliberal focus on outward-oriented growth, Brohman identified at the end of the 1990s that development strategies in developing nations were increasingly paying attention to "international tourism as an important potential growth sector for many countries" (Brohman: 1996, 48). Brohman identified the trend that international tourism was increasingly linked in development literature with "other major new 'growth sectors' [such as] export-oriented industries and non-traditional agricultural exports" (Brohman: 1996, 48). Brohman found that development theorists argued that "increased tourism may contribute to economic diversification away from an excessive dependency on a few traditional exports, especially in many low-income countries that lack possibilities for rapid industrialization" (Brohman: 1996, 51). Being equipped with a comparative advantage of a warm climate during the Northern winter season and further equipped with other cultural and environmental attractions, Brohman identified great possibilities for economic development through tourism at the beginning of the new millennium (Brohman: 1996, 51).

Ever since, tourism has grown to be one of the world's largest industries. It is estimated that the tourism sector generates approximately 11% of the global Gross Domestic Product (GDP), gives employment to more than 200 million global residents and 880 million international tourist arrivals were accounted in the year 2009 (WTO, 2010: 2). International tourist arrivals are still dominated by developed nations, with a share of receiving approximately 54% of all international arrivals. However the increase of international tourist arrivals in developing countries is remarkable. While at the beginning of the 1980, developing countries did not even receive one third of all international tourist arrivals, within not even three decades developing countries increased their share of international tourist arrivals to 46% in 2009 (WTO, 2010: 6). On average, developing countries experienced an annual growth of international tourist arrival of 9,5% since the beginning of the 1990s, compared to an increase of below 5% worldwide (Roe and Khanya, 2010, 1).

However, as Black stated already in 1991, there was a great risk that also in the case of tourism development in developing countries, the approach might fail. His notion was based on the general assumption that in many cases the "failure of the [outward-oriented growth] strategy to promote balanced and equitable growth in most Third World countries" (Brohman: 1996, 51) was equitant. In the same vein Brohman stated in 1996 that despite rapid growth of the tourism industry in developing nations, the sector has "encountered many problems common to other outward-oriented development strategies, including: excessive foreign dependency, the creation of separate enclaves, the reinforcement of socioeconomic and spatial inequalities, environmental destruction, and rising cultural alienation" (Brohman: 1996, 48). Especially the high degree of foreign ownership was seen as causing a lack of control on local resources, delivering low multiplier and spread effects and leading towards considerable overseas leakages of tourism spendings. (Brohman: 1996, 53-54) In many destinations it was found that tourism enclaves were mainly owned and run by transnational corporations (TNCs) that had monopolistic controls over the destination (Brohman: 1996, 54). The effect of tourism was often highly critical viewed and the sector was referred to as "a neo-colonial extension of economic forms of underdevelopment" (Britton: 1980, 149) that replicated "historical patterns of structural inequalities between developed and developing countries" (Brohman: 1996, 54).

It was called for institutional mechanisms that were to be created in order to stimulate increasing state and community participation in the field of tourism management and planning, so that the tourism strategy of a destination would fit more precisely into the broader development goals of that nation. In order to spread economic benefits more equally amongst the local population it was further called for “the creation of local linkages to spread the benefits of growth” (Brohman: 1996, 50).

The above outlined academic debate leading towards the identification of a strong need for alternative forms of tourism has been embedded into the wider development debate taking place in the 1980s and 1990s with its strong influence from neo-liberal stands. Even though the neo-liberalism school of thought further carries on in the 2000s (Chant: 2008, 25), by the mid 1990s some academics became highly critical of the development paradigm as a whole. An opponent school of thought emerged, envisaging to “consider development from the perspective of the South itself” (Chant: 2008, 49). Post-development highly opposed against standard views on development and the overgeneralization and depreciation of developing nations. The new school of thought found its roots in postmodern theory, where notions of modernization and modernity were highly rejected. The school rather highlighted “diversity, context and alternative voices” (Chant: 2008, 49) through bottom-up, non-hierarchical growth strategies based upon situation and context specific virtues (Chant: 2008, 49). Post-development theories gave way to more emancipatory alternative forms of tourism, such as community based tourism (Nguyen: 2007, 25-26).

Additionally to the call of some key neo-liberalists for the creation of local linkages within tourism to spread the benefits of growth and the call of Post-developmentalists for bottom-up, non-hierarchical growth strategies based upon situation and context specific virtues within tourism, other development schools of thinking supported the call for alternative forms of tourism, such as fair trade and ethical tourism, pro poor tourism, ecotourism and community-based tourism (Mowforth and Munt: 2003, 95). Examples of such schools of thinking supporting the development of alternative forms of tourism are Amartya Sen’s concept of development as freedom and the actor-oriented paradigm advocating for a more holistic approach towards an understanding of development, in which the interrelation of “internal and external factors” are reciprocally understood and “human action and consciousness” are acknowledged as central to the process (Long and van der Ploeg: 1994, p.64). The common deterrent within the call for alternative forms of tourism from all schools of development thinking is the strive for a lessening or even eradication of harmful tourism impacts on the natural and cultural environment, while delivering economic benefits to the local community through their active integration into the tourism sector (Tresilian 2006: 16).

In addition to the outlined development debates and its scholars that called for an alternative tourism path, also influential institutions called for alternative and more sustainable ways of tourism development. In the same timeframe as the first neo-liberal academics identified the need for alternative tourism development; the powerful World Tourism Organization identified the need for alternative forms of tourism and published their vision on sustainable tourism:

“Sustainable tourism meets the needs of present tourists and host regions while protecting and enhancing opportunity for the future. It is envisaged as leading to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems.”(Byrd and Cardenas: 2009, 1)

The focus on sustainability, also in the tourism industry, was further strengthened by the 'Earth Summit' held in 1992 identifying the "triple bottom line of environmental, economic and social sustainability" (Ashley: 2001, 2). Further adaption of the concept of sustainability was applied to the tourism sector throughout the 1990s. An example of such adoptions is the Agenda 21 for the Travel and Tourism Industry.

Conclusion

The above analysis has shown that in order for tourism to make a meaningful contribution to the development of a nation, tourism development must have local linkages and local ownership in order to spread the benefits of growth. It was found that especially alternative forms of tourism, such as ecotourism and community-based tourism, contribute to an equal distribution of tourism incomes and at the same time ensure that local resources are used in a way that does not hinder the local population access to it. Further, alternative forms of tourism limit the risk of social alienation and the rejection of the local population towards tourism development. When comparing these findings with the regulations the CBI set for applicants to the 'CBI Export Coaching Programme Tourism' it becomes evident that regulations are set according to the principles of sustainable tourism development. Tourism enterprises must for at least 51% be owned by a partner that resides in a developing country and the enterprise must be small to medium sized with a minimum 5 and at a maximum 50 employees. Additionally, the majority of Thai participants are members of the 'Thai Ecotourism and Adventure Travel Association' (TEATA). TEATA is a non-profit organisation, founded in 1997, and is the national body for the ecotourism and adventure industry in Thailand. They promote eco-adventure tourism, provide ecoadventure tourism standards and training to the members and the general public.

2.2 Tourism supply chains

In this chapter assesses the state of art in regards to tourism supply chain analysis and in how far the subject has been theoretically and empirically explored.

2.2.1 Central findings on value chains and the integration of producers from developing countries

In his publication ‘spreading the gains from globalisation: what can be learned from value chain analysis?’ Raphael Kaplinsky serves the objective to “illustrate how value chain analysis can contribute to a better understanding of the determinants of inter- and intra-country income distribution” and possible policies and strategies “which might improve the distributional outcome of countries’ insertion into the global economy” (Kaplinsky: 2000, 30). In his analysis Kaplinsky finds that globalization has greatly contributed towards an increase of economic inequality between countries, especially between developed and developing nations. Kaplinsky identifies that value chain analysis, thus the analysis of “whole cycle of the organisation, production and delivery of products from inception to use and recycling” (Kaplinsky: 2000, 10), can potentially serve as a vital tool for mapping interrelations and thus reasons why producers from developing nations often fail to be included sustainably in global trade. Global production networks are of increasingly complex nature, arms-length trade is increasingly characterized by low returns and it is thus of crucial importance that producers from developing nations enter and engage in global value chains (Kaplinsky: 2000, 32). In order to derive at sustainable income growth, producers from developing nations must engage in two interrelated activities; firstly, producers must introduce “new products or improving old products faster than rivals” (Kaplinsky: 2000, 32) and secondly producers must change “the mix of activities conducted within the firm or moving the locus of activities to different links in the chain, for example from manufacturing to design” (Kaplinsky: 2000, 32). The findings of Kaplinsky are much in line with Gereffi’s identification, that added value and thus profit are highest in pre- and post-production (R&D, product design, marketing and services). The actual manufacturing process has little added value and thus delivers very low profits (Gereffi: 2009, 21). However, Kaplinsky as well as Gereffi conclude that the identified high profit domains are fiercely protected by powerful lead firms and it is thus extremely difficult for producers from developing nations to enter those domains (Kaplinsky: 2000, 32); (Gereffi: 2009, 21).

Kaplinsky’s statement that “it is likely that the same conclusion will apply to many other value chains in which poor countries operate” (Kaplinsky: 2000, 33), arises curiosity whether this is also the case in field of tourism in developing countries.

2.2.2 Chain analysis – differences and similarities between supply and value chain analysis

When researching the subject of chain analysis, also in the context of the tourism industry, the researcher is often confronted with publications on either value chain analysis or supply chain analysis. For the purpose of this research it is important to have a short review on the differences and similarities between the two concepts, since it will either limit or enlarge the volume of available research.

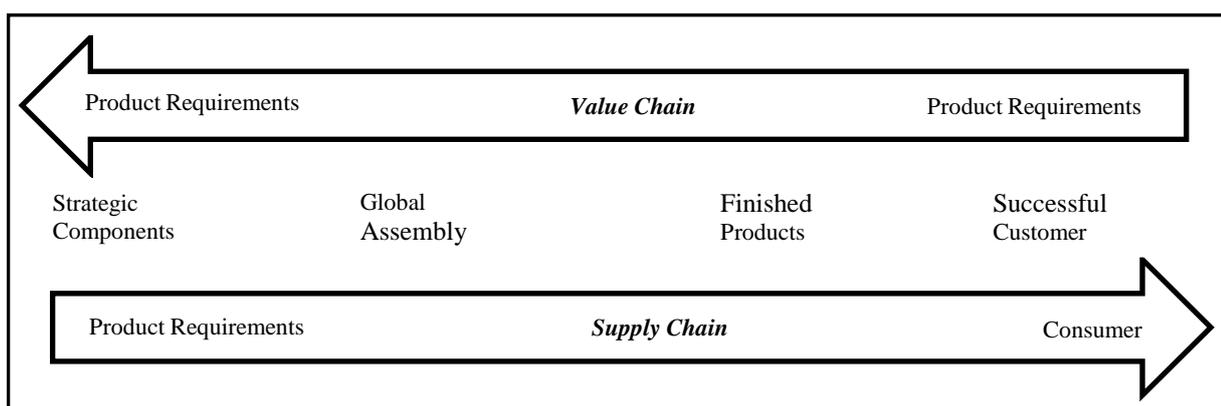
The concept of supply chain management surfaced in the 1980s as a “new, integrative philosophy to manage the total flow of goods from suppliers to the ultimate user, and evolved to consider a broad integration of business processes along the chain of supply” (Feller, Shunk and Callarman: 2006, 3). The original focus was the

“management of a chain of supply as though it were a single entity, not a group of disparate functions” (Laseter and Oliver: 2003, 1). Through the 1990s the concept evolved “to encompass every effort involved in producing and delivering a final product or service, from the supplier’s supplier to the customer’s customer” (Feller, Shunk and Callarman: 2006, 3). Thus, supply chain management in its current form focuses on the “costs and efficiencies of supply” (Feller, Shunk and Callarman: 2006, 3) and the flow of materials within the supply chain.

The concept of value chain management emerged in the mid 1980s, mainly fostered by the work of Michael Porter through his publication ‘competitive advantage, creating and sustaining superior performance’. Originally, Porter identified ‘value’ as being the amount consumers are willing to pay for a product or service. In Porter’s view the ‘value chain’ comprises “generic value adding activities” (Feller, Shunk and Callarman: 2006, 1) a company can undertake to provide value to the consumer. In today’s globalised economy with many stakeholders involved, the main objective in ‘value chains’ is “on the benefits that accrue to customers, the interdependent processes that generate value, and the resulting demand and funds flows that are created” (Feller, Shunk and Callarman: 2006, 1). Thus, efficient value chain management generates profit for those stakeholders involved (however, not evenly distributed).

In Figure 1 the main difference and similarities between the concepts of supply chain and a value chain are visualized. In sum, supply- and value chains are “complementary views of an extended enterprise with integrated business processes” (Feller, Shunk and Callarman: 2006, 3). Both concepts do share common determents, such as analyzing and comprising the same chain of companies. However, the fundamental difference between the concepts is the flow of analysis. Within supply chains the focus lies on an upstream integration of the “supplier and producer processes, improving efficiency and reducing waste” (Feller, Shunk and Callarman: 2006, 1). In contrast, within value chains the focus lies on the downstream flow of value. Within a value chain the customer is seen as the source of value, and thus “value flows from the customer, in the form of demand, to the supplier” (Feller, Shunk and Callarman: 2006, 3).

Figure 1: A Comparison of a value chain with a supply chain



Source: Feller, Shunk and Callarman: 2006, 2

Feller, Shunk and Callarman conclude that in much literature on economic chains the distinction between the concept of supply and value chains is often neglected and the concepts are used interchangeably (Feller, Shunk and Callarman: 2006, 6). The below analysis shows whether also within the context of chain analysis in the tourism industry, the distinction between the concept supply and value chains is neglected.

2.2.3 Supply and value chains within the context of the tourism industry

Supply chain as well as value chain analysis and management in the manufacturing industry have received extensive attention and research focus over the past two decennia (Zhang, Song, and Huang: 2009, 345). On the contrary, supply and value chains studies within the context of the tourism industry are very limited. A deep understanding of the entire structure of the supply and value chains and their effective management within the tourism industry is lacking far behind from the supply and value chain studies in the manufacturing industry (Zhang, Song, and Huang: 2009, 345). An extensive study conducted by Zhang, Song and Huang reveal that even though the first publication on distribution channels within the tourism industry dates back 35 years (UNWTO's publication on tourism distribution channels from 1975), only a handful of researchers have since devoted their study towards understanding interrelations within the tourism supply and value chain (Zhang, Song, and Huang: 2009, 345).

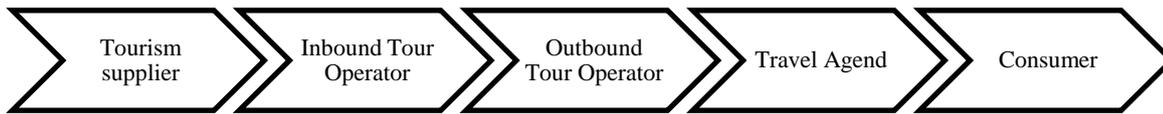
In the light of Feller, Shunk and Callarman's conclusion that much literature on economic chains lacks the distinction between the concepts supply and value chains and that the concepts are used interchangeably (Feller, Shunk and Callarman: 2006, 6), it is found that generally chain studies within the tourism industry make the following distinction:

1. Firstly, value chain analysis is mostly used when case studies are analyzed, such as in the World Bank's study on 'The Tourism Sector in Mozambique: A Value Chain Analysis' (2006) or SNV's study 'Tourism: more value for Zanzibar – a value chain analysis' (2010).
2. Secondly, supply chain analysis is mostly applied in scientific research publications, such as in the study of Zhang, Song and Huang on 'Tourism supply chain management: A new research agenda' (2009), the study of Tapper and Font on 'Tourism supply chains: Report of a desk research project for the travel foundation' (2004) or the study of Yang et al. on a 'Game-Theoretic Approach to Competition Dynamics in Tourism Supply Chains' (2009).

An analysis on the differences between definitions and interpretations between supply and value chain analysis within the tourism industry reveals that the two concepts are indeed used interchangeably. While Feller, Shunk and Callarman outline that within value chain analysis the focus lies in the downstream flow of value (thus the flow is from consumer to tourism supplier), the value chain analyses conducted by the World Bank and SNV reveal that the studies put a focus on upstream integration, thus the flows from supplier to consumer. Even though titled value chain analyses, the reports actually conduct a supply chain analysis (following flows as outlined in Figure 1). Therefore, in the below analysis it is focused upon tourism supply chain analyses, however taking results from value chain analyses into consideration.

2.2.4 The typical tourism supply chain (TSC)

Tapper and Font identify that the typical tourism supply chain (TSC) consists of four main stakeholders; "the tourism supplier, tour operator, travel agent and customer" (Tapper and Font: 2004, 3). The four main stakeholders are organized in a "single linked chain" (Tapper and Font: 2004, 3). Not opposing towards the identification of key stakeholders identified by Tapper and Font, however it is felt that a distinction between inbound and outbound tour operator is essential towards the creation of a complete visualization of the tourism supply chain.

Figure 2: The tourism supply chain (TSC)

Source: drawn by author based on information obtained from Tapper and Font: 2004, 3

In Figure 2 a visual presentation of the tourism supply chain (TSC) is given. In general the chain is characterized by a sequence of linear two-party relationships (Zhang, Song, and Huang: 2009, 348). In the below an analysis of each stakeholders' position within the chain is given.

The tourism supplier

In broad terms, the tourism supplier is defined as any organisation that manages the "interactions and the experience of individual tourists with each tourists attraction" (Bonera and Corvi: 2005, 10). Typically, tourism suppliers in developing countries are small and medium sized enterprises, characterised by a limited technical infrastructure, limited power within the chain and limited market/consumer knowledge. Individual tourism suppliers generally only cover a part of the final tourism product, the consumer demands. In most cases the tourism suppliers offers his tourism product to a regional or national inbound tour operator.

The inbound tour operator

The inbound tour operator represents the first intermediary within the tourism supply chain. Inbound tour operators in developing countries are mostly small and medium sized enterprises that specialise in a specific tourism industry segment or geographical region. Often inbound tour operators compile the individual tourism products within their region or segment into a single tour (Bonera and Corvi: 2005, 10). Inbound tour operators in developing countries provide outbound tour operators with a single point of contact and also serve to ensure the quality of individual tourism products.

The outbound tour operator

Outbound tour operators represent the second intermediary. In the majority of cases outbound tour operators are operating and also based in developed nations, in close proximity to their customers. A typical outbound tour operator offers a wide range of tour packages to various destinations (Bonera and Corvi: 2005, 11). The outbound tour operator is the largest but also most powerful stakeholder in the tourism supply chain. Outbound tour operators are characterised by an extensive knowledge of the tourism demand side and are particularly engaged in marketing and retail.

The travel agent

Travel agents can represent the third party within the tourism supply chain, however increasingly outbound tour operators sell directly to the consumer and thus the service of the travel agents is no longer included in the chain (Bonera and Corvi: 2005, 11).

The above analysis has shown that within the tourism supply chain the outbound tour operator holds the most powerful and influential position within the chain (Bonera and Corvi: 2005, 10). Similar, Tapper and Font identify that within the tourism supply chain, outbound tour operators hold enormous influence and power "over activities

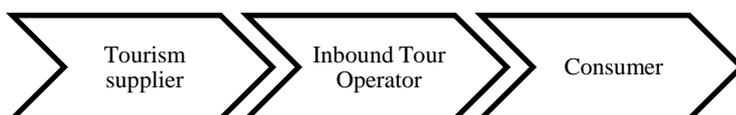
throughout the tourism supply chain, since they direct and influence the volume of tourism, the tourist destinations and facilities that are used” (Tapper and Font: 2004, 4). This finding is much in line with findings on global supply chains not specifically focused on the tourism industry. Humphrey and Schmitz outline that most of international trade is “coordinated by the lead firms of global supply chains” and that the manner in which power is practised in today’s global supply chains highly hinders the successful operations of Small and Medium-sized Enterprises (SME), especially in developing nations (Humphrey and Schmitz: 2008, 258).

Research on community based tourism in Asia and their tourism supply chain show that on average, as little as 5-10% profit margin is attained by the tourism supplier, while the outbound tour operator holds a generous profit margin of over 20%, the inbound tour operator’s profit margin was found to vary greatly between establishments, but on average attain a profit margin of around 10% (STDC: 2009; 12-15).

2.2.5 Creating access: the right mix between B2C and B2B supply chain

In the previous section it was concluded that the typical tourism supply chain is characterized by a sequence of linear two-party relationships (Zhang, Song, and Huang: 2009, 348) and consist of mainly four stakeholders (the tourism supply, the inbound tour operator, the outbound tour operator and the consumer). However, the above outlined typical tourism supply chain is not the only possible supply chain an inbound tour operator can apply. In principle the inbound tour operator can apply two distinctive forms of supply chains. The most straightforward form of supply chains is a direct distribution, in which the inbound tour operator directly sells his tourism product to the final consumer (as visually presented in Figure 3). This form of is also often referred to as the Business-to-Consumer (B2C) supply chain.

Figure 3: B2C supply chain (direct distribution)

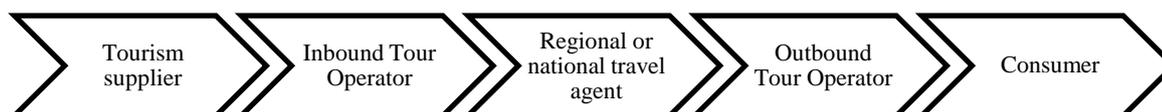


Source: drawn by author based on information obtained from Tapper and Font: 2004, 3

The second form of supply chains the inbound tour operator can apply is indirect distribution. In this form of the tourism supply chain the inbound tour operator involves one or more third-party stakeholders to sell his tourism product to the final consumer. The typical tourism supply chain is one example of an indirect distribution, but there are more variations possible. In Figure 4 two examples of possible indirect distribution are shown, which are widely applied. This form of is also often referred to as the Business-to-Business (B2B) supply chain.

Figure 4: two examples of the B2B supply chain (indirect distribution)





Source: drawn by author based on information obtained from Tapper and Font: 2004, 3

In specific it has to be outlined that the longer the B2B supply chain, thus the more stakeholders are involved between the inbound tour operator and his final customer, the lower the actual profit margin derived by the inbound tour operator will be. As it is the main aim of an inbound tour operator to “provide ‘access’, meaning points of sales convenient for the consumer”(Middleton, Victor T. C.; Fyall, Alan; Morgan, Michael and Ranchhod, Ashok: 2009, 275), a “combination of both strategies for achieving sales responds is common in the travel and tourism industry” (Middleton et al.: 2009, 276). Through the provision of multiple points of sales both at the place of service production and away from the place of service production, the inbound tour operator enhances the likelihood of sales. However, both approaches are characterised by negative as well as positive effects, as outlined in Table 3.

Table 3: Positive and negative effects of the B2C and B2B supply chain

<i>B2C supply chain</i>		<i>B2B supply chain</i>	
Positive effects	Negative effects	Positive effects	Negative effects
Direct communication with final customer enables correct marketing	Unpredictable and unstable sales forecast	Marketing and promotion costs are bearded by third-parties	Lower profit margins through commissions
No commissions have to be paid to third-parties	Time intensive (actual time of interaction with client)	Time effective as communication with final consumer is undertaken by third-party	Difficult to seek ‘right’ partners
	Cost intensive (costs of marketing to reach final consumer)	Wide reach towards markets and consumers	Loss of control over product marketing to final consumer
		Stable and more or less predictable sales forecast	

Source: Middleton et al.: 2009, 274- 278

The selection of the most appropriate mix of tourism supply chains is depending upon the individual inbound tour operator’s “marketing/ distribution strategy, the customer to be targeted, the products themselves, costs and market characteristics (...) (such as) the type and size of market, the distribution of customer, customer purchasing power and patterns” (Pender and Sharpley: 2005, 73). While the mix of applied tourism supply chains depends on inbound tour operator specific characteristics, in general it is found that an inbound tour operator should apply a sound balance between direct and indirect distribution. An overdependence on one of the two possible tourism supply chain forms can make the inbound tour operator vulnerable and can create an unsustainable business environment (Middleton et al.: 2009, 276).

2.2.6 Conclusion

Kaplinsky’s conclusion that producers from developing nations are hindered by powerful lead-companies from developed countries to enter the high profit domains of global value chains partially also holds true for the tourism industry. The analysis shows that in the B2B supply chain, the European outbound tour operator has a dominant position, dictating sales volume, chosen destinations and prices. Although the inbound tour operator can sell his tourism products directly to the consumer (B2C supply chain), operators often lacks the technical advancements, skills and knowledge to interact with the final consumer directly. Recent research implies that with modern technology being cheaply available in many parts of the world, the internet could hold promising opportunities to tourism suppliers in developing countries (Bonera and Corvi: 2005, 10). On the downturn, success within the tourism supply chain does not only depend upon technological advancements, but also business and operational skills. Thus far, many small and medium size tourism suppliers in developing nations lack those skills.

2.3 International business and culture

What is culture? Culture is defined by Hofstede as “the software of the mind – the social programming that runs the way we think, act and perceive ourselves and others” (Hofstede in Mitchell; 2000, 4). Mitchell attempts to define culture more formally; “culture is a set of learned core values, beliefs, standards, knowledge, morals, laws and behaviour shared by individuals and societies that determines how an individual acts, feels and views oneself and others” (Mitchell; 2000, 4). In terms of the relationship between culture and doing business, Mitchell derives at the conclusion that “a society’s culture is passed from generation to generation, and aspects such as language, religion, customs and laws are interrelated – that is, a society’s view of authority, morals and ethics will eventually manifest itself in how an individual does business, negotiates a contract or deals with a potential business relationship” (Mitchell; 2000, 4).

It is important to note that according to Mitchell “culture is not innate (...), it is learned behaviour and hence can be changed” (Mitchell; 2000, 4). Learning and understanding another culture takes “study, a keen sense of observation, and above all, a willingness to learn and relinquish the notion that one’s native culture is superior” (Mitchell; 2000, 4). Even though understanding a business partner’s culture will provide one with the ability to develop a sound strategy of negotiations and ultimately enable one to understand or even predict a business partner’s actions and reactions (Mitchell; 2000, 4).

2.3.1 Models for explaining how a culture functions

The majority of models attempting to explain how cultures function were developed by social anthropologists in the framework of their consultancy work for international corporations (Anca and Vega; 2007, 85). There are three models that are widely accepted and recognized for their relevance in the area of international business and cultural influences. Those are, “Trompenaars’ layer of culture model, Hofstede’s onion model and, perhaps the most widely used, the iceberg theory of culture (...) as a result of the work of Hall and others” (Anca and Vega; 2007, 85).

In the **iceberg model** according to Hall proposes a “series of external (visible and objective) and internal (invisible and unconscious) elements” (Anca and Vega; 2007, 85). Internal elements are again subdivided into two levels, the formal level “made up of elements such as rituals and customs that can be taught and learned” (Anca and Vega; 2007, 85) and the informal level “consisting of elements that are acquired without being consciously aware of them, where concepts of time and space and individualism and collectivism stand out” (Anca and Vega; 2007, 85).

In **Hofstede’s onion model**, culture is defined as “a series of layers, some of which are more visible than others” (Anca and Vega; 2007, 85). Within the model the least visible layers of a culture form the heart of a culture, consisting of its core values (Anca and Vega; 2007, 85). The most visible elements of a culture are its symbols, heroes and rituals.

Trompenaar’s layer of culture model “distinguishes three levels, ranging from the most to the least explicit” (Anca and Vega; 2007, 85). According to Trompenaars the “most explicit level is made up of artefacts and products (including institutions and laws)” (Anca and Vega; 2007, 85). The second level is “formed by norms and values (norms of social behavior)” (Anca and Vega; 2007, 85). The least explicit level, thus the third level, consists of “basic assumptions about life, which are almost inaccessible from outside; they are acquired unconsciously and reflect the

forms of behaviours that had been crucial to the survival of the group at a specific moment of time” (Anca and Vega; 2007, 85).

The crucial element learned through the short examination of attempts to explain how cultures function, is that all models find common ground in the assumption that a culture is defined in levels or layers. All models further have in common that they distinguish between visible and invisible layers of culture. Visible layers of culture are those that are easily observed and understood, however all models identify that core values of a culture are hidden in the invisible layers of culture. For an outsider it takes considerably more time and effort, if possible at all, to grasp and understand the core values of a culture.

2.3.2 Theory of cultural dimensions

In the attempt to understand different cultures, much academic work is concerned with the “classification and categorization of different cultural attributes (...) and attempts to describe rather than explain cultural determination and differences” (Johnson and Turner; 2009, 317). In principle there are six culture models offering a set of dimensions along which various cultures can be compared (Bhagat and Steers; 2009, 7). In this research it is concentrated on models that offer numeric scores for rating various cultures; Hofstede’s cultural dimensions, Trompenaars’ attempt to identify key cultural dimensions and the work of the GLOBE Project. The work of Schwartz is excluded from this study due to its limited application in the field of international business. In addition to the cultural dimension models offering numerical rankings, Edward Hall’s non-numerical concept of low- and high context cultures is presented.

Geert Hofstede’s cultural dimensions

Hofstede produced the most influential work on cultural differences in relation to business. Geert Hofstede collected and analyzed data from more than 100,000 individuals working in over than 70 countries. Outgoing from these results Hofstede developed a theoretical framework that identifies four primary dimensions that distinguish cultures: power distance, individualism/collectivism, masculine/feminine, and uncertainty avoidance (Johnson and Turner; 2009, 318).

Table 4: Hofstede’s cultural dimensions

Cultural Dimension	Scale Anchor	
Power distance refers to the “extent to which power structures are hierarchical and reflect significant inequalities in power” (Johnson and Turner; 2009, 317).	<i>Low power distance:</i> “Belief that effective leaders do not need to have substantial amounts of power compared to their subordinates” (Bhagat and Steers; 2009, 5).	<i>High power distance:</i> “Belief that people in positions of authority should have considerable power compared to their subordinates” (Bhagat and Steers; 2009, 5).
Individualism/collectivism reflects the relative importance given by a society of individualism versus Group interest (Bhagat and Steers; 2009, 5).	<i>Collectivism:</i> “Group interests generally take precedence over individual interests” (Bhagat and Steers; 2009, 5).	<i>Individualism:</i> “Individual interests generally take precedence over group interests” (Bhagat and Steers; 2009, 5).
Masculinity and femininity refers to a society’s attitude towards assertiveness versus passivity and attitude towards material possessions versus quality of life (Bhagat and Steers; 2009, 5).	<i>Masculine societies</i> place high importance on “assertiveness, achievement, acquisition of material possessions (...)exhibit aggressive (...) goal behaviour” (Johnson and Turner; 2009, 319). The business environment is characterised by a high degree of conflict and completion.	<i>Feminine societies</i> place high importance on “social relationships, quality of life and sensitivity” (Johnson and Turner; 2009, 319). Characterised by passive goal behaviour, “high degrees of cooperation, negotiation and compromise” (Johnson and Turner; 2009, 319).
Uncertainty avoidance refers to the level of “tolerance for uncertainty and ambiguity within a society. This dimension is not related to the subject of risky situations, but rather to unknown or unfamiliar situations” (Schneider and Barsoux; 2003, 87).	<i>Low uncertainty avoidance:</i> “Tolerance for ambiguity; little need for rules to constrain uncertainty” (Bhagat and Steers; 2009, 5).	<i>High uncertainty avoidance:</i> “Intolerance for ambiguity; need for many rules to constrain uncertainty” (Bhagat and Steers; 2009, 5).

Cultural Dimension	Scale Anchor	
Short- versus long-term orientation this dimension is a recent addition by Hofstede to his cultural dimensions and refers to a society's outlook on work, life and relationships (Bhagat and Steers; 2009, 5).	<i>Short-term oriented cultures</i> emphasise the "immediate gratification of need, a focus on the present and the attainment of short-term goals" (Johnson and Turner; 2009, 319).	Long-term oriented cultures emphasise "the satisfaction of needs is deferred for the sake of long-term benefits and growth" (Johnson and Turner; 2009, 319). Such societies are characterised by attributes of strong persistence and thrift.

Trompenaar's cultural dimensions

In the late 1990s Dutch management researcher Trompenaars presented his model of cultural dimensions, much building upon the earlier work of Hofstede and Harvard sociologists Parsons and Shils. Trompenaars identifies seven distinctive cultural dimensions in his model. The first five cultural dimensions refer to the relationship amongst individuals, whereas the two last dimensions refer to the issues of time management and a society's relation with nature (Bhagat and Steers; 2009, 3-4).

Table 5: Trompenaars' cultural dimensions

Cultural Dimension	Scale Anchor	
Universalism-Particularism: Relative importance of applying standardized rules and policies across societal members; role of exceptions in rule enforcement.	<i>Universalism:</i> Reliance on formal rules and policies that are applied equally to everyone.	<i>Particularism:</i> Rules must be tempered by the nature of the situation and the people involved.
Individualism-Collectivism: Extent to which people derive their identity from within themselves or their group.	<i>Individualism:</i> Focus on individual achievement and independence.	<i>Collectivism:</i> Focus on group achievement and welfare.
Specific-Diffuse: Extent to which people's various roles are compartmentalized or integrated.	<i>Specific:</i> Clear separation of a person's various roles.	<i>Diffuse:</i> Clear integration of a person's various roles.
Neutral-Affective: Extent to which people are free to express their emotions in public.	<i>Neutral:</i> Refrain from showing emotions; hide feelings.	<i>Affective:</i> Emotional expressions acceptable or encouraged.
Achievement-Ascription: Manner in which respect and social status are accorded to people.	<i>Achievement:</i> Respect for earned accomplishments.	<i>Ascription:</i> Respect for ascribed or inherited status.
Time Perspective: Relative focus on the past or the future in daily activities.	<i>Past/present oriented:</i> Emphasis on past events and glory.	<i>Future oriented:</i> Emphasis on planning and future possibilities.
Relationship with Environment: Extent to which people believe they control the environment or it controls them.	<i>Inner-directed:</i> Focus on controlling the environment.	<i>Outer-directed:</i> Focus on living in harmony with nature.

Source: Bhagat and Steers; 2009, 6

The GLOBE Project

The most recent model developed to study cultural dimensions is "the most ambitious" (Bhagat and Steers; 2009, 6) and comprehensive model. Its development was initiated by Robert House who assembled a global team of researchers whose tasks it was to understand "the influence of cultural differences on leadership processes" (Bhagat and Steers; 2009, 6). The research findings were bundled under the name "'GLOBE study' for Global Leadership and Organizational Behavior Effectiveness" (Bhagat and Steers; 2009, 6). In the 'GLOBE study' seven cultural dimensions are identified. Several of the dimensions are building upon earlier work of Hofstede (individualism-collectivism, power distance and uncertainty avoidance) and Trompenaars (individualism-collectivism). Other dimensions are newly introduced by the 'GLOBE study'. GLOBE researchers collected data in over sixty countries and evaluated and compared the findings. As a result "differences are found in leader behavior across the cultures" (Bhagat and Steers; 2009, 7). The 'GLOBE study' is in thus far innovative and insightful that it not only attempts to identify and classify cultural dimensions, but shows "how variations in such dimensions affect leadership behavior and effectiveness" (Bhagat and Steers; 2009, 7).

Table 6: GLOBE's cultural dimensions

Cultural Dimension	Scale Anchor	
Power Distance: Degree to which people expect power to be distributed equally.	<i>High:</i> Society divided into classes; power bases are stable and scarce; power is seen as providing social order; limited upward mobility.	<i>Low:</i> Society has large middle class; power bases are transient and sharable; power often seen as a source of corruption, coercion, and dominance; high upward mobility.
Uncertainty Avoidance: Extent to which people rely on norms, rules, and procedures to reduce the unpredictability of future events.	<i>High:</i> Tendency to formalize social interactions; document agreements in legal contracts; be orderly and maintain meticulous records; rely on rules and formal policies.	<i>Low:</i> Tendency to be more informal in social interactions; reliance on word of people they trust; less concerned with orderliness and record-keeping; rely on informal norms of behaviour.
Humane Orientation: Extent to which people reward fairness, altruism, and generosity.	<i>High:</i> Interests of others important; values altruism, benevolence, kindness, and generosity; high need for belonging and affiliation; fewer psychological and pathological problems.	<i>Low:</i> Self-interest important; values pleasure, comfort, and self-enjoyment; high need for power and possessions; more psychological and pathological problems.
Institutional Collectivism: Extent to which society encourages collective distribution of resources and collective action.	<i>High:</i> Individuals integrated into strong cohesive groups; self viewed as interdependent with groups; societal goals often take precedence over individual goals.	<i>Low:</i> Individuals largely responsible for themselves; self viewed as autonomous; individual goals often take precedence over societal or group goals.
In-Group Collectivism: Extent to which individuals express pride, loyalty, and cohesiveness in their organizations and families.	<i>High:</i> Members assume they are interdependent and seek to make important personal contributions to group or organization; long-term employer employee relationships; organizations assume major responsibility of employee welfare; important decisions made by groups.	<i>Low:</i> Members assume they are independent of the organization and seek to stand out by making individual contributions; short-term employer-employee relationships; organizations primarily interested in the work performed by employees over their personal welfare.
Assertiveness: Degree to which people are assertive, confrontational, and aggressive in relationships with others.	<i>High:</i> Value assertiveness, dominance, and tough behavior for all members of society; sympathy for the strong; value competition; belief in success through hard work; values direct and unambiguous communication.	<i>Low:</i> Prefers modesty and tenderness to assertiveness; sympathy for the weak; values cooperation; often associates competition with defeat and punishment; values face-saving in communication and action.
Gender Egalitarianism: Degree to which gender differences are minimized.	<i>High:</i> High participation of women in the workforce; more women in positions of authority; women accorded equal status in society.	<i>Low:</i> Low participation of women in the workforce; fewer women in positions of authority; women not accorded equal status in society.
Future Orientation: Extent to which people engage in future-oriented behaviors such as planning, investing, and delayed gratification.	<i>High:</i> Greater emphasis on economic success; propensity to save for the future; values intrinsic motivation; organizations tend to be flexible and adaptive.	<i>Low:</i> Less emphasis on economic success; propensity for instant gratification; values extrinsic motivation; organizations tend to be bureaucratic and inflexible.
Performance Orientation: Degree to which high performance is encouraged and rewarded.	<i>High:</i> Belief that individuals are in control of their destiny; values assertiveness, competitiveness, and materialism; emphasizes performance over people.	<i>Low:</i> Values harmony with environment over control; emphasizes seniority, loyalty, social relationships, and belongingness; values who people are more than what they do.

Source: Bhagat and Steers; 2009, 8

Edward Hall's concept of low- and high context cultures

In his publication 'Beyond Culture' the anthropologist and cross-cultural researcher Edward T. Hall introduced the concept of low- and high context cultures. In low context cultures "communication is explicit, clear and unambiguous" (Johnson and Turner; 2009, 317). Individuals from low context cultures are characterised by communication patterns that go straight to the point and express exactly what they mean. Americans are an example of a low context culture. In contrast, in high context cultures "much important information is conveyed beyond and outside the words actually spoken" (Johnson and Turner; 2009, 317). In order to grasp the meaning of spoken words in a high context culture an individual needs to be able to detect the hidden meaning of the spoken words, be attentive to body language and possess over knowledge on "unwritten and unspoken rules of communication" (Johnson and Turner; 2009, 317). As an example, many Asian cultures are high context cultures.

Hall identifies problems and frequent miscommunication when individuals from low and high context cultures get together in a business setting, frequently leading towards confusion and frustration between the individuals. Hall

outlines that for example the straightforward manner and frankness practiced by low context cultures in their communication can be interpreted by high context cultures as being rude and hasty. On the other hand in high context cultures a straightforward 'no' upon a request is avoided. Individuals from high context cultures will search for tactful manners to avoid saying 'no' upon a request by expressing that they will 'think about it' or 'take it into consideration'. When the business counterpart from a low context culture is not aware of the custom to avoid a straightforward negative answer, he might interpret the answer as a maybe or perhaps while the business counterpart from a high context culture in fact expressed a negative answer (Johnson and Turner; 2009, 317).

Conclusion theory of cultural dimensions

It would have been most desirable to compare the Thai culture with the culture of European outbound tour operators through the 'GLOBE study'. Unfortunately the database of the 'GLOBE study' is not freely available and even with the most compelling argumentation it could not be succeeded to get access to the database. The same accounted for Trompenaar's cultural dimensions. For this reason the cultural dimensions model developed by Geert Hofstede was opted for.

2.4 Tourism supply chains and the expected influence of culture

There is neither academic literature nor case studies examining the influence of culture on the tourism supply chain. In an attempt to identify the possible influence of culture on the tourism supply chain it must be recalled what had been found earlier.

While supply as well as value chain analyses in the manufacturing industry have received extensive attention and research focus over the past two decennia (Zhang, Song, and Huang: 2009, 345), supply chain studies in the context of the tourism industry are very limited. A deep understanding of the entire structure of the tourism supply chain is lacking far behind from the supply and value chain studies in the manufacturing industry (Zhang, Song, and Huang: 2009, 345). The influence of culture on the tourism supply chain has to the best knowledge of the author not been researched yet.

The tourism supply chain is characterized by a sequence of linear two-party relationships. The tourism supply chain consists of a sequence of seller and buyer interactions. In contrast, supply chains in the manufacturing industry are characterised by greater cooperation between stakeholders of the chain and is managed “as though it were a single entity, not a group of disparate functions” (Laseter and Oliver: 2003, 1). For this reason, research on supply chains in the manufacturing industry are not always fit for the tourism supply chain.

In order to derive at a model on the influence of culture on the tourism supply chain it is therefore looked into research on the influence of culture on supply chains in the manufacturing industry, but also research on the influence of culture on the seller-buyer relationship.

2.4.1 Influence of culture in supply chains of manufacturing industries

The “linkage between culture and manufacturing system has drawn increasingly more attention” (Zheng; 2009, 1). The growing attention is based on the fact that manufacturing systems nowadays consist of international networks and global supply chains. An understanding and coordination of different cultures has thus become a must (Zheng; 2009, 1). Research has shown that “trust issue is the most culture sensitive element in supply chain management, yet not sufficient literature is observed” (Zheng; 2009, 1). Scholar Zheng is searching in her research for the “interaction between national culture and trust issues in supply chain management” (Zheng; 2009, 1). In order to provide the topic with a theoretical embedding Zheng examines two bodies of academic literature; literature on national culture and literature on trust theories. Within the literature examination of culture theories Zheng examined research undertaken by Hall, Hofstede and Trompenaars, with findings similar to what has been outlined in prior sections.

In the body of literature on trust theories Zheng examines the work of Rempel, McAlister, Sako, Mayer, Platts and Tomasevic. Zheng concludes that the literature has proven that “trust is important in the network and partnership development process” (Zheng; 2009, 1). From the trust theories Zheng generated, four types of trust can be distinguished:

- a) *Competence trust* –based on the understanding that a professional person or organization can do what they say they can.
- b) *Reliability trust* – dependent on a contract with a party of experience.

- c) *Goodwill trust* – a professional person not only automatically puts effort into resolving the problems which inevitably arise in practice; he actively seeks opportunities to enhance what is being done.
- d) *Loyalty trust* – a long-term relationship which means that the partner is not just reliable but performs well in extraordinary situations.

Director of the MBA program in Supply Chain Management at NC State University wrote in his rather critical essay ‘Can You Trust the Concept of Trust in Supply Chain Relationships?’ that “one of the most misunderstood and ripe areas for research in the area of supply chain relationships is in the area of trust” (Handfield; 2003). To support his argumentation Handfield quotes Barber and Hosmer:

“In both serious social thought and everyday discourse, it is assumed that the meaning of trust and of its many apparent synonyms is so well known that it can be left undefined or to contextual implications” (Barber and Hosmer; 1983:7) in Handfield; 2003).

Indeed Handfield finds evidence in other researcher’s work that there are multiple forms of trust and that there is thus more than one form of trust (McAllister 1993, Mishra 1996, Gabarro 1979, Bromiley and Cummings 1996, Rempel and Holmes 1986, Ghoshal and Bartlett 1995). Through extensive literature research Handfield identifies five forms of trust relevant in the context of supply chains, supported by a number of academic publications (Table 7).

Table 7: Five forms of trust relevant in the context of supply chains

Body of theory	Definition	Authors
Reliability	Time and experience are critical elements in evaluating trust	Rossiter and Pearch 1975, Deutsch 1958, Rotter 1967, Gambetta 1988, Fairholm 1994, Lorenz 1988, Zucker 1995, Lewis 1990, Gulati 1995, Good 1988
Competence	Experience and wisdom displayed by partner	Ghoshal and Bartlett 1994, Luhmann 1988, Butler 1991
Goodwill (openness)	Confidence you can share information or problems with the other party	Pennings and Woiceshyn 1987, Granovetter 1985, Johnson Georges and Swap 1982, Ring and Van de Ven 1994
Goodwill (Benevolence)	Accepted duty to protect the rights of your partner	Farris et al. 1973, Hart et al. 1986, Mayer et al... 1995, Barber 1983, Rempel and Holmes 1986, Butler 1991, Hosmer 1995
Vulnerability	Being unprotected or exposed while including an element of uncertainty or risk	Deutsch 1958, Akerlof 1970, Barney and Hansen 1994, Klein, Crawford and Alchian 1978, Zand 1972, Holmstrom 1979, Sabel 1993, Lorenz 1988, Gambetta 1988
Loyalty	A partner is not just reliable but performs well in extraordinary situations	Rempel and Holmes 1986, Larson 1990, Friedland 1990

Source: Handfield; 2003

As the tourism supply chain differs from the supply chains in its stakeholder interaction and relation, in regards to the tourism supply chain the trust dimensions of goodwill (benevolence) and vulnerability are judged as irrelevant. Those two elements of trust refer to the relation between supply chain stakeholders and the “management of a chain of supply as though it were a single entity, not a group of disparate functions” (Laseter and Oliver: 2003, 1).

2.4.2 Influence of culture on buyer-seller interactions

When looking more specifically at the influence of culture on buyer-seller interactions, it is concluded that despite growing research on the buyer-seller interaction from a marketing perspective, there “is virtually nothing in the literature on the influence of the cross-cultural and cross-national settings” (Sheth; 2010, 46) on the buyer-seller interaction. Scholar Sheth however in his research finds that the buyer-seller interaction and negotiation process essentially consists of two dimensions: “ (a) the content and (b) the style of interaction/negotiation” (Sheth; 2010, 46).

In the content dimension of the buyer-seller interaction, buyer and seller exchange information about the specific features of the to be sold item or service. In the content dimension the following “vector of exchange, specific values and their perceived expectations” (Sheth; 2010, 47) play an essential role: Functional Values, Social/ Organizational Values Personal/Emotional Values, Epistemic/Innovative Values . Sheth assumes that any buyer-seller interaction is driven by more than one of the above outlined values. Especially in terms of a service exchange Sheth assumes that besides the importance of the functional values of the product, also the three nonfunctional (social, personal or epistemic) values are of essential importance in the buyer-seller interaction. The style dimension of the buyer-seller interaction refers to the ground rules on matters such as format, structure, rituals or mannerisms the buyer and the seller opt to implement for making the product/service exchange. In contrasts to the content dimensions, in the style dimension only one type of style can and will be applied. The three different style dimensions are the following: Task-Oriented Style, Tradition-Oriented and Style People-Oriented Style.

While the above outlined dimensions in the buyer-seller interaction can be supported by Sheth with academic literature and findings, when turning to the cross-culture influence on the two dimensions of content and style of interaction/negotiation between buyer and seller, Sheth can only work with hypothesis. Sheth formes the hypothesis that the content dimension is influenced by cultural determinants, such as “resource versus need orientation, physical climate, traditional versus modern cultures, economic development and Maslow's needs hierarchy” (Sheth; 2010, 54). Further Sheth developed the hypothesis that the style dimensions can be influenced by cultural attributes such as “silent languages, individualistic versus socialistic cultures, institutional norms and practices, and inner-other-traditional directed societies” (Sheth; 2010, 54). Even though Sheth cannot derive at demonstrable findings in his research on the influence of the cross-cultural and cross-national settings on the buyer-seller interaction, he can demonstrate that within the buyer and seller interaction culture may result in conflicting business practices and customs.

Quite contrary to the conclusion derived by Sheth, that “trust issue is the most culture sensitive element in supply chain management, yet not sufficient literature is observed” (Zheng; 2009, 1), scholar Morris undertook already in 2005 an assessment of existing literature on the influence of national culture on buyer-supplier relationship. Morris found that over the past two decades “a noticeable trend (...) has been a shift from domestic sourcing toward purchasing from international suppliers” (Morris; 2005, 1). There is a trend towards building more stable, long-term arrangements between buyers and international suppliers in order to reduced “the volatile aspects of sourcing internationally” (Morris; 2005, 2). However, as a result intercultural differences among buyers and suppliers increasingly effectes their interactions. In buyer and supplier relationships the attributes of trust and commitment are of central importance and high levels of trust and commitment have positive effects on channel relationships, however those are often distorted by cultural differences. In order to define a theoretical framework for his central question “how do national culture differences influence the fostering of trust and commitment in transnational buyer-supplier relationships?” (Morris; 2005, 5), Morris looked at two bodies of theoretical embedding; “Morgan and Hunt's (1994) Key Mediating Variable Model of interorganisational relationships, which includes twelve constructs of interorganisational behaviour centred around trust and commitment; and Hofstede's (2001) five dimensions of national culture: individualism-collectivism, long-term orientation, masculinity/femininity, uncertainty avoidance, and power distance” (Morris; 2005, 3). In his findings Morris concluded that Hofstede's dimensions of individualism versus collectivism showed a directed influence on the trust level between buyer and supplier. Even though Morris found other culture dimensions defined by Hofstede having an influence, those are not significant for his research purpose.

It is important to note that other studies on the influence of national culture on the interfirm relationships (including but not limited to buyer – seller/supplier relations), frequently operationalise national culture along one or more of Hofstede’s dimensions (Parkhe (1991), Kale and Barnes (1992), Tallman and Shenkar (1994), Barkema and Vermuelen (1997), Doney and Cannon (1997), Doney, Cannon, and Mullen (1998), Kogut and Singh (1988), Chen, Chen, and Meindl (1998), Hewett and Bearden (2001), Ariño, de la Torre, and Ring (2001)). All studies agree upon the fact that “national differences in value systems, cultural traits, and institutions are bound to have a significant impact on both the degree of trust” (Ariño, de la Torre, and Ring; 2001, 114) and the general relationship between buyer and seller/ supplier. Unfortunately, research on the influence of culture on the buyer-seller/supplier relation is up to this point still limited to specific cases and focuses on selected aspects, such as the relation between trust and Hofstede’s dimension of individualism versus collectivism in the study of Morris. Thus, there are no overarching models that include all of Hofstede’s culture dimensions and the distinct levels of trusts with the buyer-seller/supplier relationship.

2.4.3 Influence of culture in tourism supply chains

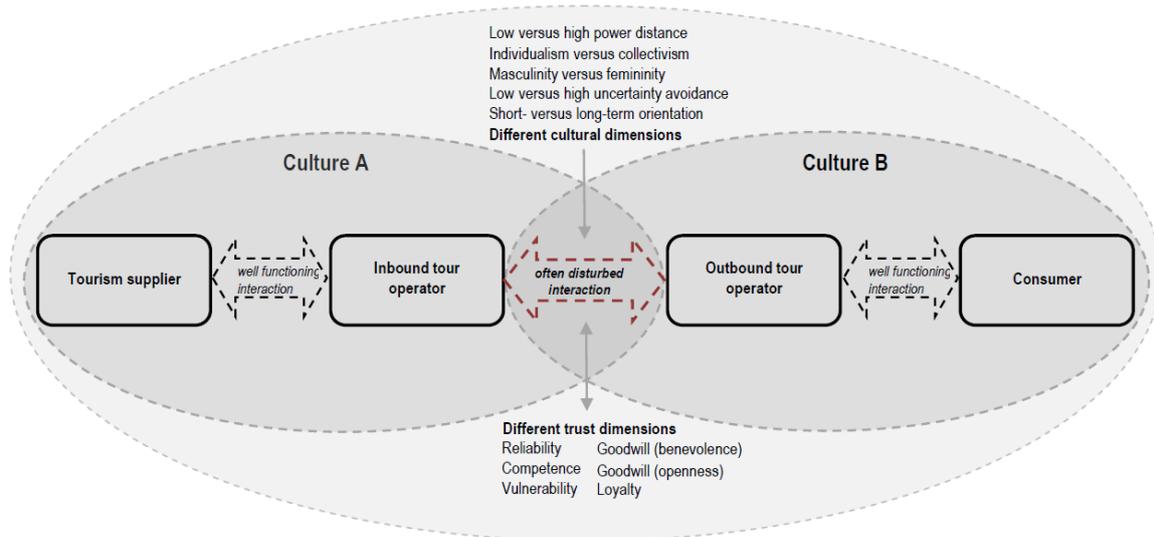
There is neither academic literature nor case studies examining the influence of culture on the tourism supply chain. However, since the tourism supply chain shares characteristics of the manufacturing industry (value and) supply chain and characteristics of buyer-seller/supplier interaction, it was researched into academic findings on the influence of culture in those chains.

In an attempt to determine the influence of culture research on manufacturing industry supply chains and research on buyer-seller/supplier chains use literature on national culture and literature on trust theories. In the field of literature on national culture, it was frequently referred to the cultural dimensions developed by Hofstede. In the field of literature on trust theories it is found that there are multiple forms of trust. Thus, in sum it can be concluded that different cultural dimensions and dimensions of trust were proven to have influence in manufacturing industry supply chains and buyer-seller/supplier chains and the interaction of its stakeholders. It is therefore assumed that this conclusion is also valid for the tourism supply chain and its stakeholder relations.

The previous section showed that in particular the market for long-haul tourism revolves around the relationship between inbound and outbound tour operators. However, many inbound tour operators from developing countries fail to successfully connect and sell to European outbound tour operators.

When bringing the tourism supply chain developed by Tapper and Font into a cultural setting (Figure 5), it becomes evident that tourism supplier and inbound tour operator share the same cultural setting. Further outbound tour operator and consumer share the same culture. In the sequence of linear two-party relationships within the tourism supply chain it is only inbound tour operator and outbound tour operator that come from different cultural settings. It is also precisely these two stakeholders that experience the greatest difficulties in interaction. It is therefore assumed that the different cultural setting have an influence on the interaction of these two stakeholders. It is further assumed that different or even conflicting cultural dimensions have an influence on the interaction of the inbound tour operator and outbound tour operator. Different trust dimensions are assumed to either have influence on the interaction of the two stakeholders or the different culture dimensions have an influence on different or even conflicting trust dimensions. Figure 5 is the first attempt to capture the influence of culture on the tourism supply chain.

Figure 5: The tourism supply chain in its cultural setting



Source: Developed by author, based on Tapper & Front, Hofstede's culture dimensions and Handfield's trust dimensions

2.5 Intercultural competencies

The previous chapter has shown that an interaction between cultures is a challenging matter. However, it was also found that “culture is not innate (...), it is learned behaviour and hence can be changed” (Mitchell; 2000, 4), but it takes “study, a keen sense of observation, and above all, a willingness to learn and relinquish the notion that one’s native culture is superior” (Mitchell; 2000, 4). Yet understanding a business partner’s culture can provide one with the ability to develop a sound strategy of negotiations and ultimately enable one to understand or even predict a business partner’s actions and reactions (Mitchell; 2000, 4).

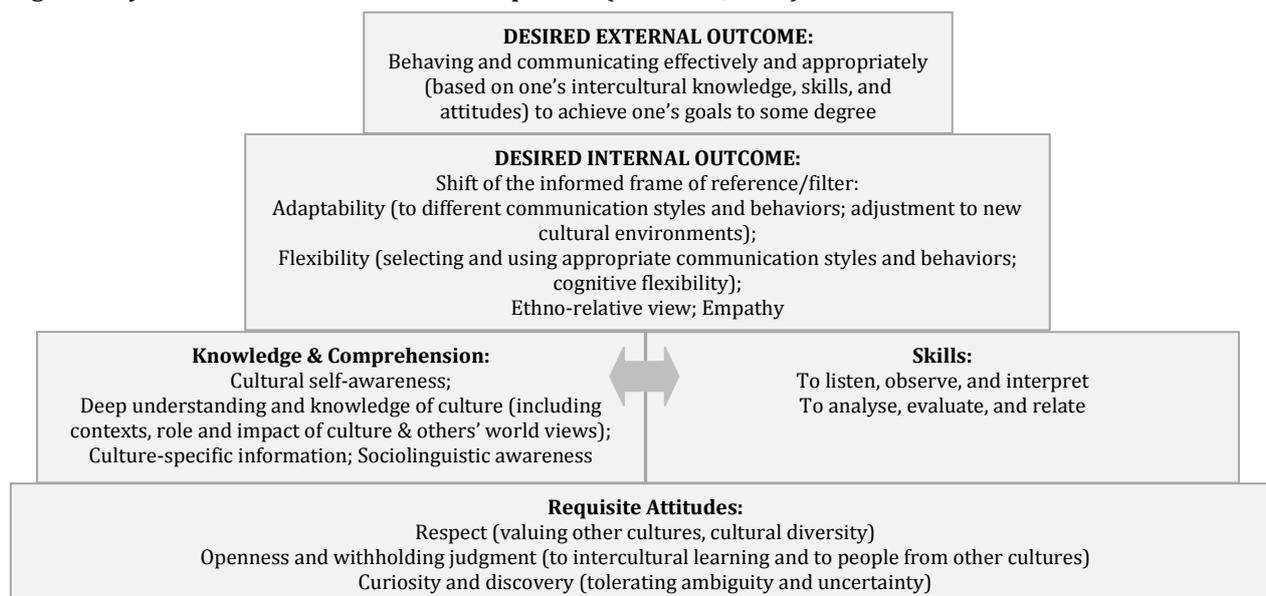
In academic literature the “ability to interact effectively and appropriately in intercultural situations, based on specific attitudes, intercultural knowledge, skills and reflection” (Deardorff; 2010, 5) is referred to as intercultural competence. Intercultural competence is made up of four dimensions “a) attitudes (motivation), b) intercultural knowledge and skills and in addition c) an ability to reflect the frame of reference -as the internal outcome of intercultural competence- as well as d) constructive interaction as the external outcome of intercultural competence” (Deardorff; 2010, 5).

“Intercultural competence is neither a static state nor the direct result of one discrete learning experience (...) nor acquired (...) ad hoc through further education.” (Deardorff; 2010, 6). The development of intercultural competence is described as a complex, multidimensional and ongoing process, “one that moves through diverse dimensions while developing and enriching itself in an upward spiral” (Deardorff; 2010, 6). The development of intercultural competencies can be divided into four key dimensions:

1. attitudes;
2. intercultural knowledge and skills;
3. an ability to reflect on intercultural issues as internal outcome; and
4. an ability to interact constructively as external outcome of intercultural competence (Deardorff; 2010, 7).

“The more dimensions achieved and the more often they are passed through, the higher the degree of intercultural competence” (Deardorff; 2010, 7). In an attempt to further define how to attain intercultural competencies, Deardorff interviewed over 40 researchers specialized in the field of culture. Deardorff then arrived at a model in the form of a pyramid that demonstrated the more complex nature of intercultural competence acquisition.

According to Byram and Feng the model of intercultural competences “moves from the individual level of attitudes/personal attributes to the interactive cultural level in regard to the outcomes. The specific skills delineated in this model are skills for acquiring and processing knowledge about others cultures as well as one’s own culture” (Byram and Feng; 2006, 245).

Figure 6: Pyramid model of intercultural competence (Deardorff, 2004)

Source: Deardorff; 2010, 5

In the frame of this research it is of specific interest how intercultural competencies can be developed. As a first step it is essential to establish in how far intercultural competencies have been developed. There are a number of self-assessment tools to determine the level of intercultural competencies. A selection of the most relevant tools is shown in Table 8. The selected assessment tools are of essential importance when designing a questionnaire to measure the level of intercultural competencies.

Table 8: Selected assessment tools of intercultural communicative competence

Intercultural Development Inventory (IDI)	Uses a 44-item inventory based on the Developmental Model of Intercultural Sensitivity (DMIS) to assess the extent of an individual's intercultural development along a continuum that ranges from extreme ethnocentrism to what Bennett calls "ethnorelativism." Ethnorelativism is the ability to function at a high level of relational and social involvement in a non-native culture. Developed by Drs. M.J. Bennett and M. Hammer. The IDI is a statistically reliable, valid measure of intercultural sensitivity. The IDI was constructed and tested over a 3-year time period by Mitch Hammer at American University and was piloted successfully by Milton Bennett in both corporate and educational settings. http://www.intercultural.org / www.kozaigroup.com .
Intercultural Competence Questionnaire	Tests intercultural competence with this questionnaire http://www.experiment.org/documents/AppendixG.pdf
The Cultural Orientations Indicator (COI)	TMC's COI is a web-based cross-cultural assessment tool that allows individuals to assess their personal cultural preferences and compare them with generalized profiles of other cultures. The COI provides respondents with a personal cultural profile based on ten dimensions that have particular application in the business world. The understanding gained from the personal profile, which is based on TMC's Cultural Orientations Model (COM), can be applied to the development of specific business, management, sales, marketing, negotiation and leadership skills, among others, when applied in multicultural situations. http://www.tmcgroup.com
Cross-Cultural Sensitivity Scale (CCSS)	Pruegger, V. J., and Rogers, T. B. (1993). "Development of a scale to measure cross-cultural sensitivity in the Canadian context." <i>Canadian Journal of Behavioural Science</i> , 25(4), 615-621. Normed on undergraduate students. http://www.soarministries.org/handouts/intercultural_sensitivity_activity.pdf
Assessment of Intercultural Competence (AIC)	This self-assessment tool, designed in a YOGA Format (self- and other assessment) charts the development of intercultural sojourners over time, and provides normative, formative, and summative indicators. http://www.sit.edu/SITOccasionalPapers/feil_appendix_g.pdf

Source: Fantini; 2006, 468 -472

2.6 Business capabilities

This section is dedicated towards the identification of essential capabilities a business needs to possess over.

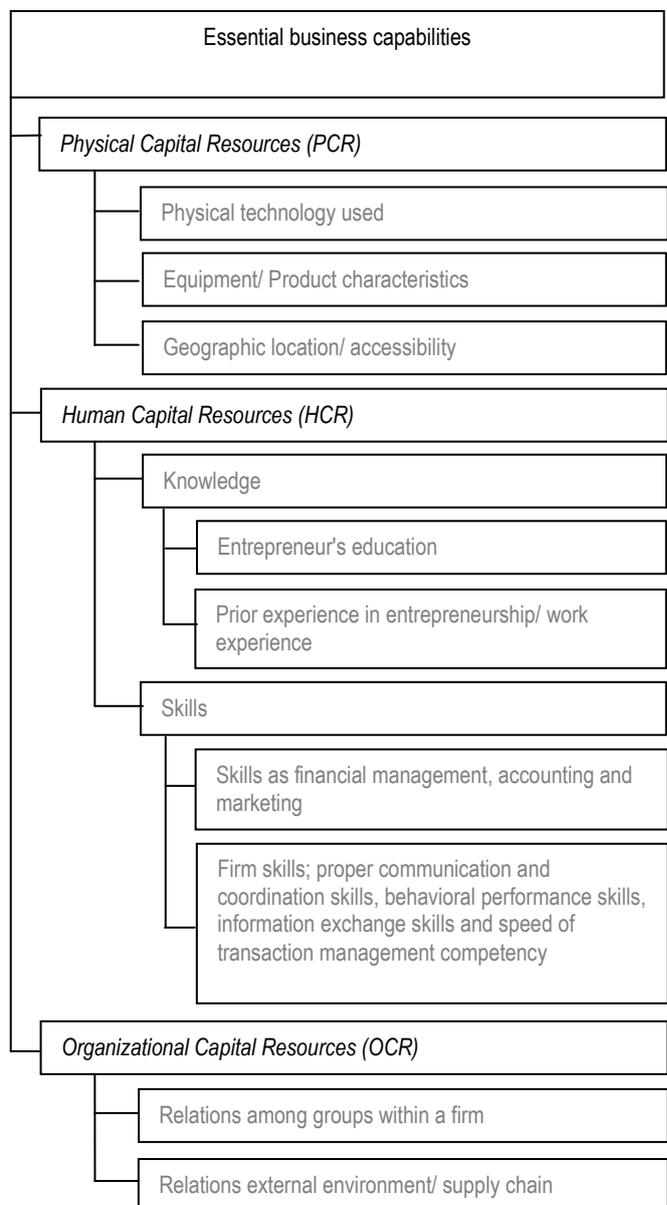
In order to determine which business capabilities are essential for an operator it is looked at the findings of several academic publications. In principle an operator needs to possess over three resource categories that will enable a business to generate distinctive capabilities that enlarge the business's competitive advantage:

- “(a) *Physical Capital Resources (PCR)*, including physical technology used, equipment and geographic location;
- (b) *Human Capital Resources (HCR)*; and including experience, training intelligence and relationships and insight of individual managers and workers in a firm;
- (c) *Organizational Capital Resources (OCR)*, including the formal and informal planning of the firm as well as informal relations among groups within a firm, and between the firm and its environment” (Haber and Reichel; 2005, 122).

Haber and Reichel found that “entrepreneurs and their human capital (HCR) form the core” not only of a venture creation but also its successful running (Haber and Reichel; 2005, 122). The central importance of human capital has also been demonstrated in Lerner and Haber's research, which states that “findings indicate that small tourism venture profitability is contingent on human capital, especially the skills of the entrepreneurs running the venture” (Lerner and

Haber; 2001, 78). According to Haber and Reichel human capital of the entrepreneur refers to “education, prior experience in entrepreneurship and skills” (Haber and Reichel; 2005, 124). This view is also held by Robinson and Sexton, who conclude their research with the finding that “general education has a strong positive influence on entrepreneurship in terms of becoming self-employed and success. Experience has a similar relationship although not as strong” (Robinson and Sexton; 1994, 141). Similar Cooper et al. concluded in their research that “human capital (...) influenced both survival and growth” (Cooper et al.; 1994, 371) of the business. Additionally Haber and Reichel outline that “prior experience as an entrepreneur is a good predictor of re-venturing and can contribute to a successful path” (Haber and Reichel; 2005, 124).

Figure 7: Essential business capabilities



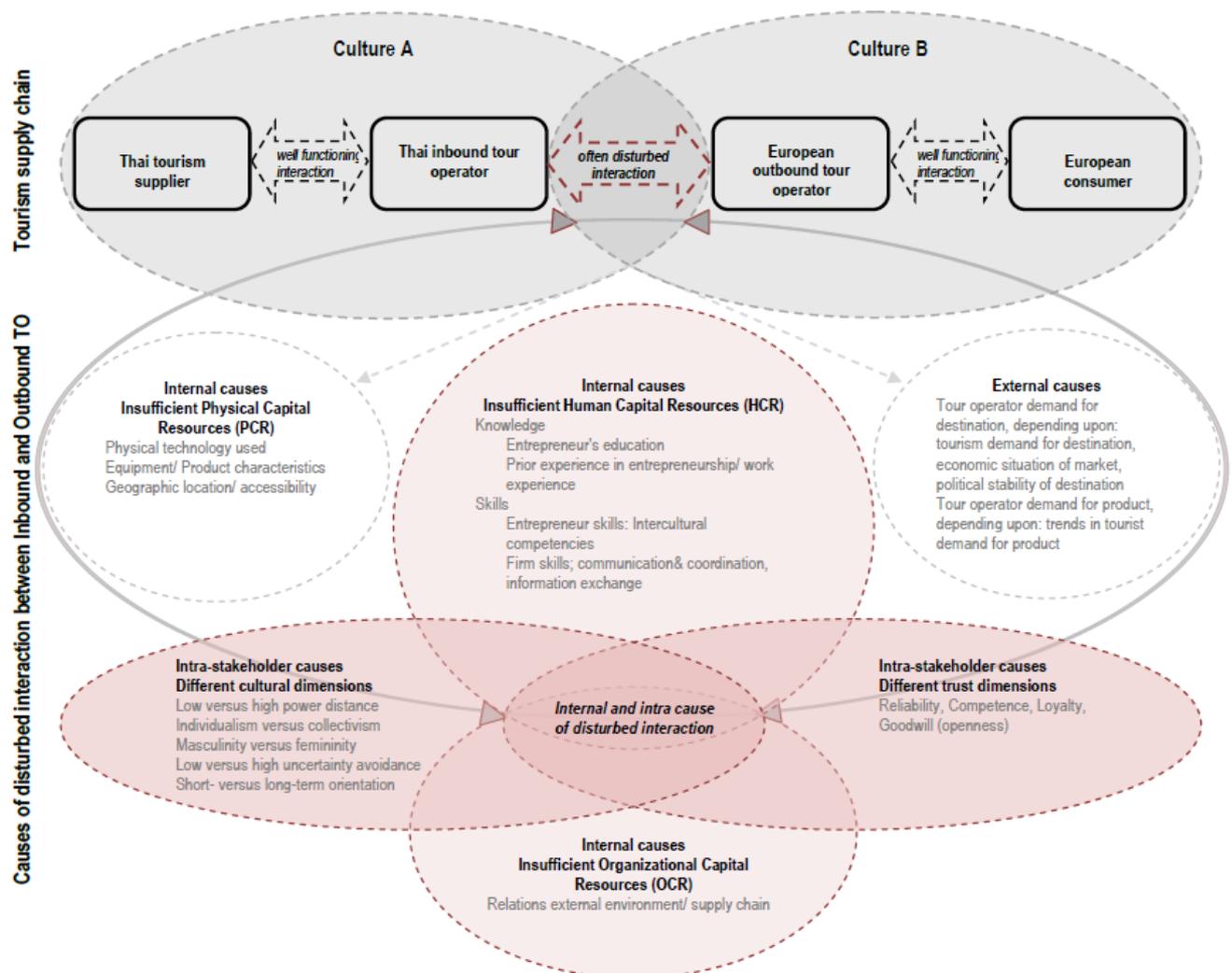
Source: Developed by author, based on Haber and Reichel, Robinson and Sexton, Cooper et al., Kim et al.

2.7 Conclusion

Based on the theory presented in this chapter the below conceptual model is developed. The top part of the conceptual model presents 'the tourism supply chain in its cultural setting'. Through the developed model it became evident that tourism supplier and inbound tour operator shared the same cultural setting. Further outbound tour operator and consumer share the same culture. In the sequence of linear two-party relationships within the tourism supply chain it is only inbound tour operator and outbound tour operator that operate in different cultural settings. It is also precisely these two stakeholders that experience the greatest difficulties in their interaction within the tourism supply chain. It was therefore assumed that the different cultural setting have an influence on the interaction of these two stakeholders.

The lower part of the conceptual model presents possible causes of the disturbed interaction between Thai inbound and European outbound tour operators. It is assumed that all presented causes of disturbed interaction are relevant. However, only those causes of disturbed interaction given in a red circle are expected to be related to culture.

Figure 8: Extended conceptual model



The causes of the disturbed interaction given in white circles (external causes and internal causes related to insufficient Physical Capital Resources (PCR)) are assumed to effect the interaction between Thai inbound and European outbound tour operator, however are not directly related to cultural differences. In specific, external causes, such as the outbound tour operator's demand for the destination and the operator's demand for product will certainly have an influence on the interaction between inbound and outbound tour operator. As these external causes cannot be influenced and improved through the training of inbound tour operators, the subject is excluded from the research. Further, although the internal causes related to insufficient Physical Capital Resources (PCR), such as physical technology used, equipment and product characteristics, geographic location and accessibility are expected to have an influence on the interaction between inbound and outbound tour operator, this subject will receive minor attention in the research. The CBI already offers inbound tour operators numerous training tools to improve in this field. Culture related causes are in detail explained in chapter 4. 2.

Chapter 3 Regional context

In this section the regional context of Thailand is presented. It is focused on the country's national performance in respect to the political environment, its economy and the country's developmental status. A further focus is given on the country's tourism industry where it is looked upon tourist destinations and distinctive patterns of tourist movement within the country, tourist arrivals over the past two decades, tourist markets and their purpose of visit, average length of stay, seasonality and most importantly the contribution and importance of tourism to the national economy. In the final section the Thai culture is compared with the culture of main European markets according to the framework of Hofstede's cultural dimensions.

3.1 Thailand national performance

The Kingdom of Thailand located in South-eastern Asia covers a territory of 513,120 sq km, making it the 50th largest country in the world. In its long history, Thailand has never been colonised and is today governed in the form of a constitutional monarchy. The monarch of Kingdom of Thailand is hereditary and the prime minister is elected by members of the House of Representatives after national elections for the House of Representatives.

With a population of nearly 66 million, Thailand is the 20th largest country in terms of population size. With a median age of 33,3 years and the majority of the Thai population being between the age of 15 and 65 (70,5%), provides Thailand with a considerable workforce. Over the past four decades, Thailand underwent considerable demographic transition from high to low fertility and mortality rates. Thailand shows low population growth rates with only 0,6% in 2009, declining birth rates (13.4 births/1,000 population in 2009) and declining death rates (7.3 deaths/1,000 population in 2009). This trend produces an increasingly aging Thai population, with the majority of Thai elderly living in rural areas (81%) (Central Intelligence Agency, 2010). Whereas life expectancy at birth was 56 years for men and 60 years for women in the 1960s, current life expectancy at birth increased to 66 years for men and to 72 years for women (Karcharnubarn and Rees, August 2009).

Thailand counts more than 1.100 cities with a total population of over 22 million urban residents, thus one third of the Thai population lives in cities. It is estimated that the extend of urbanisation will further grow in future years by an annual rate of 1,7%. Bangkok has developed an urban primacy with more than one fifth of the Thai urban population being settled in the capital city and Bangkok having a 22 times larger population than Thailand's second largest city. Because of Bangkok's overpopulation, cities adjacent to the capital experienced substantial growth over the past years. Thailand's second largest city Nontaburee for example is only 20km north of Bangkok. Ultimately creating the urban conglomeration 'Bangkok Metropolitan Area' consisting of Bangkok and five adjacent provinces with an approximate urban population of 12 million, or almost one fifth of the Thai population (Srikam; 2008, 45).

Until the 1950s Thailand could best be characterised as rural and rather underdeveloped in economic as well as social terms. Per capita income with US\$ 200 a year was very low, even in comparison with its neighbouring countries. Its exports were limited to primary products, such as rice and wood.

Thailand's first stage of development began in the late 1950s and roughly ended in the early 1970s. With much support received from the US, Thailand succeeded to boost its export of agricultural products. Considerable improvements were made to the national infrastructure and external advancements in cultivation and processing

technologies were imported. Substantial areas were transformed to great agricultural productiveness and regional towns transformed into economic centres where processing factories were built.

Improvements in infrastructure and productivity led to Thailand's second stage of development taking place between the early 1970s till the end of the 1990s. Changes in Thai economic laws, policies and the taxing system gave way to an industrialisation which was strongly export oriented and open to attract and accept foreign investment. The 1970s were dominated by foreign

investment from the US and Thailand's economy was prepared to join international trade with the construction of strategic ports, airports and an improvement in power generation and its network. From the 1980s onwards foreign investments from East Asia started to rise and even overtook US investment in the mid 1980s. It was also then that for the first time in Thai history the export volume of manufactured goods surpassed the one of agricultural products. The 1990s saw a further expansion of the industrial sector, where, especially due to Japanese foreign investment, factories opened with an accelerating pace and expanding numbers of the rural population migrated to urban centres of industrialisation.

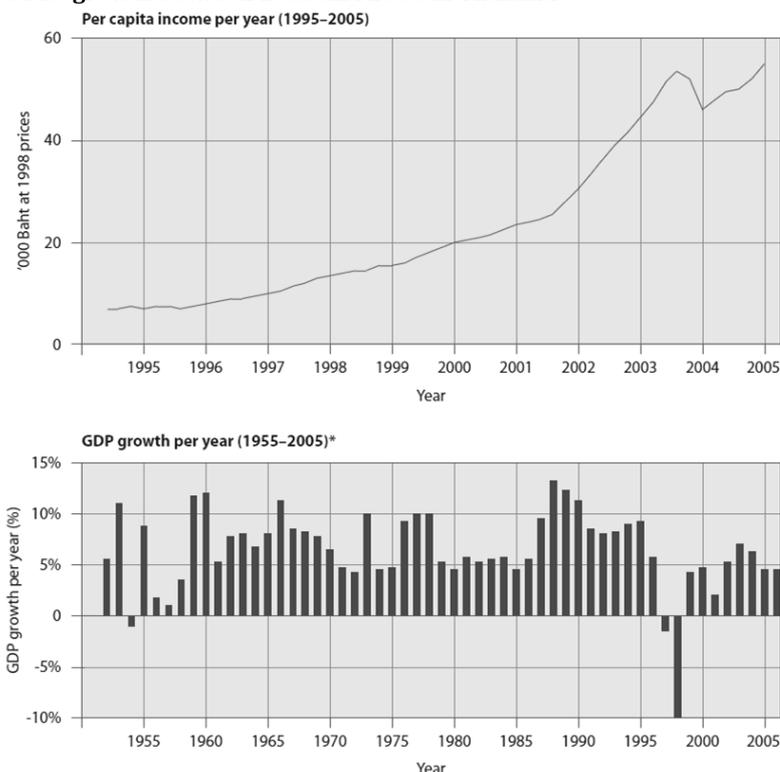
From the first stage of development in the late 1950s till the end of the second stage in the late 1990s Thailand's Gross Domestic Product (GDP) experienced an average annual growth rate of 7.6% and the per capita income rose exponentially (see Figure 9). It was believed that the economic growth would have a trickledown effect in society and to some degree this was also the case; poverty rates dropped, access to and quality of health care and education improved and life expectancy increased. However, the immense economic growth had also negative effects, such as growing inequality, negative impacts on the environment and a distortion of traditional social structures (United Nations Development Programme; 2007, 21-23).

In 1997 Thailand was struck by a major financial crisis, caused by its "chronic current account deficit and weak financial system (Luanphaisarnnont; 2004, 21), which eventually led to the Asian Crisis. In its aftermath the Thai economy turned into recession and was challenged by a highly depreciated baht, a threatening rise in external debt, numerous insolvents and rising unemployment rates. However, in the early years of the new millennium Thailand succeed to recover (Luanphaisarnnont; 2004, 22).

Thailand's major export markets are dominated by the ASEAN market, with a total market share of 21.3%, followed by almost equal proportions of the EU (12.8%) , the USA (12.6%) and Japan (11.9%) (Export-Import Bank of

Figure 11: Thai export structure in 2007

Figure 9: Per capita income between 1995 and 2005 and Gross Domestic Product growth between 1955 and 2005 in Thailand

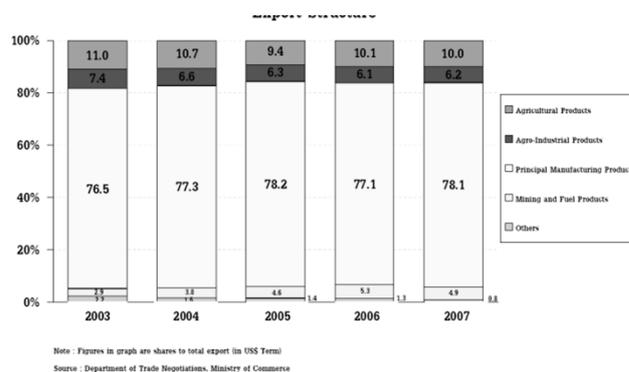


Source: United Nations Development Programme, 2007, page 22

Thailand; 2006, 3). The Thai export structure is dominated by manufacturing goods resembling 78.1%. Agricultural products only account for 10.0% of all exports, with an even decreasing tendency. (Export-Import Bank of Thailand; 2006, 6) (see Figure 10).

Thailand's major import origins are to be found in the wider Asian region (mainly China), with 20.3% of all imports received from Japan and 17.9% from the ASEAN. Imports from the EU and USA play a minor role (Export-Import Bank of Thailand; 2006, 8). Thailand is mainly importing intermediate and raw materials (with a share of 42.9% of all imported goods in 2007), capital goods (26.2%), fuels (18.5%) and consumer goods (8.4%).

Figure 10: Thai export structure in 2007



Source: Export-Import Bank of Thailand, 2006, page 6

The global financial crisis, together with the necessity to re-establish political strength and harmony within the country, leaves Thailand to solve considerable development issues in the future. Having developed to a middle-income country, Thailand is faced with the threat that a sizable proportion of the population could potentially be pushed back into poverty. At the end of 2008 The Asian Development Bank was rather positive about implications on the prospects that Thailand will attain all Millennium Development Goals and the success with which the Thai Government would implement policies and actions to ensure a continuity of economic growth to avoid negative social and economic impacts. However, it was already at that point feared that if Thailand should not succeed to continue economic growth it could face substantially rising unemployment rates, a decline of exports, a reduction of foreign direct investment, a reduction of tourism incomes, and consumer spending (Asian Development Bank; 2008). In September 2009 the Asian Development Bank announced that Thailand's exports had fallen steeply and that the global economic crisis had caused a drastic reduction of industrial production and investment in Thailand in the first two quarters of 2009. Business and consumer sentiment was further undermined by political tensions. The economy was expected to decline to a greater extent than anticipated. Reserved growth only resumed in 2010. Economic and social developments have not brought prosperous benefits to all parts of the population. Even though Thailand is classified as a country with medium human development, ranked 87th in 2009, with a long-term annual growth rate in HDI of 0,64% (UNDP; 2009, 31), today still an approximate 8.2 million of Thailand's 66 million inhabitants live in poverty. From 1960 to 2000 inequalities amongst the Thai population has worsened. Thailand's economic growth has much focussed on urban centres, leaving extensive rural regions in the Northeast, North and far South rather underdeveloped with a population with little access to lucrative methods of income generation and living in relative poor conditions (United Nations Development Programme, 2007). The reasons underlying the growth of inequalities is manifold, however regional unequally government spending and an inequality between urban and rural economy are seen as main contributors. Rural areas, where the population is still mainly depended on income from agriculture, have seen prices drastically falling over the last decades and export-oriented cash crops became progressively less lucrative. Furthermore, governmental policies abandoned substitution of the agricultural sector and focus was set on developing the industrial sector located in rural areas (United Nations Development Programme; 2007, 23).

3.2 The Thai tourism industry

The analysis of Thailand's tourism industry is focussed on international markets and international demand, since this is of greatest relevance to the researches' subject.

Tourist destinations

Thailand is one of the most popular tourist destinations in Asia. Tourist destinations are widely scattered across the country, however major tourist destinations are concentrated in three geographic regions:

(a) Thailand's South with its long established sun and beach tourism, (b) central Thailand with the metropolis of Bangkok, and (c) the emerging tourist destination of Northern Thailand with its cultural heritage.

Relatively untouched by tourism development is Thailand's north east. Yet, eco- and adventure tourists start to discover the attractiveness of the Mekong River alongside Thailand's border with Laos, and the two national parks of Khao Yai and Phu Ruea. In the below Thailand's three major tourist destinations are described in detail.

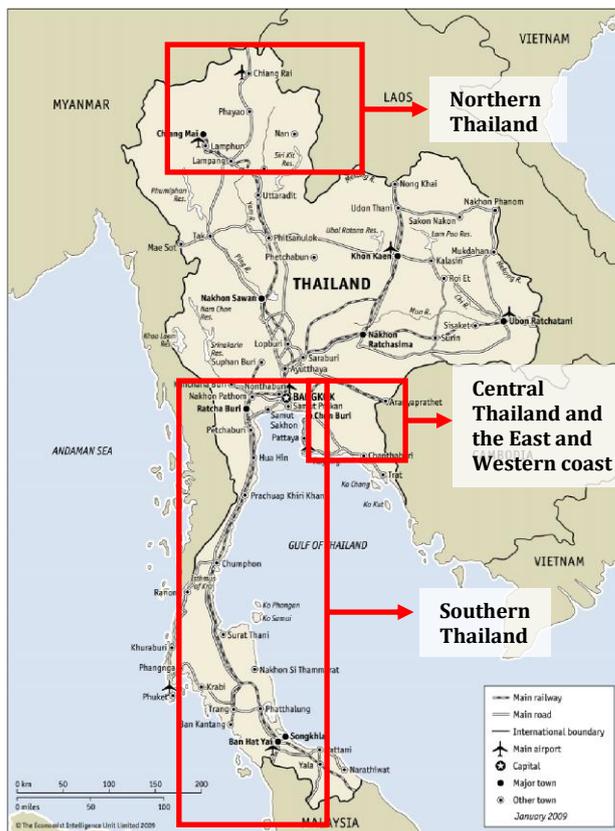
Southern Thailand

Thailand's South is a narrow peninsula stretching for 1200 km from Bangkok to the border of Malaysia. The peninsula's western shore along the Andaman Sea as well as the eastern shore of the peninsula along the gulf of Thailand, are 'sun and sea' destinations, with extensive tourist agglomerations along the coastline and on numerous islands. A wide range of tourist accommodations are offered, from luxury spas to simple beach bungalows. Tourist attractions are foremostly focussed on water-related activities such as scuba-diving, snorkelling, and sea-kayaking. Within the region the islands of Phuket, Phi Phi and Koh Yao situated along the peninsula's western shore are the most popular tourist destinations. The hinterland of the peninsula is characterised by rocky terrain and heavily forested. The hinterland is popular amongst eco- and adventure tourists, but receive significantly less visitors.

Central Thailand and the East and Western coast

Within central Thailand and the eastern coast, major tourist destinations are Bangkok and its surrounding hinterland, the 400-km stretching coastline from Chon Buri to Rayong along the eastern coast of the Gulf of Thailand and to a lesser degree the western coast of the Gulf of Thailand from Cha-am to Hua Hin. Bangkok foremostly attracts international tourists, and is famous for its floating markets the Grand Palace, the Temple of the Reclining Buddha and the nightlife district of Patpong Road. The beach resorts along the eastern and western coast of the Gulf of Thailand are well developed and due to their proximity to the city of Bangkok well visited destinations among international as well as domestic tourists.

Figure 11: Thailand's main tourist destinations



Source: Drawn by author

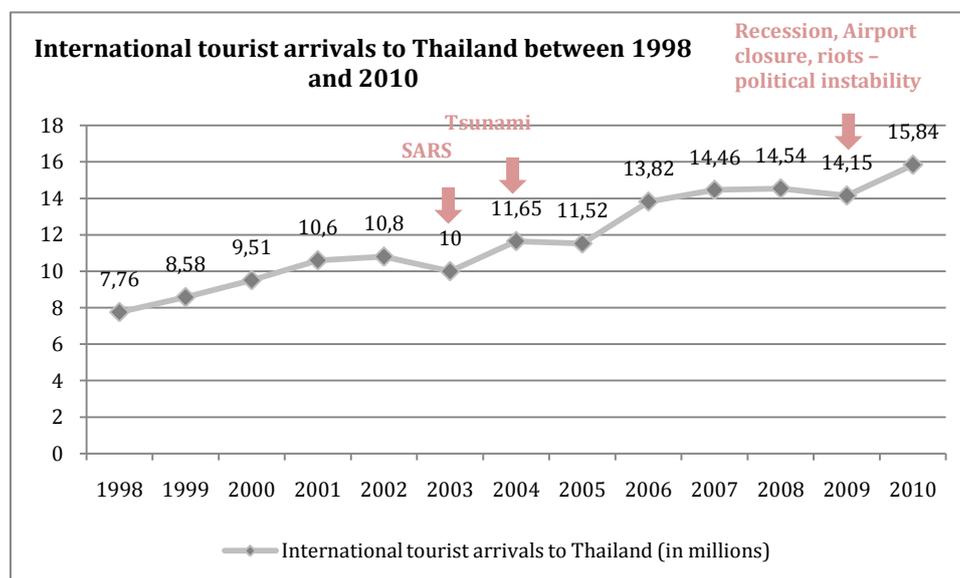
Northern Thailand

Northern Thailand has seen increasing tourist numbers over the past years. Attracted by the lifestyle of the local ethnic tribal groups and their traditional communities in hillside villages as well as being attracted by the region's scenic mountain terrain, an increasing number of tourists visit this region annually. The northern capital of Chiang Mai serves as a departure point for tourist excursions to hillside villages and trekking and rafting excursions in Chiang Rai and Mae Hong Son (Loverseed; 2009, 10-15).

Tourist arrivals

Over the past decade Thailand has experienced a steady increase in international tourist arrivals. Whereas in 1998 below 8 million international arrivals were registered, this number doubled within the next thirteen years to over 15,5 million registered international arrivals in 2010. Even though international arrivals increased significantly, there were three main shocks the Thai tourism industry had to cope with; the SARS epidemic in 2003, the disastrous Tsunami in December of 2004 and most recently the worldwide economic recession starting in the mid of 2008 as well as the public outbreak of political instability. Political instability first came into the focus of international media when in September 2008 a state of emergency was declared in Bangkok, followed by heavy riots finding its climax in international media when in November 2008 Thai protestors forced the closure of Bangkok's international airport Suvarnabhumi Airport, with the result that countless tourists were unable to return home and tourist programmes to Thailand were cancelled. Numerous international departments of foreign affairs issued a travel warning for Thailand. It was only at the end of May in 2010, when riots and demonstrations slowly ended in Bangkok, that travel warnings were withdrawn.

Figure 12: International tourist arrivals to Thailand between 1998 and 2010



Source: Thai Department of Tourism; 2011

In Figure 13 international tourist arrivals between 1998 and 2010 are given. It can be seen that the Thai tourism industry coped relatively well with the three shocks it had to endure. The Thai tourism industry recovered particularly fast and well from the global economic recession and national political unrest. A great influence on the fast recovery of the tourism industry had the massive investments of the Thai government in international marketing campaigns throughout 2009 and 2010.

Half of all tourists originate from East Asia. It has however to be noted that not all registered tourist arrivals from Eastern Asia can be considered to be genuine tourist arrivals. As tourist arrival data collected by the Thai Department of Tourism include all overnight arrivals, also those travellers are included that come to Thailand as guest workers or individuals coming to Thailand in search of a job. Additionally, the number of East Asian inbound tourists is increased by long-term visitors making 'border runs' to neighbouring countries to extend their visa and those travellers that make excursions to neighbouring countries and return to Thailand to fly back to their home country.

Purpose of visit

Over 83% of all tourists come to Thailand for the purpose of 'leisure', while 9% visit Thailand for the purpose of 'doing business' and 4% come to Thailand for the purpose of 'attending a convention'.

Length of stay/seasonality

The tourist high season in Thailand runs from January to May, partly due to the favourable climate during these months and the accumulation of festivals held during this period. During high season the average length of stay 10 days.

During off-peak season the length of stay differs between the source markets. Long-haul travellers from Europe and North America are found to stay significantly longer in Thailand with an average of two weeks or longer than travellers from source countries within the region, whose average stay is four days.

Tourism and the Economy

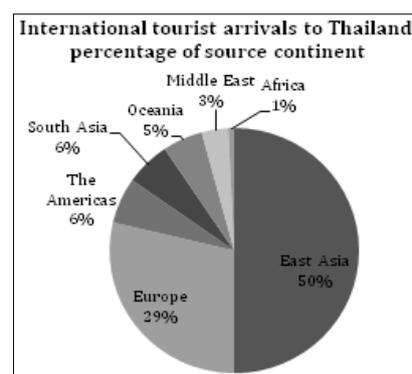
In 2010, international tourism in Thailand generated US\$17.2 billion in direct revenues. Also including indirect revenues generated by the travel and tourism industry (such as tourism-related investment, public spending and export of goods) in 2010, the Thai travel and tourism industry generated US\$38.4 billion in direct and indirect revenues. Despite challenges throughout 2010, the Thai travel and tourism industry managed to increase direct and indirect revenues in comparison to 2009 (US\$16.4 billion in direct revenues and US\$36.4 billion in direct and indirect revenues). Over the past decade, the Thai travel and tourism industry has had a stable direct impact on the national GDP of around 6 or 7%.

Table 10: Direct and indirect impact of the travel and tourism economy on Thailand's GDP from 1998 to 2010

Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Direct impact on GDP in %	6,2	6,5	7	7,1	7,2	6,6	7	6,1	6,7	6,9	6,8	6,2	6,2	6,2
Direct & indirect impact on GDP in %	14,1	14,3	15,2	15,6	15,3	14,8	15,7	14,5	15,5	15,7	15,6	13,9	13,8	14,2

Source: WTTC; 2010

Figure 13: International tourist arrivals to Thailand in 2009 percentage of source country



Source: Thai Department of Tourism; 2011

Table 9: 15 main source countries of tourist arrivals to Thailand in 2009

Rank	Country	% of total tourist arrivals to Thailand in 2009
1	Malaysia	12,42%
2	Japan	7,10%
3	United Kingdom	5,95%
4	China	5,49%
5	Laos	4,63%
6	Australia	4,57%
7	USA	4,43%
8	Korea	4,37%
9	India	4,34%
10	Germany	4,05%
11	Singapore	3,98%
12	France	3,02%
13	Vietnam	2,57%
14	Taiwan	2,56%
15	Sweden	2,48%
Accumulated percentage of 15 main source countries on tourist arrivals to Thailand in 2009		71,97%

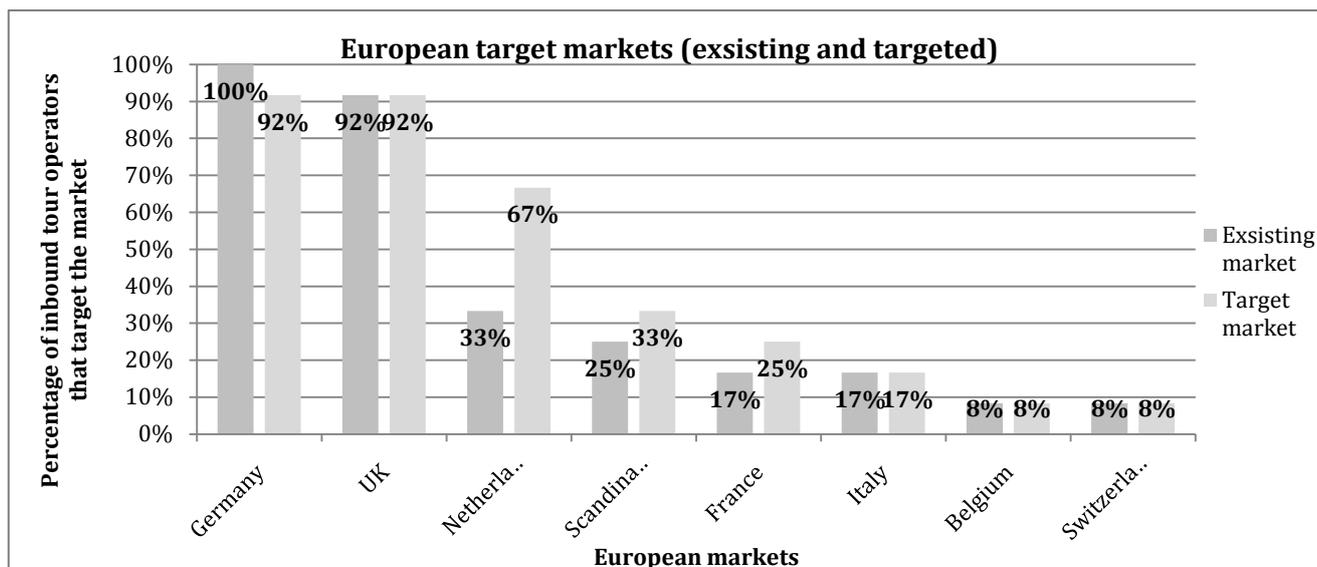
Source: Thai Department of Tourism; 2011

The Thai travel and tourism industry gives direct employment to approximately 1.9 million individuals, representing 5% of the Thai workforce. Including indirectly generated employment the travel and tourism industry gives employment to approximately 4 million people.

3.3 Thai culture

In this section the Thai culture is compared with the culture of inbound tour operator's main European markets. The identification of main European markets is derived from the responses of Thai inbound tour operators. As a first step towards the analysis of different cultural dimensions between Thai inbound and European outbound tour operators, it was looked upon existing and targeted European markets of Thai inbound tour operators. As presented in Figure 14, to all Thai inbound tour operators the German market presents one of the most important current European markets. 92% of all Thai inbound tour operators also targeted the Germany market as one of their most important future markets.

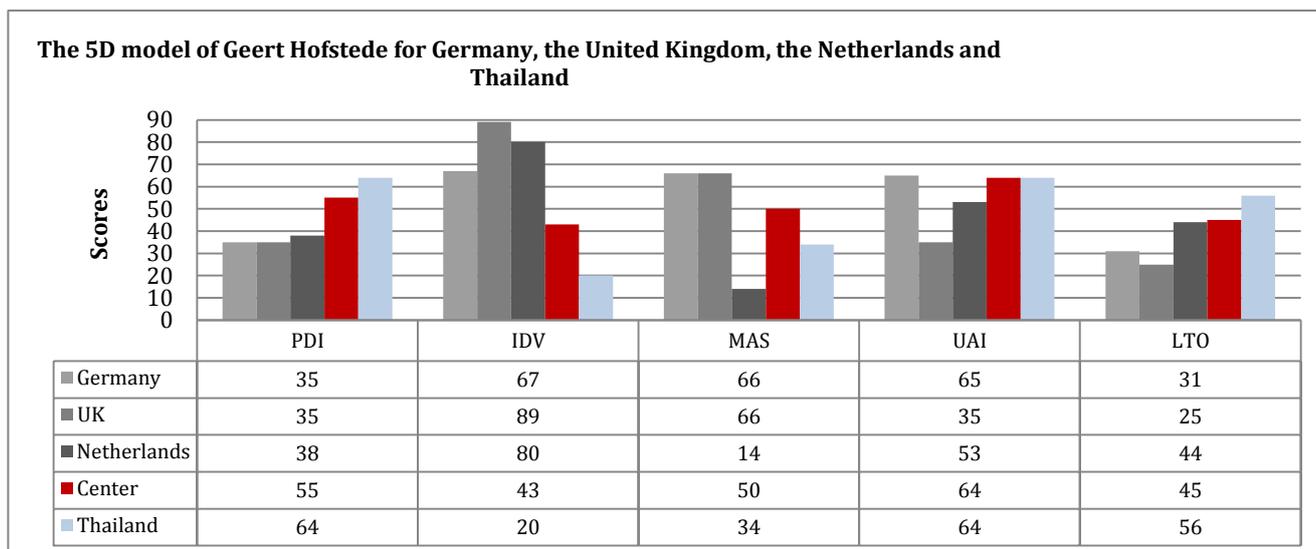
Figure 14: European target markets (existing and targeted) of Inbound 1 to 12



Further, the UK and Dutch market are identified as being of high current and future importance to the Thai inbound tour operators. Based on findings of major European markets, in this chapter Geert Hofstede's cultural dimensions model is used to analyse whether the German, British and Dutch and Thai culture differed from another. In Figure 15 the scores derived from Hofstede on the German, British, Dutch and Thai culture are presented. Additionally, a centre score is given. The centre score is derived by calculating the mean score of all 79 countries¹ Hofstede analysed. In Figure 16 the scores derived by Hofstede on the German, British, Dutch and Thai culture are presented, according to their score difference from the mean score.

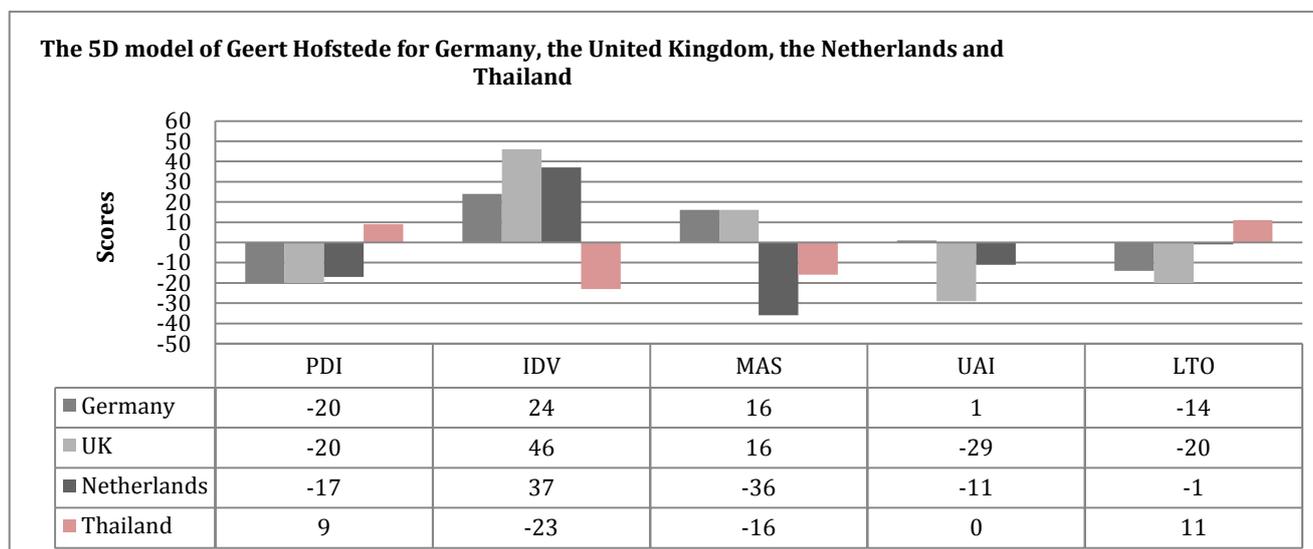
¹ Argentina, Australia, Austria, Bangladesh, Belgium, Brazil, Bulgaria, Canada, Chile, China, Colombia, Costa Rica, Czech Republic, Denmark, Ecuador, Egypt, El Salvador, Estonia, Ethiopia, Finland, France, Germany, Ghana, Greece, Guatemala, Hong Kong, Hungary, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Jamaica, Japan, Kenya, Kuwait, Lebanon, Libya, Luxembourg, Malaysia, Malta, Mexico, Morocco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Romania, Russia, Saudi Arabia, Sierra Leone, Singapore, Slovakia, South Africa, South Korea, Spain, Surinam, Sweden, Switzerland, Taiwan, Tanzania, Thailand, Trinidad, Turkey, United Arab Emirates, United Kingdom, United States, Uruguay, Venezuela, Vietnam and Zambia.

Figure 15: The 5 D model of Hofstede for Germany, the United Kingdom, the Netherlands and Thailand



Source: Hofstede; 2009

Figure 16: The 5 D model of Hofstede for Germany, the United Kingdom, the Netherlands and Thailand



Source: Hofstede; 2009

Power distance (PDI)

Hofstede's dimension of **Power distance (PDI)** refers to the "extent to which power structures are hierarchical and reflect significant inequalities in power" (Johnson and Turner; 2009, 317). The German, British and Dutch cultures score very low in this dimension. The Dutch, British and German culture are all characterised by low levels of power distance. In the work environment this transforms in a "belief that effective leaders do not need to have substantial amounts of power compared to their subordinates" (Bhagat and Steers; 2009, 5). The Thai culture shows a high score in the dimension, which "is indicative of a high level of inequality of power and wealth" (Hofstede; 2009) within Thailand. However, "this condition is not necessarily forced upon the population, but rather accepted by the society as a part of their cultural heritage" (Hofstede; 2009). The high score can be supported by the findings of the earlier chapter in which it was concluded that there are great (economic) inequalities amongst the Thai population.

Individualism/collectivism (IDV)

Hofstede's dimensions of **Individualism/collectivism (IDV)** reflects the relative importance given by a society on individualism versus group interest (Bhagat and Steers; 2009, 5). The British, Dutch and German culture rank high

in this dimension, whereof the British and Dutch cultures score exceptionally high. The British and Dutch cultures are “indicative of a society with more individualistic attitudes and relatively loose bonds with others. The populace is more self-reliant and looks out for themselves and their close family members (...) Privacy is considered the cultural norm and attempts at personal ingratiation may meet with rebuff. Due to the importance of the individual within the society, individual pride and respect are highly held values and degrading a person is not well received, accepted, or appreciated” (Hofstede; 2009). For the German culture it is found that “Germans place high priority on looking after themselves and their immediate family. At work, however, Germans jointly assume responsibilities and achieve goals in groups. Negotiating decisions is often referred to committees” (Workman; 2008). Thailand on the other hand scores exceptionally low in Hofstede’s dimensions of Individualism/collectivism (IDV). The low score indicates that the Thai culture can best be characterised as a collectivist society, in which the “group interests generally take precedence over individual interests” (Bhagat and Steers; 2009, 5). The Thai collectivist culture is “manifested in a close long-term commitment to the member 'group', is that a family, extended family, or extended relationships. Loyalty in a collectivist culture is paramount, and over-rides most other societal rules and regulations. The society fosters strong relationships where everyone takes responsibility for fellow members of their group” (Hofstede; 2009).

Masculinity and femininity (MAS)

Hofstede’s dimension of **Masculinity and femininity (MAS)** refers to a society’s attitude towards assertiveness versus passivity and attitude towards material possessions versus quality of life (Bhagat and Steers; 2009, 5). The German as well as British culture score relatively high in this dimension. British and Germans show “a cultural characteristic in which success, money and material possessions form the dominant values in society. (...) and place great importance on earnings, recognition, advancement and challenge” (Workman; 2008). Contrarily, the Dutch culture shows very low scores for the dimension of MAS. The Dutch culture is highly feminine and “people prefer to solve conflicts by negotiating and compromise. (...) Although working in the Netherlands is highly competitive, competition is not greatly appreciated. One is certainly not expected to compete at the expense of weaker players or colleagues” (Sriramesh and Verčič; 2009, 502). Thailand shows a relatively low score in this dimension Thailand can best be referred to as a culture characterised by femininity, thus a culture that values “strong social relevance, quality of life, and the welfare of others” (Bhagat and Steers; 2009, 5). The Thai culture characterised by low levels and tendencies towards assertiveness and competitiveness (Hofstede; 2009).

Uncertainty avoidance (UAI)

Hofstede’s dimensions of **Uncertainty avoidance (UAI)** refers to the level of “tolerance for uncertainty and ambiguity within a society” (Schneider and Barsoux; 2003, 87). The German and Thai culture show almost equally high scores in the UAI dimension. Germans show a great need for security. As an example it is found that Germans often insisted on written rules and detailed codes of conduct when doing business. And foreigners doing business with Germans were frequently heard saying that “Germany seems to have a rule for everything” (Workman; 2008). The Thai culture shows a “low level of tolerance for uncertainty (and) in an effort to minimize or reduce this level of uncertainty, strict rules, laws, policies, and regulations are adopted and implemented” (Hofstede; 2009) by the Thai society. It is the ultimate goal of the Thai society “to control everything in order to eliminate or avoid the unexpected (and) the society does not readily accept change and is very risk adverse” (Hofstede; 2009). The Dutch culture shows a relatively high score for the UAI dimension, which expresses itself by a society that acts “to avoid or minimize uncertainty” (Sriramesh and Verčič; 2009, 502). The British culture shows the lowest score amongst the four discussed countries in terms of UAI levels. This indicates that the British culture is relatively open to taking risks.

Short- versus long-term orientation (LTO)

Short- versus long-term orientation is a recent addition by Hofstede to his cultural dimensions and refers to a society's outlook on work, life and relationships (Bhagat and Steers; 2009, 5). The Thai culture has an intermediate long-term worldview. The Dutch culture is characteristic for a relatively long-term worldview. The British and German culture are characterised as rather short-term oriented cultures emphasising the "immediate gratification of need, a focus on the present and the attainment of short-term goals" (Johnson and Turner; 2009, 319).

3.4 Conclusion

This chapter stressed the importance of tourism to the Thai economy, in particular in remote rural regions tourism has the potential to provide employment and income to the local population and therewith help to decrease inequality. In the analysis of the Thai culture compared with main European markets, and although Hofstede's cultural dimensions model is based on national cultures and individual behaviour can always differ from the norm, the key conclusion to be drawn from the above analysis is that the Thai culture differs in many aspects from the culture of the inbound tour operator's main European markets. As all tour operators cooperate with the German market and the greatest majority cooperates with the British and Dutch market, entrepreneurs are expected to have encountered situations in which cultural differences occurred and influenced the cooperation.

Chapter 4 Research methodology

In this chapter the underlying research methodology is presented. The problem statement, research objective and research question are outlined in the first section of this chapter, followed by the presentation of the conceptual model and the definition and operationalisation of research constructs. Further, data gathering methods are discussed and the research population will be introduced. In the final section of this chapter attention is paid towards potential risks and limitations of this research.

4.1 Problem statement, research objective and research question

Problem statement and research Objective

Tourism has grown to be one of the world's largest industries and the increase of international tourist arrivals in developing countries is remarkable. If managed sustainably, tourism can have a significant contribution to a country's economic development. Local linkages and local ownership are seen as essential requirements in order to spread the benefits of growth amongst the local population. Particularly alternative forms of tourism, such as ecotourism and community-based tourism contribute to an equal distribution of tourism incomes and at the same time ensure that local resources are used in a way that does not hinder the local population access to it.

But how can tourism businesses from developing countries tap the growing tourism market? According to scholars and development organisations the answer lies in providing access, meaning points of sales convenient for the customer. Through the provision of multiple points of sales both at the place of service production and away from the place of service production, the tourism operator enhances the likelihood of sales. Providing multiple points of sales requires a tourism business to develop a smart supply chain management, in which his tourism products are offered directly to the consumer (B2C supply chain) and offered to the final consumer making use of sales intermediates (B2B supply chain).

The Centre for the Promotion of Imports from developing countries (CBI), an Agency of the Ministry of Foreign Affairs and part of the development cooperation effort of the Netherlands, has since long recognised the development potential of tourism. CBI contributes to sustainable economic development in developing countries through the expansion of exports from these countries. Tourism is one of the many sectors in which CBI is working. The ECP, the Export Coaching Programme for tourism is a seven year programme, in which the CBI supports about 270 companies in 36 developing countries in becoming reliable suppliers for the European market. The main goal of this programme is to generate income and create employment in the developing countries and also to safeguard sustainability principles.

According to the CBI "especially the market for long-haul tourism revolves around the relationships between inbound and outbound tour operators" (CBI; 2008, 2). It was found that often inbound tour operators from developing countries fail to successfully connect and sell to European outbound tour operators. In addition the CBI found that due to the complexity and fragmentation of the European market, inbound tour operators from developing countries often fail to determine "which geographical market and which market segment to target" (CBI; 2008, 2). For this reason the CBI implemented its third 'CBI Export Coaching Programme Tourism' programme in 2008 (CBI; 2008, 2). Within the programme participants are offered a great variety of trainings to improve their

access to the European tourism market. However, within those training programmes culture related aspects that could influence the inbound tour operators' supply chain management are not yet included. Due to the lack of academic research the CBI commissioned this research to investigate whether cultural differences between Thai inbound and European outbound tour operator influence the Thai inbound tour operator's management of the supply chain. If cultural differences should prove to influence the operator's management of the supply chain, the CBI commissioned to be provided with recommendations on possible training programmes.

Therefore it is the objective of this research to explore whether cultural differences between Thai inbound and European outbound tour operator influence the Thai inbound tour operator's management of the supply chain. In this it is focused upon potential culture related causes of disturbed interaction that are internal to the inbound tour operator and causes of disturbed interaction that are specific for the interaction between inbound and outbound tour operator (hereafter named intra-stakeholder causes of disturbed interaction). If cultural differences should prove to influence the Thai inbound tour operator's management of the supply chain, recommendations on possible training programmes will be provided. The research population will be the twelve Thai small and medium sized inbound tour operators that participate in the CBI Export Coaching Programme Tourism.

Research question

Do cultural differences between Thai inbound and European outbound tour operator influence the Thai inbound tour operator's management of the supply chain?

Sub questions

Interaction of Inbound and Outbound TO in the tourism supply chain

- What is the current *design of the supply chain* of Thai small and medium-sized inbound tour operators that participate in the CBI Export Coaching Programme Tourism and what are the main challenges faced in the supply chain?

Culture related causes of disturbed interaction between Inbound and outbound TO

Internal causes

- Does the Thai inbound tour operator's level of *Human Capital Resources (HCR)* influence the interaction between inbound and outbound tour operator?
- Does the Thai inbound tour operator's level of *Organizational Capital Resources (OCR)* influence the interaction between inbound and outbound tour operator?

Intra-stakeholder causes - Different cultural dimensions

- How aware are Thai small and medium-sized inbound tour operators *of cultural differences* between their culture and the culture of European outbound tour operators?
- How well do Thai small and medium-sized inbound tour operators manage *cultural differences* between their culture and the culture of European outbound tour operators?

Intra-stakeholder causes - Different trust dimensions

- Which elements or characteristics influence the European outbound tour operator's *likelihood to trust* the Thai inbound tour operator?

- How likely is it that Thai small and medium-sized inbound tour operators *receive trust* from the European outbound tour operator?

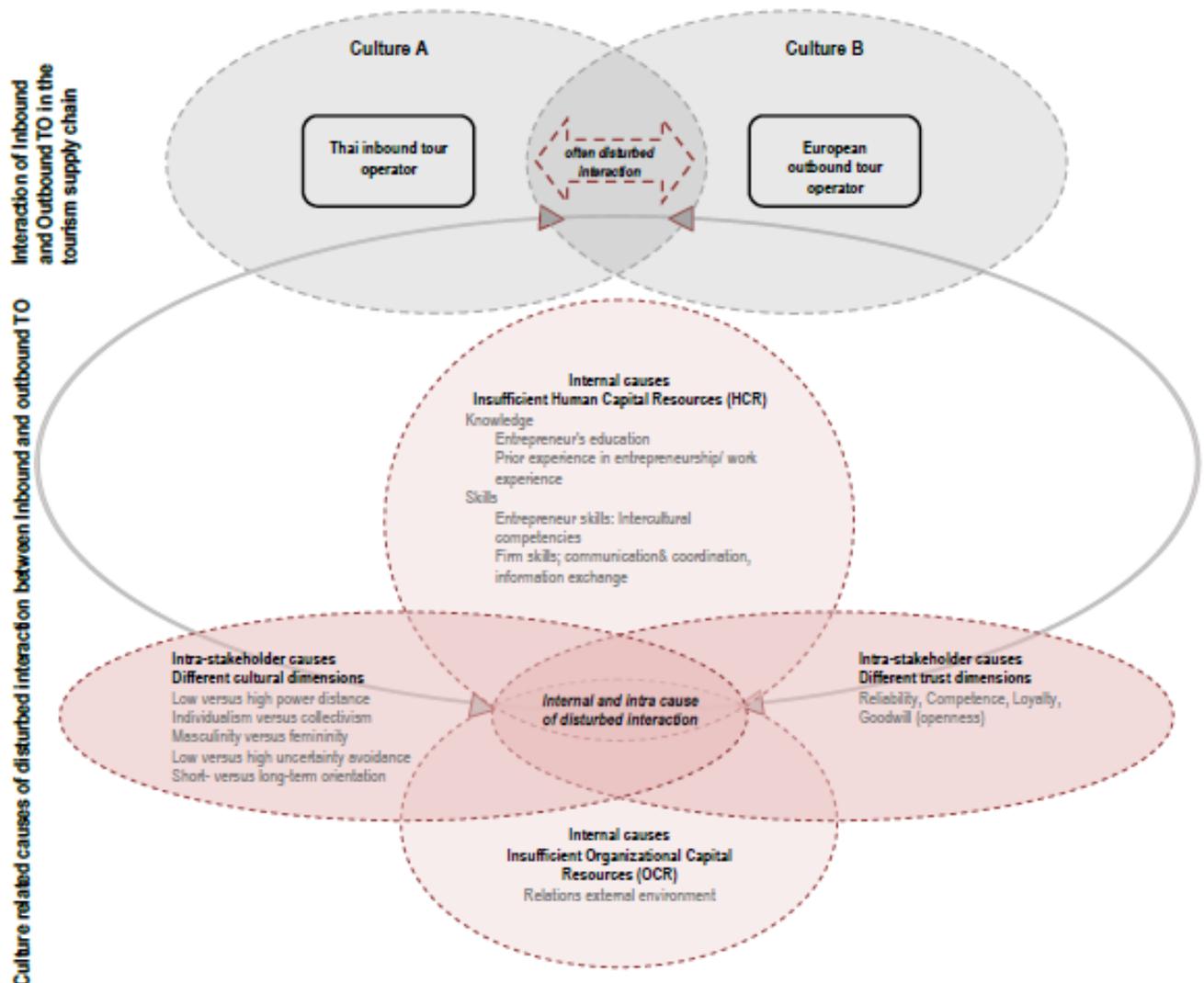
Training tools and modules

- Which suggestions on the development of *training tools and modules* can be given to the CBI that will enable inbound tour operator to improve culture related causes of disturbed interaction and thus ultimately improved their supply chain management?

4.2 Conceptual model

In chapter 2.7, based on theory, a model was developed that outlines which factors are likely to influence the interaction between Thai inbound and European outbound tour operator. In this section it is sought to identify those factors the influence the interaction between Thai inbound and European outbound tour operator that are culture related. The below presented model solely focuses on culture related causes of the disturbed interaction between Thai inbound and European outbound tour operator and serves to guide the research.

Figure 17: Simplified conceptual model



The top part of the model presents the fragment of the linear tourism supply chain in which Thai inbound and European outbound tour operator interact. The lower part of the model presents possible culture related causes of disturbed interaction between Thai inbound and European outbound tour operator.

The conceptual model is centred on the question which culture related internal (to the inbound tour operator) and intra-stakeholder (between inbound and outbound tour operator) causes of disturbed interaction between inbound tour operator and outbound tour operator can be identified. It is assumed that four distinctive causes of the disturbed interaction between Thai inbound and European outbound tour operator can be distinguished:

- Internal causes - Insufficient Human Capital Resources (HCR)
- Internal causes - Insufficient Organizational Capital Resources (OCR)

- Intra-stakeholder causes - Different cultural dimensions
- Intra-stakeholder causes - Different trust dimensions

Internal causes of disturbed interaction

Internal causes of disturbed interaction refer to insufficient capital resources of the inbound tour operator. Internal causes are subdivided into two distinct sets of capital resources; a) Insufficient Human Capital Resources (HCR) and Insufficient Organizational Capital Resources (OCR). In term, HCR consists of the entrepreneur's level of education, the entrepreneur's prior experience in entrepreneurship and prior work experience, the entrepreneur's intercultural competencies and the inbound tour operator's level of skills in terms of communication, coordination and information exchange. OCR refers to the enterprise's management of external relations with tourism stakeholders.

Intra-stakeholder causes of disturbed interaction

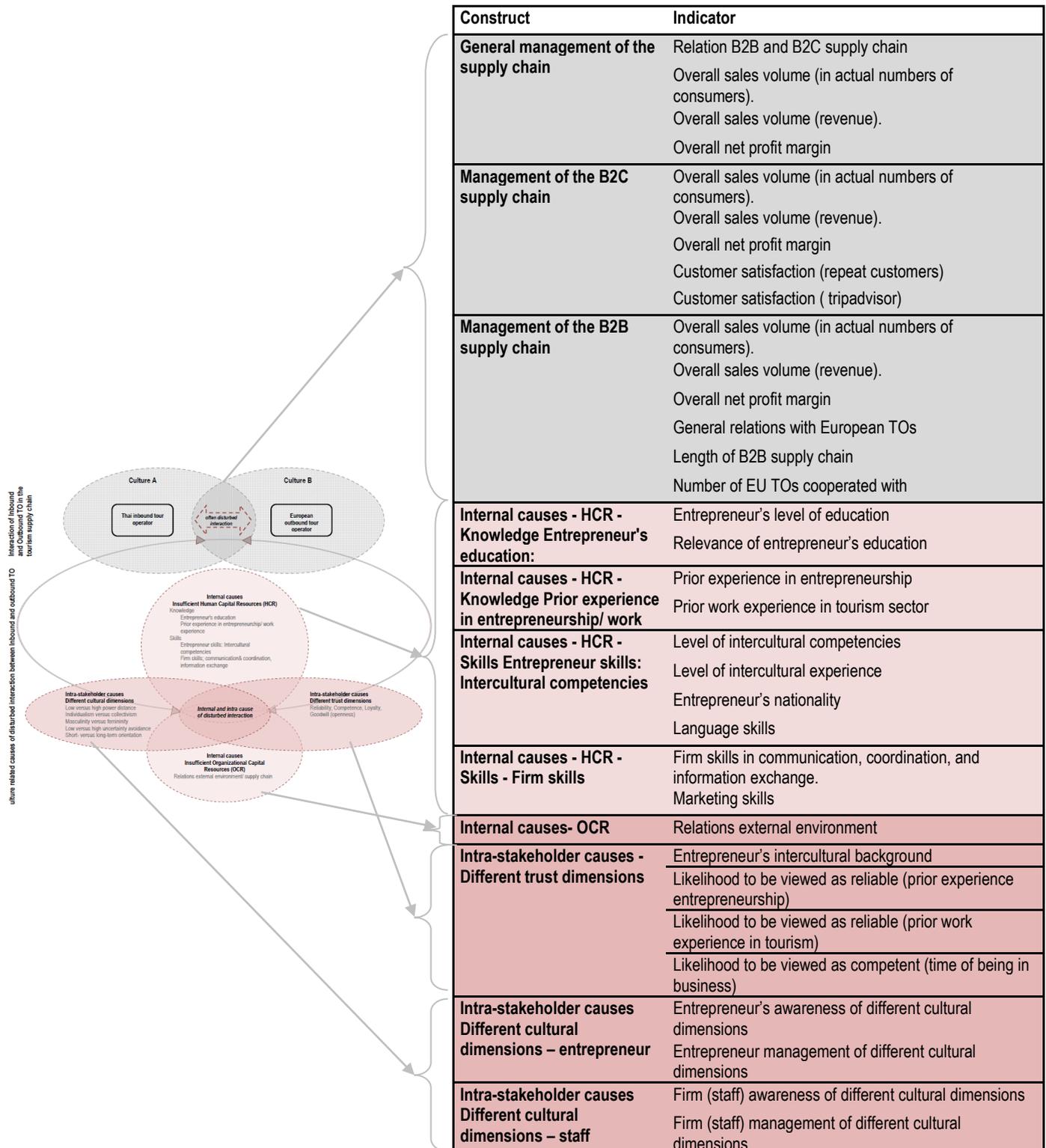
Intra-stakeholder causes of disturbed interaction refer to potential disturbed interaction between inbound and outbound tour operator caused by cultural differences. In specific, intra-stakeholder causes of disturbed interaction are subdivided into different cultural dimensions according to Hofstede and different trust dimensions.

It is assumed that the disturbed interaction between inbound and outbound tour operator results from a number of internal and intra-stakeholder causes of disturbed interaction. In term, internal and intra-stakeholder causes of disturbed interaction are expected to influence each other. As a final result of the research it is envisaged to identify whether cultural differences between Thai inbound and European outbound tour operator influence the Thai inbound tour operator's management of the supply chain and identify the most relevant internal and intra-stakeholder causes of disturbed interaction between inbound and outbound tour operator.

4.3 Definition of constructs and operationalisation/ measurement of constructs

In the previous section the conceptual model presented potential culture related causes of disturbed interaction between Thai inbound and European outbound tour operator. This section concentrates on making the conceptual model measurable. In the conceptual model several constructs are presented that are as presented no measurable and therefore need to be operationalised. In Figure 18 the operationalisation of the conceptual model is visualised. Each construct presented in the conceptual model is operationalised into measurable indicators.

Figure 18: Model of operationalisation



Constructs and indicators are outlined in detail in Appendix 1. In the there presented operationalisation matrix the rationale behind operationalising the construct into specific indicators and the rationalisation behind the precise measurement of the indicator are given, as well as a precise definition of the measurement of each indicator. An example of the operationliastion of the construct 'general management of the supply chain' is given in Table 11.

Table 11: Example operationalisation matrix

Construct	Indicator	Measurement of indicator	Rational of construct and indicator	Academic findings on construct and indicator
General management of the supply chain	Relation B2B and B2C supply chain	Ration between B2B and B2C sales (expressed in percentage of sales volume) in the last financial year.	For an inbound tour operator it is important to have a good balance between direct sales (B2C) and indirect sales (B2B). Overdependence on one of the two chains creates an unstable and unsustainable business in most cases.	Middleton, Victor T. C.; Fyall, Alan; Morgan, Michael and Ranchhod, Ashok: 2009, 275
	Overall sales volume (in actual numbers of consumers).	Overall sales volume of customers (domestic and international) (in actual numbers of consumers) over the past three financial years.	In order to have a stable and well functioning enterprise the sales volume (in actual numbers of consumers) must be stable or at best increasing over time.	Centre for the Promotion of Imports, CBI;
	Overall sales volume (revenue).	Overall sales volume of customers (in Euro) over the past three financial years.	In order to have a stable and well functioning enterprise the sales volume (revenue) must be stable or at best increasing over time.	Centre for the Promotion of Imports, CBI
	Overall net profit margin	Overall net profit margin derived over the past three financial years, expressed in percentages.	The net profit margin derives from dividing the net profit by the company's net revenues. The net profit margin is given as a percentage. The net profit margin indicates how successful a company is at cost control. A company with a high net profit margin manages effectively to convert revenue into actual profit. While sales volume indicates how much the company manages to sell, the net profit margin indicates on how well the company manages the terms under which their products are sold. As an example, a company selling high volumes through the B2B supply chain, however failing to determine effective sales conditions will have a high sales volume, but at the same time a low net profit margin.	Centre for the Promotion of Imports, CBI

Classification of scores

In order to enable a comparison between inbound tour operators, based on the information collected through the supply chain matrix, the need arose to classify the information obtained. For each indicator coding of three classes is applied, namely classification 'good', 'satisfactory' and 'poor'. Each class is further assigned a numerical value, classification 'good' is assigned the score 3, classification 'satisfactory' is assigned the score 2 and 'poor' is assigned the score 1. Further, in order to enable a visual comparison, each class is assigned a colour, the classification 'good' is assigned with the colour green, classification 'satisfactory' is assigned with the colour yellow and 'poor' is assigned with the colour red.

Classifications are based upon theory findings and classes are exclusive (meaning that each observation fits only in one class) and exhaustive (thus every observation can be placed in one class). An example of the classification of the indicators falling under the construct 'general management of the supply chain' is shown in Table 12. The classification of all indicators can be found in Appendix 2.

Table 12: Example classification of indicators

Construct	Indicator	Measurement of indicator	Classification good	Classification satisfactory	Classification poor
General management of the supply chain	Relation B2B and B2C supply chain	Ration between B2B and B2C sales (expressed in percentage of sales volume) in the last financial year.	B2B and B2C have a good balance. This is the case if no supply chain exceeds or is equal to 61% of all sales.	B2B and B2C are relatively in balance. However one supply chain overpowers. This is the case if one supply chain is equal to or exceeds 61% of all sales, however stays below 80%.	B2B and B2C are highly unbalanced. This is the case of any supply chain is equal to or exceeds 80% of all sales.
	Overall sales volume (in actual numbers of consumers).	Overall sales volume of European customers (in actual numbers of consumers) over the past three financial years.	Increasing sales volume of European customers (in actual numbers of consumers) over the past three financial years.	Stable or slightly fluctuating sales volume of European customers (in actual numbers of consumers) over the past three financial years.	Decreasing or highly fluctuating sales volume of European customers (in actual numbers of consumers) over the past three financial years.
	Overall sales volume (revenue).	Overall sales volume of European customers (in Euro) over the past three financial years.	Increasing overall sales volume of European customers (in Euro) over the past three financial years.	Stable or slightly fluctuating overall sales volume of European customers (in Euro) over the past three financial years.	Decreasing or highly fluctuating overall sales volume of European customers (in Euro) over the past three financial years.
	Overall net profit margin	Overall net profit margin derived over the past three financial years, expressed in percentages.	Increasing overall net profit margin derived over the past three financial years, expressed in percentages.	Stable or slightly fluctuating overall net profit margin derived over the past three financial years, expressed in percentages.	Decreasing, highly fluctuating, or no overall net profit margin derived over the past three financial years, expressed in percentages.

The operationalisation and classification of indicators is explained with the help of one example. Looking at the indicator 'relation B2B and B2C supply chain' the operationalisation matrix (Table 11) defines that the indicator will be measured based upon the ratio between B2B and B2C sales (expressed in percentage of sales volume) in the last financial year. The rationale of the indicator outlines that according to Middleton, Victor T. C.; Fyall, Alan; Morgan, Michael and Ranchhod, Ashok for an inbound tour operator it is important to have a good balance between direct sales (B2C) and indirect sales (B2B). Overdependence on one of the two chains creates an unstable and unsustainable business in most cases. According to academic findings, the classification of the indicator is developed (see table 12).

The procedure of linking academic findings with the classification of indicators is applied to all indicators that are supported by academic research. In cases where the indicator is derived from the CBI, the classification of the CBI is applied. There are however two indicators where neither academic research nor a CBI definition is available. Those two indicators are 'level of intercultural competencies' belonging to the construct 'internal causes - HCR - skills entrepreneur skills' and the indicator 'entrepreneur's intercultural background' belonging to the construct 'intra-stakeholder causes - different trust dimensions', the classification of the latter is in detailed outlined in chapter 5.4. The classification of the former is outlined below.

For the measurement of the indicator ‘level of intercultural competencies’ an intercultural competencies questionnaire was developed (to be found in Appendix 3). Even though intercultural competencies questionnaires were discussed in chapter 2.6 and chapter 2.5 in which it was outlined that Mitchell; 2000, Deardorff; 2010, Byram and Feng; 2006 and Fantini; 2006 have undertaken academic research upon such intercultural competencies questionnaires, the developed questionnaire was so specific for the setting of Thai inbound tour operators, that a classification according to the above named authors could not be applied. For this reason the questionnaire was field tested prior to having Thai inbound tour operators complete it. As all Thai inbound tour operators have a focus upon the German market and all Thai inbound tour operators attended a tourism fair in Germany in 2010 in the frame of the CBI program, it was decided that it would be most suitable and most comparable to focus the intercultural competencies questionnaire on the German business culture. In order to ensure that the questionnaire was representative for the German business culture, the questionnaire was tested amongst 25 German tourism professionals that also regularly attend (German) business fairs. In the questionnaire behavioural statements had to be judged as either correct or incorrect. The field test of the questionnaire showed that some statements were frequently answered incorrectly by the German tourism professionals. For this reason, any statements that were answered incorrectly by the majority (above 50%) of German respondents were deleted from the final questionnaire (Q2, Q4, Q5, Q7, Q14 and Q16). Through the revised intercultural questionnaire a baseline could be established. It was found that on average a German tourism professional scored 80% correct answers in the questionnaire (Table 13). Even though the given statements were about his or her culture, an average of 80% correct answers was found acceptable, as different answers could result from incorrect reading, a different personal opinion or handling situations differently. The revised intercultural competencies questionnaire was further field tested amongst 26 international (Nepal, Georgia, Zimbabwe, Kenya, Indonesia, Ecuador, South Africa) tourism professionals that target the German tourism market and at least once attended a German tourism fair. Through this it was found that on average those international tourism professionals scored 67% correct answers. Through those obtained values, the classification of the indicator ‘level of intercultural competencies’ was undertaken (Table 15).

Table 13: Statistics of intercultural competencies questionnaire amongst German tourism professionals

N	Valid	25
	Missing	0
Mean		80,00
Median		81,25
Mode		81,25
Minimum		68,75
Maximum		93,75

Source: Author

Table 14: Statistics of intercultural competencies questionnaire amongst international tourism professionals

N	Valid	26
	Missing	0
Mean		67,31
Median		68,75
Mode		75,00
Minimum		50,00
Maximum		81,25

Source: Author

Table 15: Classification of indicator ‘level of intercultural competencies’

Construct	Indicator	Measurement of indicator	Classification good	Classification satisfactory	Classification poor
Internal causes - HCR - Skills <i>Entrepreneur skills: Intercultural competencies</i>	Level of intercultural competencies	Scores obtained in the questionnaire to measure the level of intercultural competencies (Appendix 3).	Score of intercultural competencies questionnaire equal to or above 67%	Score of intercultural competencies questionnaire above 50% and below 67%.	Score of intercultural competencies questionnaire equal to or below 50%.

A score of 67% and above, which is approximate to the minimum score of German tourism professionals and at the same time approximate to the mean score of international tourism professionals, is classified as ‘good’. A score above 50% (which is the minimum score amongst international tourism professionals) and below 67%, is classified as ‘satisfactory’. As score equal to or below 50% is classified as ‘poor’.

Calculation of construct scores, weighing

In order to be able to analyse and compare Thai inbound tour operators' performance per construct, it is necessary to derive at overall scores per construct. As most constructs are subdivided into more than one indicator, it is necessary to derive at a calculation method in order to define an overall score for the construct. Further, based on theory findings, it is concluded that for some constructs specific indicators are more important than others. In these cases weighing of scores is applied.

Table 16: Calculation of construct scores

Construct	Calculation score construct	Indicator
General management of the supply chain	$(2 \times \text{Relation between B2B and B2C supply chain} + 1 \times \text{Overall sales volume (in actual numbers of consumers)} + 1 \times \text{Overall sales volume of European customers (in Euro)} + 2 \times \text{Overall net profit margin}) / 6$	Relation B2B and B2C supply chain Overall sales volume (in actual numbers of consumers). Overall sales volume (revenue). Overall net profit margin
Management of the B2C supply chain	$(1 \times \text{Overall sales volume (in actual numbers of consumers)} + 1 \times \text{Overall sales volume (revenue)} + 2 \times \text{Overall net profit margin} + 1 \times \text{Customer satisfaction (repeat customers)} + 1 \times \text{Customer satisfaction (social media recognition - tripadvisor)}) / 6$	Overall sales volume (in actual numbers of consumers). Overall sales volume (revenue). Overall net profit margin Customer satisfaction (extent of repeat customers). Customer satisfaction (score tripadvisor).
Management of the B2B supply chain	$(1 \times \text{Overall sales volume (in actual numbers of consumers)} + 1 \times \text{Overall sales volume (revenue)} + 2 \times \text{Overall net profit margin} + 1 \times \text{General relations with European TOs} + 1 \times \text{Length of B2B supply chain} + 1 \times \text{Number of EU TOs cooperated with}) / 7$	Overall sales volume (in actual numbers of consumers). Overall sales volume (revenue). Overall net profit margin General relations with European TOs Length of B2B supply chain Number of EU TOs cooperated with
Internal causes - HCR - Knowledge <i>Entrepreneur's education:</i>	$(1 \times \text{Entrepreneur's highest degree obtained} + 1 \times (1 \times \text{Identification whether the entrepreneur's education was relevant for the tourism industry} + 1 \times \text{Identification whether the entrepreneur's education was relevant for entrepreneurship}) / 2) / 2$	Entrepreneur's level of education Relevance of entrepreneur's education
Internal causes - HCR - Knowledge <i>Prior experience in entrepreneurship/work</i>	$(1 \times \text{Prior experience in entrepreneurship} + 1 \times \text{Prior work experience in tourism sector}) / 2$	Prior experience in entrepreneurship Prior work experience in tourism sector
Internal causes - HCR - Skills <i>Entrepreneur skills: Intercultural competencies</i>	$((2 \times \text{Level of intercultural competencies}) + (1 \times \text{Level of intercultural experience} + 1 \times \text{Language skills}) / 2) / 3$	Level of intercultural competencies Level of intercultural experience Language skills
Internal causes - HCR - Skills Firm skills	$(1 \times \text{Firm skills in communication, coordination, and information exchange} + 1 \times ((1 \times \text{Printed materials} + 1 \times \text{Quality of website} + 1 \times \text{Social Media} + 1 \times \text{Travel books} + 1 \times \text{General media}) / 5)) / 2$	Firm skills in communication, coordination, and information exchange. Marketing skills <i>Printed materials</i> <i>Quality of website</i> <i>Social Media</i> <i>Travel books</i> <i>General media</i>
Internal causes- OCR	1 x Relations external environment	Relations external environment
Intra-stakeholder causes Different trust dimensions	$(1 \times \text{Entrepreneur's intercultural background} + 1 \times \text{Likelihood to be viewed as reliable (prior experience entrepreneurship)} + 1 \times \text{Likelihood to be viewed as reliable (prior work experience in tourism)} + 1 \times \text{Likelihood to be viewed as competent (time of being in business)}) / 4$	Entrepreneur's intercultural background Likelihood to be viewed as reliable (prior experience entrepreneurship) Likelihood to be viewed as reliable (prior work experience in tourism) Likelihood to be viewed as competent (time of being in business)
Intra-stakeholder causes Different cultural dimensions – entrepreneur	1 x Entrepreneur's awareness of different cultural dimensions 1 x Entrepreneur management of different cultural dimensions	Entrepreneur's awareness of cultural differences Entrepreneur's management of cultural differences
Intra-stakeholder causes Different cultural dimensions – staff	1 x Firm (staff) awareness of different cultural dimensions 1 x Firm (staff) management of different cultural dimensions	Firm (staff) awareness of cultural differences Firm (staff) management of cultural differences

In Table 16 the calculation of all constructs is outlined. In general all indicators are weight equally and the sum of all indicators belonging to one construct is divided by the number of indicators. However, some indicators have to be weight more heavily, as they were identified as being key indicators.

As explained in the prior section, construct scores are assigned a numerical value, classification 'good' is assigned the score 3, classification 'satisfactory' is assigned the score 2 and 'poor' is assigned the score 1. Further, in order to enable a visual comparison, each class is assigned a colour, the classification 'good' is assigned with the colour green, classification 'satisfactory' is assigned with the colour yellow and 'poor' is assigned with the colour red. This classification scheme however, only applies for constructs that are derived from no more than one indicator and thus construct scores are expressed as an integer (whole number). For those constructs that are derived from more than one indicator, the overall construct score is expressed in a fraction with one decimal. As it is important to have equal class sizes, the following classification for overall construct scores is applied.

Table 17: Classification of construct score derived from one indicator and more than one indicator

Construct	Classification good	Classification satisfactory	Classification poor
Construct score derived from one indicator	3	2	1
Construct score derived from more than one indicator	2,4 – 3,0	1,7 – 2,3	1,0 – 1,6

4.4 Data gathering methods

In order to give answer to the central research question, data must be gathered per Thai inbound tour operator on each indicator. The data gathering method vary between the identified indicators. In Table 18, indicators are matched with the chosen research methods. In general five distinctive research methodologies are applied; research with the help of existing data, semi-structured questionnaires, an intercultural competencies questionnaire, in-depth interviews and observations. Two focus group discussions are held prior to the field visit of Thai inbound tour operators to get a collective view on the subject and to trigger discussion amongst inbound tour operators.

Table 18: Data gathering methods

Construct	Indicator	Data gathering method
General management of the supply chain	Relation B2B and B2C supply chain	In-depth interview
	Overall sales volume (in actual numbers of consumers).	In-depth interview and supporting CBI data
	Overall sales volume (revenue).	In-depth interview and supporting CBI data
	Overall net profit margin	In-depth interview and supporting CBI data
Management of the B2C supply chain	Overall sales volume (in actual numbers of consumers).	In-depth interview and supporting CBI data
	Overall sales volume (revenue).	In-depth interview and supporting CBI data
	Overall net profit margin	In-depth interview and supporting CBI data
	Customer satisfaction (extent of repeat customers).	In-depth interview
	Customer satisfaction (score tripadvisor).	Research on tripadvisor
Management of the B2B supply chain	Overall sales volume (in actual numbers of consumers).	In-depth interview and supporting CBI data
	Overall sales volume (revenue).	In-depth interview and supporting CBI data
	Overall net profit margin	In-depth interview and supporting CBI data
	General relations with European TOs	In-depth interview and wherever possible observation
	Length of B2B supply chain	In-depth interview
	Number of EU TOs cooperated with	In-depth interview and supporting CBI data
Internal causes - HCR - Knowledge <i>Entrepreneur's education:</i>	Entrepreneur's level of education	Semi-structured questionnaire
	Relevance of entrepreneur's education	Semi-structured questionnaire
Internal causes - HCR - Knowledge <i>Prior experience in entrepreneurship/work</i>	Prior experience in entrepreneurship	Semi-structured questionnaire
	Prior work experience in tourism sector	Semi-structured questionnaire
Internal causes - HCR - Skills <i>Entrepreneur skills: Intercultural competencies</i>	Level of intercultural competencies	Intercultural competencies questionnaire
	Level of intercultural experience	In-depth interview and semi-structured questionnaire
	Language skills	Semi-structured questionnaire
	Entrepreneur's nationality	Semi-structured questionnaire
Internal causes - HCR - Skills Firm skills	Firm skills in communication, coordination, and information exchange.	In-depth interview and observation
	Marketing skills	
	<i>Printed materials</i>	Observation
	<i>Quality of website</i>	Observation
	<i>Presence in Social Media</i>	Observation
	<i>Presence in Travel books</i>	Observation
	<i>Presence in General media</i>	Observation
Internal causes- OCR	Relations external environment	In-depth interview and wherever possible observation
Intra-stakeholder causes Different trust dimensions	Entrepreneur's intercultural background	In-depth interviews with European outbound tour operators and in-depth-interviews with Thai inbound tour operators and wherever possible observation
	Likelihood to be viewed as reliable (prior experience entrepreneurship)	In-depth interview and supporting CBI data
	Likelihood to be viewed as reliable (prior work experience in tourism)	In-depth interview and supporting CBI data
	Likelihood to be viewed as competent (time of being in business)	In-depth interview and supporting CBI data

Construct	Indicator	Data gathering method
Intra-stakeholder causes Different cultural dimensions – entrepreneur	Entrepreneur's awareness of different cultural dimensions	In-depth interview and wherever possible observation
	Entrepreneur management of different cultural dimensions	In-depth interview and wherever possible observation
Intra-stakeholder causes Different cultural dimensions – staff	Firm (staff) awareness of different cultural dimensions	In-depth interview and wherever possible observation
	Firm (staff) management of different cultural dimensions	In-depth interview and wherever possible observation

In the below gathering methods are outlined.

Existing data research

The CBI gave permission that their collected data on Thai inbound tour operators may be used in this research. In specific three documents are of importance:

- a. The *ECP application form*, which gives information on the inbound tour operator's location and address, their legal status, the number of employees, the year of establishment, their activities, the number of European tourists handled over the past three years and the three major tourist markets. The information in the application form was given by the inbound tour operator.
- b. The *export audit report* is a report written by a CBI tourism expert after having visited and audited the inbound tour operator. The export audit report contains information on product characteristics, capacity, market orientation, export knowledge, pricing policies, promotional activities and their distribution and entry strategy. The export audit was prepared after the inbound tour operator entered the programme in 2009 and a second time in 2010.
- c. The *Export Marketing Plan (EMP)* was written by the inbound tour operator in cooperation with their assigned CBI expert. In the EMP the operator formulate their vision on how to enter the European market.

The information given in the above named reports gives a broad insight into the Thai inbound tour operator's general performance. The analysis of existing data for each Thai inbound tour operator is undertaken prior to the field visit, in order to be able to focus discussions on the specific situation of each inbound tour operator.

Intercultural competencies questionnaire

As already indicated prior, an intercultural competencies questionnaire was developed. The intercultural competencies questionnaire is completed by each entrepreneur and wherever possible by staff members interacting with the German market.

Semi-structured questionnaire

The designed semi-structured questionnaire is provided along with the outline of the in-depth interview to the entrepreneur prior to the interview. During the interview, the entrepreneur and the interviewer together go through the questions to be completed. The in-depth interview outline can be found in Appendix 4 and the semi-structured questionnaire can be found in Appendix 5.

In-depth interviews and observations

During the field research all Thai inbound tour operators are visited in their offices. In-depth interviews and observations mainly take place in the office of the Thai inbound tour operator and during field excursions. During

the field visit the business's operations are observed for several days. Further at least 4 hours are scheduled for the in-depth interview with the entrepreneur.

In-depth interviews with European outbound tour operators

In order to explore the issue of trust between Thai inbound and European outbound tour operator, it is essential to not only hold interviews with Thai inbound tour operators, but also specifically interview European outbound tour operators that interact with international markets (specifically focussed on developing countries). These interviews are held during the tourism fair ITB, with 25 European outbound tour operators. The interviews are of informal character, as the subject is rather sensitive. Further, observations on the interaction between international (in specific Thai) inbound tour operators and European outbound tour operators are made.

In-depth interviews with tourism stakeholders

In order to derive at a holistic depiction of reality as many additional tourism stakeholders as possible are interviewed upon the research subject. Interviews are held with the following stakeholders:

- (European) outbound tour operators;
- inbound tour operators from developing countries
- international tourism experts;
- the 'Thai Ecotourism and Adventure Travel Association' (TEATA);
- the Tourism Authority of Thailand;
- the Dutch Embassy in Bangkok;
- online promotion experts.

Focus group discussions

It is seen as important to also get a collective view on the subject and to get an understanding of general challenges faced. Therefore, focus group discussions are held prior to the field visit. The first focus group discussion is held with inbound tour operators from developing countries (Benin, Bolivia, Burkina Faso, Colombia, Ecuador, Ethiopia, Georgia, Ghana, Indonesia, Kenya, Madagascar, Nepal, Nicaragua, Peru, South Africa, Tanzania, Thailand, Uganda and Vietnam). The second focus group discussion is held with Thai inbound tour operators (also including non-CBI tour operators). In particular for the broader influence of this research on the paradigm it will be interesting to compare challenges faced by Thai inbound tour operators and challenges faced by inbound tour operators from other developing countries.

4.5 The research population

The research is carried out amongst all twelve Thai small and medium sized inbound tour operators that participate in the CBI Export Coaching Programme Tourism. In order to respect the privacy of each inbound tour operator, company names are fictional and the names of entrepreneurs and staff are abbreviated. All results, findings and conclusions are solely valid for the research population of Thai inbound tour operators that participate in the CBI Export Coaching Programme Tourism.

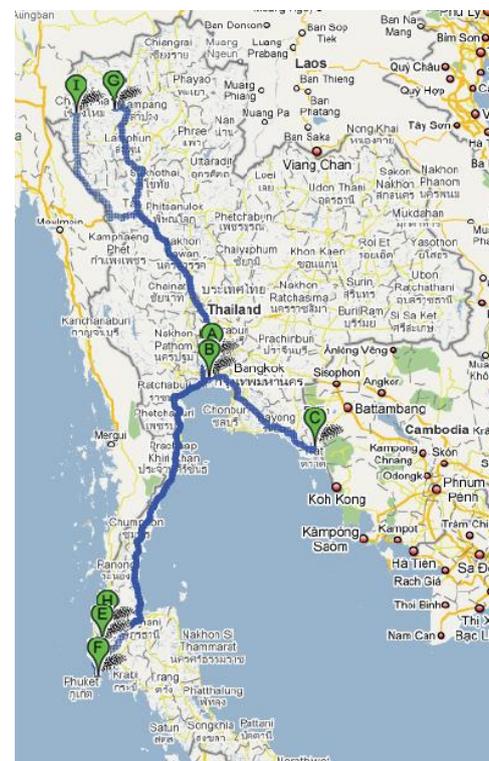
In Table 19 and Figure 19, the geographic location of Thai inbound tour operators are visualised. Compared to the main tourist destinations of Thailand, presented in Figure 11 in chapter 3.2, it becomes apparent that the twelve Thai inbound tour operators are located in the main tourist destinations.

Table 19: Geographical location of Thai inbound tour operators' head office

Region	Letter on map	Thai inbound tour operators
Central Thailand including Bangkok	A and B	River Tours (A) Thai Orchid (A) Royal Tours (A) Thai Journey(A) Golden Sun (B)
East Thailand	C	Phang Jungle (C)
South Thailand	E, F and H	Go Social (E) Eco-Explorer (F)
North Thailand	I and G	Culture Travel (G) North Treks (G) CM Voyage (G) Hong Travel (I)

Source: CBI;2010

Figure 19: Geographical location of Thai inbound tour operators' head office



Source: CBI;2010

In the below table each Thai inbound tour operator is introduced in regards to the precise location of their head office, the number of staff employed, the year of establishment, the geographical scope of their tourism products and a general description of the offered tourism product is given. Detailed information on each Thai inbound tour operator can be found in Appendix 6.

Table 20: Description of the research population - Thai inbound tour operators participating in the CBI export promotion program

Name Thai inbound tour operator	Location head office	Number of staff	Year of establishment	Geographical scope of products	Product description
Culture Travel	Chiang Mai	2	2008	Regional	Culture Travel focuses on CBT products and closely cooperates with local CBT suppliers in the north of Thailand.
Hong Travel	Mae Hong Son	4	2001	Regional	Hong Travel's offers several trekking programmes and excursions in the remote Mae Hong Son province. Trekking experiences are organised away from established tourist trails. Programs are tailored to active tourists who also desire to experience the Thai culture. Hong Travel is working together with selected local communities which have developed small-scale community-based tourism programs.
North Treks	Chiang Mai	3	1988	Regional	North Treks specializes in designing trips for individuals, couples, families and small groups in northern Thailand. Most programmes include trekking and cultural experiences. Programmes are designed in close cooperation with local communities and special focus is put towards ethical travel.
CM Voyage	Chiang Mai	23	1999	Local	CM Voyage offers a wide range of adventure tours in and around the destination of Chiang Mai, such as white water rafting, mountain biking, elephant riding, jungle trails, kayaking and trekking. Attention is given towards environmental and cultural sustainability. Additionally, safety is a key issue within all tours.
River Tours	Bangkok/Ayutthaya	11	2004	Regional	River Tours is especially known for their boat and bike excursions in Ayutthaya. Most programmes are day excursions through the historic city of Ayutthaya and its surroundings either by boat or bike.
Phang Jungle	Koh Chang Trat	8	2007	Local	Phang Jungle is an eco-friendly ropes and harness adventure course in a forest. The packaged trips include visits to local communities and activities in nature. The packaged trips are accompanied by a licensed guide. They also provide and arrange transportation on the island and to other parts of Thailand.
Thai Orchid	Bangkok	31	1988	National	Thai Orchid specializes in B2B sales of tours through Thailand and Indochina. They offer a great range of programs, from classical tour programs for leisure tourism to special interest programs such as incentive and events, eco and soft adventure tours, health and wellness programs and other tailor made programs as requested.
Go Social	Phang Nga	3	2005	Local	Go Social offers a great variety of CBT products, including village tours, island tours, volunteering programmes, homestay and regional accommodation. All activities and itineraries are designed in collaboration with the villagers themselves, focussed on the principles of community-based tourism. Go Social is committed to providing local people with a complimentary source of income while still continuing their traditional way of life.
Golden Sun	Pathumthani	9	2001	National	They specialize in (small group) cultural travel and wilderness adventures in Thailand and southeast Asia. Their standard or tailored programs offer guests to meet local communities of the visited regions. Some trips provide the opportunity to stay in traditional Thai or Hill-tribe homes and allows the interaction and cultural exchanges with the local people. For the visitor searching for active holidays, Golden Sun provides a wide range of eco-adventure activities.
Eco-Explorer	Phuket	30	2001	Regional	Eco-Explorer offers sea kayaking tours in Thailand, Vietnam, Fiji, the Philippines and Hawaii. However, the company focuses on its tours around Phuket. From Phuket Eco-Explorer offers two day trips and four overnight tours (two to seven days) in the Andaman Sea.
Royal Tours	Bangkok	57	1979	National	Royal Tours is promoting unseen tourist attractions through innovative tours and programs. They are keen to highlight unknown aspects of Thai culture, through cultural excursions, cultural home stay experiences and discovering real 'unseen Thai' places. Royal Tours offers a wide range of services: Excursions ½ day and full day, hotels, spa and wellness products and CBT. Packages feature: cruises, adventure, culture, beaches, islands and tailor made tours.
Thai Journey	Bangkok	45	1976	National	Thai Journey speciality is "off-the-beaten-track" arrangements: soft adventure, activity holidays and any special interest packages. During the years Thai Journey has built a range of products that can cater to almost any special interest, whether it is trekking in remote regions, rafting or scuba diving, bird watching, an agricultural study tour or a spa and meditation course.

Source: CBI;2010 and all inbound tour operators

4.6 Risks and limitations

In this section attention is given towards potential risks and limitations of the research. In particular when presenting findings and drawing conclusions it will be referred back to identified risks and limitations and judged in how far these influenced the research. In specific the following risks and limitations are expected to influence the research:

➤ **Limitation to twelve Thai small and medium sized inbound tour operators that participate in the CBI Export Coaching Programme Tourism**

The research is concentrated and at the same time limited on identifying culture related causes of disturbed interaction between twelve Thai small and medium sized inbound tour operators that participate in the CBI Export Coaching Programme Tourism and European outbound tour operators.

Findings, conclusions and generalisations are solely valid for the research population of Thai small and medium sized inbound tour operators that participate in the CBI Export Coaching Programme Tourism. Findings are not valid for Thai inbound tour operators as a whole, neither for all small and medium sized inbound tour operators that participate in the CBI Export Coaching Programme Tourism. Due to the small size of the research population no statistical relations can be drawn.

➤ **Risks and limitations of the chosen methodology**

Based on the finding that research on the influence of culture in the tourism supply chain has never before been carried out, there is no proven methodological framework available for this study. The methodology therefore has to be based upon proven methodologies from other academic research in the field of (tourism) supply chain management, intercultural studies, buyer and seller interaction and entrepreneurship. Within this study these various methodologies are combined into one research framework and methodology.

Within the study is it searched for a well balance between qualitative data, expressed in scores inbound tour operators obtain for indicators and constructs, and qualitative data, expressed through statements inbound tour operators give, case studies and best or worse practice examples. Although the gathered qualitative data is of crucial importance to identify patterns, it is especially the qualitative data, thus the stories behind it, that gives the research depths and relevance.

A further risk within the chosen methodology presents the issue of weighing indicator scores in the calculation of construct scores. Although weighing of indicators is based upon theory findings, there might be the risks that through weighing of indicators results are falsified.

➤ **Risk of being culturally biased**

The research is further running the risk of having culturally biased answers to research questions. As an example it could be that the Thai cultural trait of 'saving ones face' resolves in the fact that more positive answers are given, which do not depict reality. However, it is anticipated the risk of cultural bias is minimised by the fact that a long-term relation was built between the researcher and the research

population. The established level of trusts is expected to minimise the risk of having to depict reality better than it is and allows participants to speak freely.

Further, and in fact ironically, the research is facing the risk of being culturally biased from the researcher's perspective, as the researcher shares the same culture as the European outbound tour operator.

➤ **Risk of being biased from the commissioner's point of view**

In general it is assumed that there is no risk that the commissioner of this research, the CBI, biases or tries to influence the outcome of the research. The CBI has an interest to be provided with unbiased research outcomes, in order to be able to develop and implement training tools and modules that will enable inbound tour operator to improve.

Chapter 5: Findings on Internal and Intra-stakeholder causes of disturbed interaction

The CBI commissioned this research to investigate whether cultural differences between Thai inbound and European outbound tour operator influence the Thai inbound tour operator's management of the supply chain. In this chapter the research findings on the twelve Thai inbound tour operator's management of the supply chain and possible culture related causes of disturbed interaction that are internal to the Thai inbound tour operator and causes of disturbed interaction that are specific for the interaction between Thai inbound and European outbound tour operator (intra-stakeholder causes of disturbed interaction) are given.

In chapter 5.1 the inbound tour operator's management of the supply chain is analysed, including the specific analysis of the operator's management of the B2C and B2B supply chain. Internal and intra-stakeholder causes of disturbed interaction are analysed in chapter 5.2 to 5.5, in specific, it is looked upon:

- the inbound tour operator's Human Capital Resources (HCR), focussing upon the entrepreneur's education, the entrepreneur's prior experience in entrepreneurship and prior work experience in the tourism industry, the entrepreneur's intercultural competencies and firm skills (chapter 5.2.);
- the inbound tour operator's Organisational Capital Resources (OCR), thus the operator's extent of relations with the external environment and his built network (chapter 5.3);
- the issue of trust between Thai inbound and European outbound tour operator (chapter 5.4); and
- the inbound tour operator's awareness and management of cultural differences (chapter 5.5).

A synthesis of findings is presented in chapter 5.6, followed by the examination of other possible non-culture related causes of distributed interaction in chapter 5.7. A conclusion on all presented findings is given in chapter 5.8. The methodology underlying this chapter is outlined in chapter four and in detailed explained in Appendix 1 and 2. All presented tables are based on the author's research if not indicated otherwise.

5.1 Management of the tourism supply chain

In basic terms supply chain management refers to how the Thai inbound tour operator manages to sell tourism products to the final consumer and which intermediaries are involved in this process. In principle an inbound tour operator can choose between two distinctive methods; directly selling his tourism product to the final consumer (B2C), or using intermediaries to sell their tourism product to the final consumer (B2B). As it was explained in chapter 2.2.5 choosing the right distribution mix means creating access, thus providing "points of sales convenient for the consumer" (Middleton, Victor T. C.; Fyall, Alan; Morgan, Michael and Ranchhod, Ashok: 2009, 275). With over 15,5 million registered international arrivals to Thailand in 2010 (Thai Department of Tourism; 2011), the potential target market is vast. However, which of those 15,5 million annual visitors are potentially interested in the offered tourism product? How to reach a potential customer? Do tourists book tours prior to their vacation or only when they are at the destination? Which outbound tour operators are suitable to cooperate with? What commissions do they ask for selling the product and is it then still profitable for the inbound tour operator? These are only some of the challenges Thai inbound tour operators face when designing their tourism supply chain. It is important to stress that supply chain management is business tool which is purposely designed by the inbound tour operator and requires active decision making.

The inbound tour operator's general management of the tourism supply chain is analysed in chapter 5.1.1. In chapter 5.1.2 an analysis of the B2C supply chain and in chapter 5.1.3 an analysis of the B2B supply chain is undertaken. The findings of chapter 5.1 are critical to the subsequent analysis of cultural related resources and capabilities, as this chapter gives an insight on the general performance of inbound tour operators. This chapter identifies how inbound tour operators generate their income, how they perform financially and which weaknesses or strengths inbound tour operators show in their supply management.

5.1.1 General management of the supply chain

This section analyses the Thai inbound tour operator's general supply chain management. In the analysis it is looked upon the inbound tour operator's relation between sales volumes generated through the B2B and B2C supply chain, the overall derived sales volume (in actual numbers of consumers and revenue) and the overall net profit margin under which it is operated.

The success of an inbound tour operator in their general management of the supply chain mainly relies upon the balance between sales occurring through the B2B and B2C supply chain and the overall net profit margin under which it is operated. As outlined in chapter 2.2.4 and chapter 2.2.5 for an inbound tour operator it is important to achieve a good balance between direct sales (B2C) and indirect sales (B2B). In most cases, an overdependence on one of the two chains creates an unstable and unsustainable business (Middleton, Victor T. C.; Fyall, Alan; Morgan, Michael and Ranchhod, Ashok: 2009, 275). The net profit margin indicates how successful a company is at cost control. A company with a high net profit margin manages effectively to convert revenue into actual profit. While sales volume indicates how much the company manages to sell, the net profit margin indicates how well the company manages the terms under which their products are sold. As an example, a company selling high volumes through the B2B supply chain, however failing to determine effective sales conditions will have a high sales volume, however, failing to create profit.

Table 21: General management of the supply chain

Construct	Indicator	Culture Travel	Hong Travel	North Treks	CM voyage	River tours	Phang Jungle	Thai Orchid	Go Social	Golden Sun	Eco-Explorer	Royal tours	Thai journey
General management of the supply chain	Overall score general management of the supply chain	1,0	1,0	1,0	1,3	1,3	1,7	1,7	1,7	2,3	2,3	2,7	3,0
	Relation B2B and B2C supply chain	1	1	1	1	2	2	1	1	3	2	3	3
	Overall sales volume (in actual numbers of consumers).	1	1	1	2	1	2	2	2	2	3	3	3
	Overall sales volume (revenue).	1	1	1	2	1	2	2	2	2	3	3	3
	Overall net profit margin	1	1	1	1	1	1	2	2	2	2	2	3

The management of the tourism supply chain varies highly between the individual Thai inbound tour operators. Table 21 shows that 42% of all inbound tour operators generally manage their tourism supply chain poorly (red), while another 42% manage their tourism supply chain to a satisfying degree (yellow). The minority of tour operators, with 17% manage their tourism supply chain well (green).

Most Thai inbound tour operators rely on sales volume generated through the B2C supply chain (67% of Thai inbound tour operators), while only 33% generate most of their sales volume through the B2B supply chain. The greatest majority (80%) of Thai inbound tour operators that manage the supply chain poorly and all operators that manage their supply chain well, rely for the majority of their generated sales volume on the B2C supply chain. Most inbound tour operators (60%) that manage the supply chain satisfactory derive the majority of sales volume through the B2B supply chain.

In fact, 50% of tour operator that rely for most of their sales volume on the B2C supply chain, show a heavy reliance and at the same time show poor overall management of the supply chain. In contrast the 25% of tour operators that healthily rely on the B2C supply chain for the majority of their generated revenue are those operators that manage their supply chain well.

In sum, it is concluded that the great majority of inbound tour operators with poor supply chain management:

- have a heavy imbalance between sales volumes generated through the B2B and B2C supply chain, where it is heavily relied upon sales volumes generated through the B2C supply chain;
- have decreasing or highly fluctuating sales volumes, and;
- operate under unfavourable profit margins, thus failing to transform generated revenue into actual profit.

In contrast, inbound tour operators with good management of the supply chain:

- have a healthy balance between sales volumes generated through the B2B and B2C supply chain;
- achieve increasing sales volumes, and;
- operate under favourable profit margins, thus achieving to transform generated revenue into actual profit.

For inbound tour operators with satisfactory supply chain management, there are great differences between the individual operators' balance between B2B and B2C sales volumes. However, the majority of operators have stable overall sales volumes and operate under stable profit margins. Thus, even though with some inbound tour operators one supply chain is heavily outweighed, they ensure that generated profit margins are transformed into actual profit.

5.1.2 Management of the B2C supply chain

This chapter analyses the inbound tour operators' management of the direct supply chain. In order to determine the inbound tour operator's management of the B2C supply chain, it is looked upon the generated sales volume (in actual numbers of consumers and revenue), the derived net profit margin and the degree of customer satisfaction (extent of repeat customers and derived score on tripadvisor).

Table 22: Management of the B2C supply chain

Construct	Indicator	CultureTravel	Hong Travel	North Treks	CM voyage	River tours	Phang Jungle	Thai Orchid	Go Social	Golden Sun	Eco-Explorer	Royal tours	Thai journey
Management of the B2C supply chain	Overall score management of the B2C supply chain	1,0	1,0	1,3	1,7	1,2	1,7	1,2	1,8	1,8	2,7	2,7	2,7
	Overall sales volume (in actual numbers of consumers).	1	1	1	2	1	2	1	2	2	3	3	3
	Overall sales volume (revenue).	1	1	1	2	1	2	1	2	2	3	3	3
	Overall net profit margin	1	1	1	2	1	1	1	2	2	2	3	3
	Customer satisfaction (extent of repeat customers).	1	1	2	1	1	1	2	1	2	3	3	3
	Customer satisfaction (score tripadvisor).	1	1	2	1	2	3	1	2	1	3	1	1

There are great differences in the Thai inbound tour operator's management of the B2C supply chain. Table 22 shows that 42% of Thai inbound tour operators manage their B2C supply chain poorly (red), 33% satisfactory (yellow) and another 33% well (green).

In the previous chapter it was concluded that the majority of Thai inbound tour operators generate most of their sales volume through the B2C supply chain.

This section reveals that especially those Thai inbound tour operators that rely heavily on sales volume generated through the B2C supply chain, manage the B2C supply chain poorly (see Table 23). Most of those inbound tour operators have decreasing or highly fluctuating sales volumes and operate under decreasing, highly fluctuating, or no overall net profit margins. The combination of heavily relying on one supply chain to generate the greatest majority of sales

Table 23: Reliance on B2B or B2C supply chain and management of the B2c supply chain

Reliance on B2C or B2B	Extent of reliance	Inbound	Overall score management of the B2C supply chain
Reliance on B2C	Heavy reliance B2C	CultureTravel	1,0
		Hong Travel	1,0
		North Treks	1,3
		Go Social	1,8
	Intermediate reliance B2C	River Tours	1,2
		Phang Jungle	1,7
	Healthy reliance B2C	Royal Tours	2,7
		Thai Journey	2,7
		Thai Orchid	1,2
Reliance on B2B	Heavy reliance B2B	CM Voyage	1,7
	Intermediate reliance B2B	Eco-Explorer	2,7
		Golden Sun	1,8
	Healthy reliance B2B		

volume and at the same time performing poorly in it, has severe effects on these inbound tour operators, as the example of North Treks illustrates. Mrs. M., entrepreneur of North Treks explains that, till 2007 they achieved slightly increasing direct sales volumes, although the actual sales volume was still very low and barely generated a profit, the company was satisfied with the development. However, from mid of 2007 onwards their direct sales volume decreased drastically. Mrs. M. outlines that they rely fully on sales occurred through the B2C supply chain, as they do not sell any products through the B2B supply chain. She explains that in 2009 they did not receive any request for a booking for over seven months. Upon the question why no sales occurred, Mrs. M assumes that a

combination of the financial crisis and the low demand for Chiang Mai as a tourist destination could have been a cause, but is unsure whether these are correct assumptions. During this time they seriously doubted whether they should continue their business, however after twenty-three years of running the business passionately, they decided to continue operating the business in the hope that the future will bring improvements. It was only in 2010 that the direct sales volume increased slightly again, however still stayed far below sales volume achieved in 2007. Mrs. C. assumes that a combination of global financial recovery and the Thai Tourism Authorities' efforts in promoting Chiang Mai as a tourist destination could have been the cause why they again received bookings, however is unsure whether sales volume will recover fully.

Mr. P., owner of Hong Travel, reports a similar development over the past years. From 2008 onwards Hong Travel experienced a sharp decrease in direct sales volume, up to the point that in 2009 and 2010 almost no tour packages were sold. In order to fill the gap in income Mr. P. had to temporarily find additional work and income to keep the company running and staff paid. As outlined, the majority of inbound tour operators that manage their B2C supply chain poorly operate under decreasing, highly fluctuating, or no overall net profit margins and the example of Hong Travel is representative for the majority of those inbound tour operators. During the in-depth interview in the office of Hong Travel, the sales office received a call from a tourist that was visiting Mae Hong Son and was interested to join one of their tours. Shortly after the call, the sales staff that took the call approached Mr. P.. The sales staff explained that the gentlemen on the phone and his wife and two children would like to book one of their day excursions, however insisted that they would receive a 30% discount. Upon this, Mr. P. replied to the sales staff that at a maximum she can offer a discount of 10%, but not more. She should call back the gentleman and explain kindly that they can offer a 10% discount, however below this it would not be possible to offer the package to them. After a short while the sales staff returned and explained that the gentleman declined her offer of a 10% discount and said that if they will not get a 25% discount on the tour, they will book their daytrip elsewhere. Eventually Mr. P agreed to the 25% discount and explains "after paying the suppliers of the tour, like the transportation provider and the local communities, I will not even have enough left to cover half of my costs. But what else should I have done? I have to pay my staff and it is better that they are out in the field than here in the office. And I know that my competitors would have taken the tour at the demanded price. "

The above two outlined examples are representative for Thai inbound tour operators that manage their B2C supply chain poorly. It is frequently explained that since the financial crisis immersed direct bookings decreased drastically and seem to recover slowly. Further the high competition between tour operators within one destination is often recognised as one of the main factors why profit margins are so low. As one entrepreneur says "business is now and if I do not meet the customer's demand on the price, I know my competitor will!".

In contrast, inbound tour operators with a healthy balance between sales volumes occurred through the B2B and B2C supply chain and only for the slight majority of sales volume rely on the B2C supply chain, manage the B2C supply chain well, achieve increasing sales volume and operate under stable or even increasing profit margin. As an example, Mr. L., entrepreneur of Thai Journey explains that over the past three years they achieved to increase their direct bookings considerably. Thai Journey performs strong within their existing target markets, but also attracts customers from new European markets. Upon the question whether the financial crisis affected their direct bookings, Mr. L. clarifies that there was a very short time in 2009 during which direct bookings stagnated, however this was only temporarily and direct sales increased again afterwards. Mr. Gr., entrepreneur of Eco-Explorer and Mr. C., entrepreneur of Royal Tours report similar developments and it seems that those businesses were not affected

by the financial crisis. Further, these inbound tour operators show a different approach towards direct selling and the interaction with customers. Mr. C., from Royal Tours experiences that “customers are involved to a great extent in the purchasing of the tourism product. Direct customers do not simply want to consume, but experience. They want to experience and learn about the culture and environment of the country, they show great appreciation for our understanding of their desires and needs, when designing the tour. It is much appreciated that communication is undertaken in their language and from a person that understands their culture. The greatest advantage of the B2C supply chain is that no commission has to be paid to a third party. However, the B2C supply chain is more time and thus staff intensive. In general it takes me 20 to 80 emails with a customer to come to a final tailor-made program. But through this it is ensured that the customer is very satisfied with the purchased product and once back in their home country undertakes word-to-mouth promotion. In many cases past customers generate new customers from their social environment (friends, family, colleagues, etc.) or even return”.

Confirming the importance of customer satisfaction and the importance of word-to-mouth promotion and repeat customers, Mr. Gr., entrepreneur of Eco-Explorer explains “it regularly happens that after a tour guests come to me, give me a hug and say that this was the best part of their holiday and they appreciate that we taught their kids about the importance of our ecosystem. Often we see that during their next holiday on Phuket these guests book a tour with us again, regularly even the same one. They then say that they enjoyed the tour so much that they wanted to experience it again. When we ask how guest found out about us, they frequently say that friends of theirs took a tour with us and were speaking so highly of it, that they also wanted to experience it. What we also frequently hear is that guests read about us on tripadvisor and due to the good recommendations they read on tripadvisor they booked the tour with us.”

However, it is found that the majority of inbound tour operators does not yet recognise the importance of the new social travel media tripadvisor. 83% of Thai inbound tour operators are either not listed or only listed as a source on tripadvisor. Trip advisor holds great potential and represents an effective and cost-efficient method of gaining credibility in the B2C supply chain and ultimately can help to increase direct bookings, as the example of River Tours illustrates. Mr. N., owner of River Tours, explains that listed as the top attraction in Ayutthaya, helps them greatly in attracting new customers. He outlines “that individual travellers, thus tourists that do not come to Thailand via a pre-booked tour, often look on tripadvisor to see what other travellers liked to do. When tourists then see that we are ranked the top attraction in Ayutthaya and read comments such as “my best Thai experience so far”, “the best way to explore Ayutthaya”, “this dinner boat cruise was one of the highlights of our time in Thailand”, or “best guide of Thailand”, they feel assured that tourists that took our tour enjoyed it and that we deliver a good quality product. We regularly check what guests have written about us on tripadvisor. We only once had a negative review on tripadvisor, where a guest was not satisfied with the bicycle route we had chosen, as it was for a certain distance along a busy road. We reacted immediately and wrote the guest an email in which we expressed our apologies for his discomfort during the bicycle tour. We further expressed our gratitude for his constructive feedback and explained that in the future we will choose an alternative route, avoiding busy roads as much as possible. A few days later we saw that the guest had changed his negative review on tripadvisor into a positive one. We often hear from guests that they read about us on tripadvisor and thereafter decided to book a tour with us. We are not sure how many bookings are made due to our reviews on tripadvisor, but it certainly positively influences our B2C supply chain.”

In sum, this chapter shows that there are great differences in the Thai inbound tour operator's management of the B2C supply chain. Inbound tour operators with poor supply chain management show common challenges faced in the affects of the finical crisis and consequent decreasing direct bookings, as well as low profit margins resulting from harsh competition between Thai inbound tour operators. Contrarily, inbound tour operators that manage the B2C supply chain well seem to be less affected by the financial crisis and further also do achieve healthy profit margins resulting from a different customer approach.

5.1.3 Management of the B2B supply chain

As outlined in chapter 2.2.4 and 2.2.6 the B2B supply chain refers to any supply chain, in which the Thai inbound tour operator sells their tourism product indirectly to the final consumer. In this section the Thai inbound tour operator's management of the B2B supply chain is analysed.

In order to determine the Thai inbound tour operator's management of the B2B supply chain, it is looked upon the overall sales volume (in actual numbers of consumers and revenue), the derived overall net profit margin, the inbound tour operator's general relations with European tour operators and the length of the B2B supply chain.

Of special interest in the analysis is the net profit under which the Thai inbound tour operator operates, how he manages relations with European outbound tour operators, how his B2B tourism supply chain is developed and with how many European outbound tour operators it was cooperated with over the past three financial years.

Table 24: Management of the B2B supply chain

Construct	Indicator	CultureTravel	Hong Travel	North Treks	CM voyage	River tours	Phang Jungle	Thai Orchid	Go Social	Golden Sun	Eco-Explorer	Royal tours	Thai journey
Management of the B2B supply chain	Overall score management of the B2B supply chain	1,0	1,0	1,0	1,3	1,0	1,3	2,0	2,0	2,0	1,6	2,7	3,0
	Overall sales volume (in actual numbers of consumers).	1	1	1	2	1	2	2	2	2	3	3	3
	Overall sales volume (revenue).	1	1	1	2	1	2	2	2	2	3	3	3
	Overall net profit margin	1	1	1	1	1	1	2	2	2	1	2	3
	General relations with European TOs	1	1	1	1	1	1	2	2	2	1	3	3
	Length of B2B supply chain	1	1	1	1	1	1	2	3	2	1	3	3
	Number of EU TOs cooperated with	1	1	1	1	1	1	2	1	2	1	3	3

There are great differences between the Thai inbound tour operators' management of the B2B supply chain. Table 24 shows that 58% of Thai inbound tour operators manage the B2B supply chain poorly (red), while 25% show satisfactory management (yellow) and 17% good management (green). It is found that the extent of established relations with European tour operators, the length of B2B supply chain and the number of European tour operators cooperated with, are closely linked to each other and ultimately strongly influence the overall management of the B2B supply chain.

Inbound tour operators with poor management of the B2B supply chain, have little to no relations with European outbound tour operators. 67% of those inbound tour operators sell none of their tourism products directly to European outbound tour operators and solely cooperate with Thai travel agencies in their B2B supply chain. If

developed at all, the B2B supply chain is lengthy and ineffective and the number of European tour operators cooperated with is minimal, often even zero. Additionally, it is operated under unfavourable profit margins, either high fluctuating, decreasing or none existing. The majority of inbound tour operators with poor management of the B2B supply chain have decreasing or highly fluctuating overall sales volume. Above all the involvement of Thai travel agencies in the B2B supply chain is seen as a key determinant in the poorly managed B2B supply chain, as the representative examples of CM Voyage and Eco-Explorer illustrate.

CM Voyage, did not establish any direct cooperations with European outbound tour operators over the past three years, in fact, did at no time in the past manage to establish direct cooperations with European outbound tour operators. Mrs. W. entrepreneur of CM Voyage explains that the reason behind not having established direct cooperations with European outbound tour operators is not to be found in a lack of eagerness. In fact, she says that they are very keen to establish direct relations with European tour operators, however do not know how to accomplish this. For them it is very difficult to find a point of entry in the European corporate tourism market. She explains that in their office they have a book, in which all tour operators and their contact details are listed that attended the ITB tourism fair in 2010. As explained earlier, CM Voyage participated in the frame of the CBI export promotion program in this tourism fair. Mrs. W. continues that even though they have a complete list of European outbound tour operators, they do not know how to make a selection of outbound tour operators that are potentially interested in their tourism products and most importantly, they do not know how to approach these European outbound tour operators. Mrs. W. admits that due to a lack of other possibilities, they rely on Thai travel agencies, either based in Chiang Mai or Bangkok, to further sell their tourism products either directly to final consumers, to other Thai travel agencies or to European outbound tour operators. The relation between CM Voyage and the local and national Thai travel agencies is described as very difficult. Mrs. W. outlines that if they could find another possibility to generate sales, they would rather discontinue selling their tourism products to Thai travel agencies. She describes that those travel agencies are merely more than a small office in a prominent tourist location equipped with a computer and some staff members. According to her local travel agencies actually “do nothing more than promote and sell their products. They have no own products, simply a computer and some staff – nothing more”. Furthermore, travel agencies are said to have a large range of tourism products in offer and do not specifically state that the product CM Voyage sells to the local agencies is operated by them. To the consumer it then appears that the local agencies themselves operate the product. Further the problem is encountered that photos CM Voyage provides to local agencies are also used to promote competitors’ products.

However what appears to be the main problem with Thai travel agencies is the issue of pricing. Due to the extensive tourism offer in Chiang Mai, which in fact outnumbers tourism demand, Thai travel agencies can choose from a great number of inbound tour operators and their products. According to Mrs. W. there are hundreds of tour companies in Chiang Mai. Most offer the same selection of treks, elephant rides and river rafting. Especially if the local travel agency does not provide information on who is operating the product, but let it seem as they themselves operate the product, it is very difficult to establish a competitive edge. Based upon the extensive competition between inbound tour operators in Chiang Mai, Thai travel agency show great dominance in pricing negotiations. In the case of CM Voyage, the overall net profit margin when selling their tourism products to Thai travel agencies is below 5%, which in fact makes it for CM Voyage almost unprofitable to run the program. At the same time the Thai travel agencies in general apply a margin of 80% on the purchased products. As an example, CM Voyage sold a tourism product to a Thai travel agency for 1400 baht and saw that they offered this to tourists for 2500 baht.

As a second example of issues inbound tour operators with poor management of the B2B supply chain face is illustrated by Eco-Explorer's difficulties encountered with Thai travel agencies. The entrepreneur of Eco-Explorer, Mr. G explains that on Phuket travel agencies are located in touristic hotspots and offer a great variety of tours. In most cases, travel agencies are small shops to be found in prominent locations, such as shopping and nightlife districts. The long opening hours and persuasive salesman achieve to attract large numbers of bookings. Travel agencies offer several tours to the same destination operated by different tour operators. Thus the travel agencies offer the products of several competitors within one shop, and a travel agent will promote those products which he receives most commission or additional payment on. According to Mr. G. travel agencies operate on generous profit margins, asking up to 30% of the tour package price as commission, leaving Eco-Explorer with close to zero profit margin. For the tourist it proves to be difficult to identify which business is actually operating the tour they have chosen, as promotional material is kept very general and does not indicate business names. After selling their tourism product to the Thai travel agency, Eco-Explorer effectively loses control over further promotion and selling of it. Thai travel agencies rarely report back to them on how their tourism product is perceived by the tourism market, which makes product adaptation towards market demands extremely difficult.

Inbound tour operators with satisfactory management of the B2B supply chain have established a certain degree of relations with European outbound tour operators. With most inbound tour operators the developed B2B supply chain is a mix of long and ineffective B2B supply chains and short and effective B2B supply chains. The majority of sales volume in the B2B supply chain is derived through selling their tourism products to Thai travel agencies, which sell their products further to other Thai agencies, European outbound tour operators or to the final consumers. However, these inbound tour operators also achieve to sell a considerable amount of tourism products directly to European outbound tour operators. Yet, it is only cooperated with a few European outbound tour operators (below 10). European outbound tour operators that are directly cooperated with are relatively small business in few European countries, catering mostly to niche markets. In general, those Thai inbound tour operators operate under a satisfactory profit margin. As an example Mrs. C., entrepreneur of Golden Sun, explains that in their developed B2B supply chain most sales are made to Thai travel agencies. These travel agencies then sell Golden Sun's product further on to other travel agencies, European outbound tour operators or the final consumer. According to Mrs. C. the profit margin of products sold to Thai travel agencies is considerably lower than when they sell products directly to European outbound tour operators. Mrs. C. would rather only sell directly to European outbound tour operators, however says that the number of European outbound tour operators they cooperate with is too low to generate sufficient sales volume. For this reason they are forced to also sell products to Thai travel agencies. Golden Sun is working towards increasing the number of European outbound tour operators they cooperate with and thus increase the sales volume of products directly sold to European outbound tour operators, however are afraid that this process will at least take a few years.

Contrarily, Inbound tour operators with good management of the B2B supply chain are found to have strong relations with a high number of European outbound tour operators and the developed B2B supply chain is short and effective, characterised by no more than one stakeholder between inbound tour operator and final consumer. Further, the number of European tour operators cooperated with is extensive (above 15). Additionally, an increasing sales volume is achieved and it is operated under favourable profit margins, either stable or even increasing. In the B2B supply chains Thai travel agencies are absent and relations with European outbound tour operators are of strong and long-term character, as the exemplary case of Royal Tours illustrates. The entrepreneur of Royal Tours explains that once they have proven themselves to the European outbound tour operators as a

professional and trustworthy business partners that delivers high quality products, European outbound tour operators generally continue to purchase their products. Additionally those inbound tour operators achieve to establish new relations with European outbound tour operators; Royal Tours is particular strong in establishing new relations with French outbound tour operators and explains that they are the only inbound tour operator that has native French speaking management that shows a deep understanding of the market, which makes them highly attractive for French outbound tour operators.

In sum, it can be concluded that in order to manage the supply chain well, it is of crucial importance to develop strong relations with an extensive number of European tour operators and to keep the supply chain as short and effective as possible, involving as little intermediaries as possible. In order to ensure that generated revenue is transformed into actual profit, it is important to achieve positive sales conditions.

5.2 Internal causes - HCR

In this chapter Human Capital Resources (HCR) of the Thai inbound tour operators are analysed. In specific it is looked upon the entrepreneur's education, the entrepreneur's prior experience in entrepreneurship and work experience in the tourism industry, the entrepreneur's intercultural competencies and the inbound tour operator's firm skills.

5.2.1 Knowledge: Entrepreneur's education

This section concentrates on analysing the Thai inbound tour operator's educational background. It is looked upon the entrepreneur's level of education and the relevance of the entrepreneur's education for the tourism industry and entrepreneurship. As outlined in chapter 2.6 and 2.5, according to Haber and Reichel human capital of the entrepreneur refers to "education, prior experience in entrepreneurship and skills" (Haber and Reichel; 2005, 124). This view is also held by Robinson and Sexton, who conclude their research with the finding that "general education has a strong positive influence on entrepreneurship in terms of becoming self-employed and success" (Robinson and Sexton: 1994, 147).

Table 25: Internal causes - HCR - Knowledge - Entrepreneur's education

Construct	Indicator	CultureTravel	Hong Travel	North Treks	CM voyage	River tours	Phang Jungle	Thai Orchid	Go Social	Golden Sun	Eco-Explorer	Royal tours	Thai journey
Internal causes - HCR - Knowledge <i>Entrepreneur's education</i>	Overall score entrepreneur's level of education	2,0	2,5	2,5	2,5	2,5	2,5	2,5	2,5	2,5	2,5	2,5	2,5
	Entrepreneur's level of education	3	3	3	3	3	3	3	3	3	3	3	3
	Relevance of entrepreneur's education (tourism)	1	1	1	1	1	1	1	1	1	1	1	1
	Relevance of entrepreneur's education (entrepreneurship)	1	3	3	3	3	3	3	3	3	3	3	3

All Thai inbound tour operators show good levels of education (see Table 25). All entrepreneurs successfully completed university education (bachelor and/or master degrees) and with the exception of one entrepreneur, all entrepreneurs followed education that was relevant for entrepreneurship. None of the entrepreneur's followed an education that is relevant for the tourism industry. This could have been caused by the limited offer of university education in the field of tourism in Thailand.

Due to the homogeneous results for the entrepreneur's level of education, results cannot be used to explain differences between the supply chain management of inbound tour operators. In retrospect it must be concluded that possibly by choosing more indicators, such as having enjoyed education abroad, the diversity of results could have been enhanced. Unfortunately, in the frame of this research a post-correction is not possible and it is desirable that further research explores the construct in more detail.

5.2.2 Knowledge: Prior experience in entrepreneurship/ work

This section concentrates on analysing the entrepreneur's prior experience in entrepreneurship. In this section is analysed whether Robinson and Sexton's view that prior experience in entrepreneurship is vital to the success of a business holds true for the Thai inbound tour operators (Robinson and Sexton: 1994, 148). It is looked upon the entrepreneur's prior experience in entrepreneurship and his prior work experience in tourism sector.

Table 26: Internal causes - HCR - Knowledge - Prior experience in entrepreneurship/ work

Construct	Indicator	CultureTravel	Hong Travel	North Treks	CM voyage	River tours	Phang Jungle	Thai Orchid	Go Social	Golden Sun	Eco-Explorer	Royal tours	Thai journey
Internal causes - HCR - Knowledge <i>Prior experience in entrepreneurship/ work</i>	Overall score prior experience in entrepreneurship/ work	1	1	1	1	1,5	1	2	3	2	3	3	3
	Prior experience in entrepreneurship	1	1	1	1	1	1	2	3	2	3	3	3
	Prior work experience in tourism sector	1	1	1	1	2	1	2	3	2	3	3	3

Table 26 shows that 50% of all Thai inbound tour operators have no prior experience in entrepreneurship and work in the tourism industry (red), while 17% have prior experience, but less than five years (yellow) and 33% have extensive prior experience with over 5 years of experience (green).

There is a strong relationship between the entrepreneur's prior experience in entrepreneurship and work experience in the tourism industry and the management of the supply chain. Thai inbound tour operators without or with very limited prior experience in entrepreneurship and prior work experience in the tourism industry, manage their B2B supply chain poorly. Contrarily, Thai inbound tour operators with more than five years of prior experience in entrepreneurship and more than five years of prior work experience in the tourism supply chain, manage the B2B supply chain satisfactory or well. Supporting the general conclusion that the extent of the entrepreneur's prior experience strongly influences their performance in the tourism supply chain are statements given by Thai inbound tour operators. From those entrepreneurs with prior experience it is homogeneously stated that this provides them with a valuable insight into the tourism market and its demands and that through prior experience in the tourism industry an extended network with (international) tourism stakeholders could be built.

As an example, Mr. N., owner of River Tours, with his four years of prior work experience in the Thai tourism industry explains that he has worked as a tour guide for a tourism supplier that offered boat excursions. During his time as a tour guide he learned about the importance of customer satisfaction and he gained a considerable insight into what tourists demand of boat excursion. He outlines that his gained insight into boat excursions highly influenced his decision to also specialise in boat excursions with his own enterprise. However, he admits that even though he gained a considerable insight during his work as a tour guide on the demands tourists put towards boat excursions, when starting his own business he realised that entrepreneurship demanded more than just an understanding on how to execute a tour and wishes that he also acquired prior experience in entrepreneurship, since he often misses that insight.

As a second example of entrepreneurs that highly value their prior experience in entrepreneurship and work experience in the tourism industry, Mr. G, owner of Go Social, tells that he has seven years of prior experience in

entrepreneurship and seven years of prior work experience in the tourism industry, before he founded his current business. From 1997 till 2004 Mr. G undertook several non-profit tourism projects in Thailand. Sadly through the devastating Tsunami in 2004, he did not only lose many friends and his home, but also his tourism projects. Therefore in 2004, he founded Go Social. Mr. G. expresses that his prior experience in entrepreneurship and his work experience in the tourism industry provide him with valuable lessons on how to operate a tourism business and provide him with a deep insight into customer demands. However, most importantly it provides him with an extended tourism network. Mr. G. describes that even though he has prior entrepreneur and work experience this is in the non-profit sector and that at times this hinders him in running a profit- business, since his heart still tends to opt for supporting community development first, instead of generating profit for the enterprise.

Mr. Gr., entrepreneur of Eco-Explorer, further supports the conclusion that prior experience in entrepreneurship and work experience in the tourism industry is very important and influences the management of the supply chain. Mr. Gr. has over 25 years of prior experience in entrepreneurship, as well as 25 years of prior experience in the tourism industry. Mr. Gr. outlines that at the end of the 1980s he founded his first CBT kayaking business in the Andaman coast. After having led the tour operator for over 25 years, due to several reason he left his first tourism enterprise and founded his second kayaking tour operator. Mr. Gr. judges that his prior experience in entrepreneurship and the tourism industry provide him with a deep insight on how to run a tourism enterprise. Also, through his years of engagement in sustainable tourism and environmental protection, he established a considerable international network, although mostly focussed upon environmental issues.

The importance of international work experience is highlighted by Mr. C., entrepreneur of Royal Tours. Mr. C. has over 20 years of experience in leading a tourism business. Opposing to other entrepreneurs, he gained experience in the tourism industry outside of Thailand. According to Mr. C. especially his prior international experience provides him with a deep insight into international tourist demands, but most importantly the demands outbound tour operators put towards services. Further his international entrepreneurship and work experience helps him to build an extended network of international tourism stakeholders.

5.2.3 Skills: Entrepreneur skills: Intercultural competencies

This section examines the entrepreneur's skills with special focus on his intercultural competencies. It is looked upon the entrepreneur's intercultural competencies shown in the developed questionnaire, the entrepreneur's level of intercultural experience and the entrepreneur's language skills.

Table 27: Internal causes - HCR - Entrepreneur skills: Intercultural competencies'

Construct	Indicator	CultureTravel	Hong Travel	North Treks	CM voyage	River tours	Phang Jungle	Thai Orchid	Go Social	Golden Sun	Eco-Explorer	Royal tours	Thai journey
Internal causes - HCR - Skills Entrepreneur skills: Intercultural competencies	Overall score entrepreneur skills: Intercultural competencies	1,2	1,5	1,5	1,2	1,2	1,7	3,0	2,3	3,0	2,0	3,0	2,8
	Level of intercultural competencies	1	1	1	1	1	1	3	2	3	2	3	3
	Intercultural experience	1	3	3	1	1	3	3	3	3	3	3	3
	Language skills	2	2	2	2	2	3	3	3	3	1	3	2
	Entrepreneur's nationality*	Th	Th	Br	Th	Th	Th	Th	A	Th	A	Be	Br

* Th = Thai ; Br = British ; A = American ; Be = Belgian

Table 27 shows that 42% of all Thai inbound tour operators have poorly developed intercultural competencies (red). As an example, Mrs. W, the entrepreneur of CM Voyage shows an overall poor level of intercultural competencies, in the developed intercultural competencies questionnaire, where she only achieved to give correct answers to 44% of all questions, she has never lived aboard and has very limited travel experience. She has only once travelled outside Asia to attend the ITB tourism fair in Germany in 2010. Further, apart from her moth tongue Thai Mrs. W solely speaks English and no other foreign language. 25% of all Thai inbound tour operators have satisfactory intercultural competencies (yellow). As an example, Mr. Gr., entrepreneur of Eco-Explorer shows satisfactory intercultural competencies. In the developed intercultural questionnaire Mr. Gr. achieved to answer 63% of all questions correctly. Further, Mr. Gr. has extensive intercultural experience. Born in American, he moved already at a very young age with his family to Japan and subsequently to Mexico. After moving back to the USA and living for 14 years on Hawaii, he moved to the Philippines, thereafter to Vietnam and finally to Thailand. However, in regards to language skills, he has very limited skills with solely being fluent in English. 33% of all Thai inbound tour operators have good intercultural competencies (green). As an example, Mr. C., entrepreneur of Royal Tours achieves to answer 82% of all questions of the intercultural competencies questionnaire correctly. He further has extensive intercultural experience, nine years ago he left his home country Belgium to lived and worked in Canada, Brazil and finally Thailand. Apart from being fluent in Thai and English, he has a good knowledge of the French, Dutch, Spanish and Portuguese language.

It can be concluded that the entrepreneur's intercultural competencies have a considerable influence on the inbound tour operator's management of the tourism supply chain, in particular on the management of the B2B supply chain. Thai inbound tour operators with poor intercultural competencies also manage the B2B supply chain poorly. In contrast, inbound tour operators with good intercultural competencies, manage the B2B supply chain satisfactory or well. The conclusion that the level of intercultural competencies influences the management of the tourism supply chain is further supported by statements given by Thai inbound tour operators. Entrepreneurs that did spend a meaningful period of time in a country other than their residence, frequently state that:

- it enhances their understanding of that specific culture;
- it makes the person aware of his own culture and the differences between his culture and the foreign culture they lived in;
- it makes the person open towards different views and different approaches on how to handle certain situations;
- it makes a person open towards different cultures and creates the aspiration to understand different cultures;
- it provides the person with an understanding on how cultural differences can influence the work environment, thus the communication between two stakeholders from different nationalities, and it ultimately supports their current work with international business partners.

A good example of how living in a foreign culture enhances the understanding of that specific culture is found with Golden Sun. Mrs. D. entrepreneurs of Golden Sun, has lived and worked in Germany for over 4 years. She explains that during her work for the major German cooperation she got to know the German business culture very well. Additionally to her gained insight into German business practices, she also acquired German language skills. According to Mrs. D. her understanding of the German business culture makes her tourism business particularly strong in the German market. German tour operators would much appreciate that she understands their needs and demands and that it can be communicated in their language.

In sum, the key towards successful cooperation between inbound and outbound tour operator is seen to lie in

- a) possessing over language skills of the target market, and;
- b) international experience through which key skills such as an understanding of the country's business culture, their demands and wishes and their method of communication, are developed.

If these two sets of capabilities are well developed and thus shown to the European outbound tour operator, this is much appreciated by the European outbound tour operator and he feels assured that his wishes and demands are heard and understood. Thus, the European outbound tour operator much appreciates if the Thai inbound tour operator understands and adapts towards the European way of working.

As an example, Mr. C., entrepreneur of Royal Tours, sees the key in the B2B and B2C market as having language skills of the market. He outlines that this is most appreciated by the customer, because he feels assured that his wishes and demands are heard and understood. Additionally to language skills of the target market, he sees it as critical to possess over international experience, since this enables a good cooperation between his business and the European outbound tour operator. He further describes without a good understanding of and adaption towards the European tour operator's culture, the cooperation between his business and the European outbound tour operator would not function as well. However, Mr. C experiences that skills, such as an understanding of the country's business culture, their demands and wishes and their method of communication, cannot simply be transferred to other staff members. In order to gain a certain level of those essential skills, a staff member will have to immerge deeply into the tourism industry and the European outbound tour operator's culture.

The conclusion of Mr. C. that intercultural competencies cannot simply be transferred to staff members is shared by the greatest majority of inbound tour operators. At the same time, it is seen as crucial that also staff members built these capabilities. It is often observed that staff without international experience and language skills other than Thai and English does not understand the demands of the European market very well. The communication between staff

and customer (whether tour operator or tourists) is then frequently characterised by miscommunication and frustration.

Overall, it can be concluded that the level of intercultural competencies is an important contributor to an enhanced tourism supply chain management and enables effective interaction with European outbound tour operators and final consumers. Further, a high level of intercultural competencies is often linked to having a deep understating of the European outbound tour operator's and final consumer's needs and demands. As an example, Mrs. P., entrepreneur of Thai Orchid, outlines that in their cooperation with European outbound tour operators they notice it is much appreciated that they understand and adapt towards the European way of working. Mrs. P further explains that their strict organisation and time planning is much appreciated by the European outbound tour operator and makes them feel assured of the quality Thai Orchid delivers. Mr. G., entrepreneur of Go Social, further concludes that his extensive intercultural experience, his gained language skills and his understanding of different cultures, helps him tremendously in his interaction with European clients. However, Mr. G. observes that Thai staff that has never lived abroad and also further had very little international experience, has difficulties understanding European market demands. In addition communication between customer and his staff is then frequently distorted. Mr. G. regrets that it is not possible to transfer his intercultural skills to staff members.

The degree to which having lived in a foreign country transforms in an enhanced intercultural understanding depends on the activities undertaken during the stay abroad. The closer the activities abroad are linked to entrepreneurship and the tourism industry, the deeper the understanding of international tourism stakeholder's demands and practices. As an example, Mr. K., entrepreneur of Phang Jungle tells that as his father is a diplomat he has lived for over thirteen years abroad. During this time he has lived and studied in the USA, Canada, Belgium and Nepal. However, Mr. K. explains that during his time abroad he has not engaged in any activities related to entrepreneurship or tourism and therefore feels that his experience abroad does not provide him with an enhanced understanding of international tourism stakeholder's demands and practices.

5.2.4 Skills: Firm skills

Not only the skills of the entrepreneur are of essential importance when running a successful business, but also staff has to work efficiently and communicate with (potential) clients well. Particularly when staff is the first point of contact, their skills are key to making the sale. This section therefore examines the firm skills with special focus upon skills in communication, coordination, and information exchange (marketing).

Table 28: Internal causes - HCR - Skills: Firm skills

Construct	Indicator	CultureTravel	Hong Travel	North Treks	CM voyage	River tours	Phang Jungle	Thai Orchid	Go Social	Golden Sun	Eco-Explorer	Royal tours	Thai journey
Internal causes - HCR - Skills - Firm skills	Overall score firm skills	1,3	1,3	1,4	1,2	1,5	1,9	1,7	2,1	1,7	2,4	2,7	2,7
	Firm skills in communication and coordination	1	1	1	1	1	2	2	2	2	2	3	3
	Marketing skills	1,6	1,6	1,8	1,4	2	1,8	1,4	2,2	1,4	2,8	2,4	2,4
	Quality printed materials	2	2	2	2	2	2	2	3	2	2	3	3
	Quality of website	2	2	2	2	3	2	2	3	2	3	3	3
	Presence in Social Media	1	1	2	1	3	3	1	2	1	3	1	2
	Presence in Travel books	1	2	1	1	1	1	1	1	1	3	2	1
	Presence in General media	2	1	2	1	1	1	1	2	1	3	3	3

Table 28 shows that 42% of Thai inbound tour operators have poor firm skills (red). Taking the example of CM Voyage, overall firm skills are poorly developed. In terms of firm skills in communication and coordination, it is only the entrepreneur Mrs. W that can communicate and coordinate with international customers, as no staff member is speaking English. Although CM Voyage has satisfactory printed promotional materials and a suitable webpage, the operator is not present in social media, travel books or the general media. 33% of Thai inbound tour operators have satisfactory firm skills (yellow) and 25% have good firm skills (green). As an example, Eco-Explorer has overall good firm skills. Eco-Explorer's staff communicates and coordinates with international clients to a satisfying degree, however especially in regards to communication with customers improvements are required. As Mr. Gr. outlines: "my sales staff is partly responsible for reacting on direct bookings. When I am in the office I myself undertake most communication with clients, but when I am out of the office my staff has to take over that responsibility. Frequently we have disagreements about the matter. It seems I cannot make my staff understand that it is of crucial importance that they immediately react on customer requests. I then often refer to the example: How would you feel if you made a payment transaction for a tour and get no confirmation for days? But it seems that I do not get my staff to understand this matter."

When comparing firm skills of inbound tour operators with the management of the supply chain, it becomes evident that firm skills have an influence on the inbound tour operator's management of the tourism supply chain, in particular on the B2B supply chain. All inbound tour operators with poor firm skills, also show poor management of the B2B supply chain. Tour operators with satisfactory firm skills also manage the B2B supply chain satisfactory. Inbound tour operators that have good firm skills, manage the B2B supply chain satisfactory or good.

The most important conclusion in terms of firm skills is found in the often reoccurring statement of entrepreneurs that they train staff according to their standards and insights into the market. It can thus be concluded that the level of firm skills depend on the entrepreneur's skills and competencies. In the great majority of cases (83%) in which the entrepreneur's skills and competencies are poor, also firm skills are poorly developed. With inbound tour operators where the entrepreneur's skills and competencies are well developed, firm skills are satisfactory or good firm skills. It can thus be concluded that firm skills depend on the entrepreneur's skills and competencies. Further, firm skills influence the management of the supply chain, in particular the management of the B2B supply chain.

5.3 Internal causes- OCR

As outlined in chapter 2.6, for a company it is essential to have stable and long-term relations with their external environment. The external environment can be of significant influence when searching for potential supply chain stakeholders, as well as when trying to get credibility amongst those stakeholders. Further, the external environment can have significant influence on gaining market intelligence.

This chapter analyses the inbound tour operator’s Organizational Capital Resources (OCR). It is concentrated on analysing the extent of external relations an inbound tour operator established with international as well as national tourism stakeholders. In this it is seen as important that the inbound tour operator established extensive relations with international commercial tourism stakeholders. With international commercial tourism stakeholders it is referred to foreign tour operator associations, foreign national tourism boards, foreign tourism suppliers, the World Tourism Organisation, the Pacific Asia Travel Association (PATA), the Asia Pacific Tourism Association (APTA), or any other kind of foreign commercial organisation. In regards to national commercial tourism stakeholders it is referred to the Thai Tourism Authority, the Chamber of Commerce, The Association of Thai Tourism Providers or any other commercial organisation. In regards to national and international non-commercial stakeholders it is referred to organisations which do not have a commercial interest at the core of their activities, such as The International Ecotourism Society, CBT-Asia, the Global Sustainable Tourism Council (GSTC), The Thailand Community Based Tourism Institute, educational institutions, or any other international or nations organisation with a non-commercial core. Having established relations with international non-commercial tourism stakeholders as well as key national tourist stakeholders (commercial and non-commercial) is also seen as important, however of minor importance than the establishment of relations with international commercial tourism stakeholders.

Table 29: Organisational Capital Resources (OCR)

Construct	CultureTravel	Hong Travel	North Treks	CM voyage	River tours	PhangJungle	Thai Orchid	Go Social	Golden Sun	Eco-Explorer	Royal tours	Thai journey
Internal causes- OCR	1,0	1,0	1,0	1,0	1,0	1,0	2,0	2,0	2,0	1,0	3,0	3,0

The analysis shows that there are great differences amongst Thai inbound tour operators in regards to the extent of established relations with their external environment. 58% of Thai inbound tour operators fail to establish relations with international commercial tourism stakeholders and solely established relations with national tourism stakeholders. 25% of Thai inbound tour operators developed relations with key national tourism stakeholders and established some relations with international tourism stakeholders, however the majority of relations are with non-commercial organisations. 16% of Thai inbound tour operators developed extensive relations with national tourism stakeholders as well as with international tourism stakeholders, of which most are commercial organisations.

The extent to which an inbound tour operator established relations with their external environment is closely related to the level of Human Capital Resources (HCR). It is found that Thai inbound tour operators with poor HCR levels established relations with their external environment poorly. Thai tour operators with satisfactory levels of HCR developed satisfactory relations with tourism stakeholders and the great majority of inbound tour operators with good levels of HCR developed extensive relations with (commercial) national and international tourism stakeholders.

Particularly a combination of long term prior work and entrepreneurship experience in the tourism industry and a high level of intercultural competencies is paired with well established relations with the inbound tour operator's external environment.

As an example, Mr. C., entrepreneur of Royal Tours has extensive prior entrepreneurship and work experience in the international tourism industry. Apart from having worked in his home country Belgium for a tour operator, he also worked for years in Canada and Brazil in the tourism industry, before leading his current business in Thailand. Through his international experience he gained an extensive international network. Mr. C. outlines "I still have strong bonds to tourism stakeholders I cooperated with when I worked in Belgium, Canada and Brazil. I always pay attention to keep in regular touch with tourism stakeholders I once worked with. Modern technology makes this quite easy. Writing an email takes only a few minutes and regularly updating your LinkedIn profile makes past partners attentive on your activities and accomplishments. It is amazing to see how mobile our world has become. I frequently see that people I have worked with in the past have also moved to other countries or work now for other organisations. Through this my network expands even more. I am very glad with my developed network, as it gives me the chance to contact people personally that have a bond with me, instead of being forced to approach an organisation on a more general level. This certainly improves my chances for getting into business with someone."

In contrast, Mrs. W., entrepreneur of CM Voyage has no prior work and entrepreneurship experience in the tourism industry, a low level of intercultural competencies and further has a very limited network. She describes that it is actually very hard for her to develop an international network of tourism stakeholders. "We are situated in the far north of Thailand and for us it is already very challenging to build up a network with national tourism stakeholders. Thailand is much centralised and all important tourism organisations are located in Bangkok. So if we want to talk to someone we have to travel to Bangkok, which is very time and money consuming. Our membership in TEATA helps us to get in contact with other Thai sustainable tour operators and somewhat to get in contact with the Tourism Authority of Thailand. But when we already have difficulties to build a national network, how should we succeed to build an international network? I have never lived abroad and also from my staff, family and friends none have lived abroad, so I actually do not know people abroad. How should I get in contact with international tourism stakeholders? We are a small company and who should be interested to have us in their network?"

Relation between OCR, HCR and the management of the B2B supply chain

It is concluded that the levels of OCR and HCR influence the management B2B supply chain. A combination of long term prior work experience in the tourism industry and entrepreneurship and a high level of intercultural competencies result in well established relations with the inbound tour operator's external environment and ultimately results in a well managed B2B supply chain. It is found that Thai inbound tour operators with poor OCR and HCR levels manage the B2B supply chain poorly. Contrarily, operators with good OCR and HCR levels manage their B2B supply chain well.

Referring back to the case of Royal Tours, Mr. C. explains "my international network helps me frequently to get in contact with European outbound tour operators. In many occasions I still know people that work for European outbound tour operators with which I cooperated in the past. It helps that I established a personal bond with these people in the past, since they trust in my abilities to provide them with a good service. Also, people and organisations of my international network are very important to me when establishing new relations with European

outbound tour operators. On the one hand I can ask my network if they know a tour operator that is interested in new tourism products in Thailand. On the other hand, when approaching a new tour operator I can refer him to people and organisations of my network that recommend my way of working.”

Referring back to the case of CM Voyage, Mrs. W. comes to the conclusion that her established network does not have an influence on her B2B supply chain management. She explains “the network of national tourism stakeholder that I have established cannot help me in my B2B supply chain management. The network of national tourism stakeholder I have, are either not capable of supporting me in my B2B supply chain management, or when it comes to other national tour operators I established relations with they themselves are eagerly trying to improve their relations with European Outbound tour operators and are not likely to share their precious contacts me with.”

Relation between OCR, HCR and the management of the B2C supply chain

It further can be concluded that an inbound tour operator’s levels of OCR and HCR are of less relevance in the management of the B2C supply chain. It is found that poor OCR and HCR levels do not with all inbound tour operators lead towards a poor management of the B2C supply chain. In fact, 33% of inbound tour operators with poor levels of OCR and HCR manage the B2C supply chain satisfactory. In sum, it can be concluded that there is a weak relation between OCR and HCR and the management of the B2C supply chain. This can possibly be an explanation why weaker companies often heavily rely on the B2C supply chain for the majority of their revenues, as explained in chapter 5.1. It seems that for the management of the B2C supply chain less skills and competencies are required and the established international network is of less importance.

5.4 Intra-stakeholder causes Different trust dimensions

In this chapter the issue of trust between Thai inbound and European outbound tour operator is explored. In chapter 2.3 it was found that several authors and their research concluded that trust is important in the network and partnership development process and thus is vital for an effective tourism supply chain management. As an example, Rempel, McAlister, Sako, Mayer, Platts, Tomasevic and Zheng conclude that the literature has proven that “trust is important in the network and partnership development process” (Zheng; 2009, 1). However, “trust issue is the most culture sensitive element in supply chain management, yet not sufficient literature is observed” (Zheng; 2009, 1). Therefore, in respect to different trust dimensions there is a very limited amount of academic research and thus a very limited amount of methodology which can be applied to measure an inbound tour operator’s management of different trust dimensions.

5.4.1 Different trust dimension from the European outbound tour operator’s perspective

It is seen as vital to analyse the different trust dimensions from the outbound tour operator’s perspective. As the tourism supply chain is a sequence of linear two-party relationships, in which the inbound tour operator aims at selling his tourism product to the outbound tour operator, it is vital that the inbound tour operator establishes trust with the outbound tour operator. The outbound tour operator has to trust in the competence and reliability of the inbound tour operator, in order to be confident enough to buy his product. Outbound tour operators offer the inbound tour operator’s tourism product as part of a package under their name and logo to customers and it therefore requires trust in the inbound tour operator’s ability to deliver a good service.

It was not an option to interview outbound tour operator’s that already cooperate with the Thai inbound tour operators, since these are solely operators that clearly trust the Thai operators already, as they buy their products. For this reason a random group of European outbound tour operators were interviewed.

The interviews were held at the international tourism fair ITB in Berlin amongst European outbound tour operators that were looking for extending their product portfolio in Asia, Africa and/ or South America. Based on the findings of Zengh that trust issue is the most culture sensitive element in supply chain management, caution had to be taken in interviews. For this reason, interviews were set up informally and during a conversation with the European outbound tour operator the issue of trust was addressed. Outbound tour operators were asked for past experiences with inbound tour operators in Asia, Africa and/ or South America in which the issue of trust arose.

It is found that when buying tourism products from international inbound tour operators, European outbound tour operators put great importance on:

- the quality of the tourism product;
- timely, reliable and effective coordination and communication;
- ‘keeping to what you promised’ thus that the inbound tour operator delivers what he advertised;
- the security of the tourism product and hence the safety of guests;
- understanding their clients and their needs and demands.

European outbound tour operators frequently express that the quality of the tourism product is of crucial importance to them, as one European outbound tour operator explains: “I am a small tour operator from The

Netherlands. I specialise in sustainable and ecotourism packaged tours to Asia. If possible, I always like to include community based tourism products in my tours, as my clients are looking for authentic experiences. When putting together a new product, I am looking for undiscovered destinations that offer a high degree of authenticity. For me it is of vital importance that the inbound tour operator I cooperate with can be trusted. He needs to understand my clients' wishes and demands and at the same time has to be very knowledgeable of the destination, local traditions, culture and the natural environment. Just imagine: I sent my clients to a remote destination in Asia and in my program I promised an authentic program, with amenities that live up to western standards. The inbound tour operator I organised the tour through, ensured me that the program will hold authentic experiences that are unforgettable and accommodation and facilities will be of highest standards. Now my clients returned from their trip and sent me a complaint letter. While the program showed them local culture and traditions and excursions let them encounter some of the wildlife of the region, the facilities were according to my clients 'unacceptable'. My clients described the toilet as very dangerous, especially for children. According to them there was simply a deep hole in the ground with just two wooden beams over it and there was nothing used to cover the excrements. Further they complained that there was no toilet paper or tissue, and the toilet facilities were basically in the kitchen. When their host and her mother-in-law were in the kitchen, they were too embarrassed to go to the toilet. When confronting the inbound tour operator with the complaint, he did not understand the problem. According to him the facilities were amended to western standards, as tourists could sit on the beams while going to the toilet (which would normally not be the case) and they had a roof above their head. Regrettably, I lost trust in the inbound tour operator's abilities to understand my clients' wishes and demands and I had to terminate our cooperation. It was most regrettably that I sold the program to my clients under my name and thus guaranteed that the quality would be high. It took me lots of convincing and a considerable reduction on the next trip, before I could make these clients trust me again. I now only cooperate with inbound tour operators that understand my clients well. In fact, it works best if there is a westerner in the country that communicates between me and the tourism supplier. He can field test the product and ensure that my standards are met."

European outbound tour operators repeatedly outline that timely, reliable, effective coordination and communication of the inbound tour operator are of crucial importance to them and are of predetermination to receive trust. As an example, a European outbound tour operator tells: "when I get a request for a tour it is our company's policy to reply within 24 hours, preferably the same day. Now imagine: I get a request for a tour program from a potential client. I then have to get in contact with the inbound tour operator to see whether the tour is available during that time. Then my partner (the inbound tour operator) has to contact all tourism suppliers that provide parts of the tour. This is a long chain of individual communication which has to take place. I thus need a professional and fast reacting inbound tour operator. I demand that he immediately contacts all tourism suppliers and gets back to me within a few hours. We had it in the past that it took several days and several attempts of contact from our side, till we got a confirmation from the inbound tour operator. By the time we had the confirmation, our potential client already booked a tour with another outbound tour operator. Thus we invested time and effort and in the end the sale was lost and not due to our shortcomings. One of our best inbound tour operators is an Austrian run company. They are located on a remote island in Thailand, but they manage to get back to us within twelve hours tops. This is fantastic, we can immediately reply to our client and any further questions are arranged in no time. We now strike towards having more of those professional inbound tour operators."

Continually European outbound tour operators highlight the importance of 'keeping to what you promised' thus that the inbound tour operator delivers what he advertised. One European outbound tour operator explains: "due to

the growing amount of tourist demand for central Asia to experience local traditions, we extended our program last year. In our brochures we advertise the program as a kind of safari tour through central Asia, where over day guests experience local nomadic life and take part in local traditions and during night are accommodated in local tent villages. Due to several reasons we did not have the chance to field test the program and thus had to trust the inbound tour operator. We asked for extensive documentation on the accommodation and activities and it all looked good. However, after our first group of guests returned we were hit by complaint calls and emails. You have to know that the tour was not cheap and our clients were on a safari tour through Tanzania with us before. For the safari through Central Asia they expected the same quality, for example that their accommodation in tents is of high standards, with comfortable clean beds, a mini-fridge for fresh beverages and running water. But what they experienced during the tour through central Asia was not what they were normally used to from us; they complained that beds were hard, small and generally not comfortable. Further there was no running water and most disappointingly they had to share their tent with four other guests. Also we were sent pictures with the heading "what do you understand under tranquillity and far away from civilisation?". The picture showed their tent village, as we were also provided with from the inbound tour operator; however the picture further showed that the tent village was situated right next to brick housings and our guests described that the tent camp looked like a bungalow resort and did not feel "real" or "pure". Whether the inbound tour operator intentionally or unintentionally failed to include the nearby housing on the pictures we are not sure of. In any case we do not work together with them anymore. We found an inbound tour operator that has lived in the UK for almost half of his life, as his mother originally comes from London. He understands what our clients demand and what they like. He can also communicate this to local tourism suppliers and we are very confident that he delivers a quality like we are used to and we actually need, in order to have satisfied guests."

The security of the tourism product and the safety of guests seem to be vital for European outbound tour operators. A representative reason why emphasis is put on the security of products is found in the following case outlined by a European outbound tour operator: "once I got a call from clients in distress. We always give our clients a mobile number that they can call under any circumstances when being on a tour organised by us. They told me that they had just finished an excursion through the jungle, thereafter their tour guide brought them in a very doggy car to the nearby river. He asked if they liked the excursions and if so, they should feel free to give him a tip. After handing over some tip, the tour guide said that it was nice to have met them and he wishes them a further pleasant holiday. My guests then asked if he will not continue travelling with them. He replied that as far as he understood from the inbound tour operator now another tourism supplier will take over the next part of the tour. He was informed to bring them to the river and that they will be picked up at half past two. By then it was two o'clock, so they would only have to wait half an hour. The guide left, saying he has another group of tourists coming and my clients were left in the middle of nowhere, alone. By the inbound tour operator they were given a local mobile number for cases of emergency. They called this number and a young lady picked up the phone. Unfortunately, that young lady only spoke very poor English and my clients did not at all feel ensured that a boat will come and pick them up, so they called me. I straight away furiously called the inbound tour operator, to make sure my clients will be picked up as fast as possible. The inbound tour operator did not understand my concern, as it was natural that one tourism supplier ended his tour and the next will come in a few minutes. Indeed my clients were picked up at half past two, however travelling with little children they did not enjoy the rest of their vacation after this shock. It ended like it had to: My clients are no longer clients and I am no longer a client of that inbound tour operator. I found a company operated by a fellow countryman that moved there 20 years ago and is married to a local. He now ensures that a guide is at all times with my clients and that this will never happen again."

Finally, it is found that European outbound tour operators find it very important that inbound tour operators understand their clients' needs and demands. A good and representative reason why understanding client's needs and demands is seen as crucial is found in the following case. A European outbound tour operator explains: "we ask you to reimburse the trainers of my husband" I once got this request from a client who has been on a tour with us that included a tropical rain forest excursion. In the program we state that suitable shoes will be provided during the tour. In order to guarantee a safe excursion the inbound tour operator informed us, that they provide rubber boots that are non slippery and ensure a firm grip in the rather muddy ground. As it was the first tour we organised through them we were happy to see that they took safety issues with great caution. However, apparently, only the wife and children could fit into the rubber shoes, as there was no big enough size available for the husband. The family was not too happy about this, but with a nice coupon for some new shoes the family booked with us the next year again. Even though this is only a minor incident, it shows that the inbound tour operator did not understand our clients well. They simply ordered shoes in frequent local sizes; however these are too small for most of our male clients. A quick googling or just simply someone that has been to Europe before would have known that on average we have bigger feet. Similar situations occurred in the following months, but the inbound tour operator was always eager to improve and resolve issues. Since it is almost the only inbound tour operator in the region, we decided to invest some time in training the inbound tour operator on our customers' demands. However, when we have the opportunity to choose from more inbound tour operators we always search for one that has a good insight into our market. It always proves best if the owner has some sort of connection to our country, either originally comes from here, or has lived here for some time. For us it makes things easier and also lets us sleep better because we know our clients are in good hands."

It is found that for the greatest majority of interviewed European outbound tour operators the assurance of the products quality, a timely, reliable and effective coordination and communication, 'keeping to what you promised' thus that the inbound tour operator delivers what he advertised, the safety of the tourism product and an understanding of their clients' needs and demands are of critical importance when cooperation with an inbound tour operator. The European outbound tour operator needs to be able to trust in the competence of an inbound tour operator, as they brand the products under their brand name and thus guarantee the product's quality. If a tour product does not meet the promised quality towards the final user, it is ultimately the outbound tour operator that is held accountable. A shortcoming in the guaranteed quality can result in lost repeat business, claims for reimbursement or worst create a negative brand name if the issue is made public. As most inbound tour operators state that it is impossible to make a field inspection of every new product, they need to trust in the abilities and information provided by the inbound tour operator. It is often repeated that the understanding of the target market (consumer) is of highest priority.

European outbound tour operators frequently explain that it is easiest to cooperate with businesses managed by fellow countryman or westerners²; they are said to understand the market, ensure professional communication and guarantee a high quality product. Further, it is seen as a great advantage that those inbound tour operators are physically present at the destination and communicate between local tourism suppliers and the outbound tour operator.

² The majority of European outbound tour operators define Westerners, as people coming from Western and Central Europe, America, New Zealand and Australia.

When it is not possible to cooperate with an inbound tour operator that is managed by a fellow countryman or westerner, it is frequently stated that inbound tour operators are searched for that have lived in the country of the outbound tour operator or any other European or western country, as those entrepreneurs are judged to have had a glimpse of the market and understand market requirements and demands to a certain degree.

Inbound tour operators that are neither managed by western entrepreneurs nor entrepreneurs that have lived in a western country are the least preferred inbound tour operator to cooperate with and are only chosen in cases where no other inbound tour operator is available in the destination. It is recurrently stated that those inbound tour operators have limited knowledge of market requirements and lack structured communication methods. It is further said that those inbound tour operators have to be trained in order to derive at the required product quality and that this is a time consuming process.

5.4.2 Different trust dimension from the Thai inbound tour operator's perspective

Based on the above outlined findings the influence of trust on Thai inbound tour operators is analysed. It is looked upon the entrepreneur's intercultural background, his likelihood to be viewed as a reliable business partner and his likelihood to be viewed as a competent business partner by the outbound tour operator.

Based on the outlined findings in chapter 5.4.1 it is identified that the entrepreneur's intercultural background is of importance when establishing trust between outbound and inbound tour operator. It is found that when outbound tour operators are searching for new inbound tour operators to cooperate with, European outbound tour operators find it easiest and actually prefer to cooperate with businesses managed by fellow countryman or westerners, when such business cannot be found it is frequently stated that inbound tour operators are searched for where the entrepreneur has lived in the country of the outbound tour operator or any other European or western country. Inbound tour operators that are neither managed by western entrepreneurs, nor entrepreneurs that have lived in a western country are the least preferred inbound tour operator to cooperate with and are only chosen in cases where no other inbound tour operator is available in the destination. Based on these findings it is looked upon the entrepreneur's intercultural background and the related likelihood to receive trust from the outbound tour operator. If the entrepreneur of an inbound tour operator is of western nationality, the entrepreneur's intercultural background and thus the likelihood to receive trust from a European outbound tour operator is judged as 'good' (green). If the entrepreneur of an inbound tour operator has lived for an extended period of time (more than 3 months) abroad (in a Western country) the entrepreneur's intercultural background and thus the likelihood to receive trust from a European outbound tour operator is judged as 'satisfactory' (yellow). If the entrepreneur of an inbound tour operator has not lived in a western country for an extended period of time (more than 3 months) the entrepreneur's intercultural background and thus the likelihood of receiving trust from a European outbound tour operator is judged as 'poor' (red).

Additionally it is looked upon the entrepreneur's likelihood to be viewed as reliability business partner, expressed through the entrepreneur's prior experience in entrepreneurship and prior work experience in the tourism industry and the entrepreneur's likelihood to be viewed as a competent business partner, expressed through the inbound tour operator's time of being in business.

Table 30: Intra-stakeholder causes - Likelihood to receive trust

Construct	Indicator	CultureTravel	Hong Travel	North Treks	CM voyage	River tours	Phang Jungle	Thai Orchid	Go Soical	Golden Sun	Eco-Explorer	Royal tours	Thai journey
Intra-stakeholder causes - Different trust dimensions	Overall likelihood to receive trust	1,0	1,5	2,0	1,5	1,5	1,5	2,3	2,8	2,0	2,8	3,0	3,0
	Entrepreneur's intercultural background	1	2	3	1	1	2	2	3	2	3	3	3
	Likelihood to be viewed as reliable (prior experience entrepreneurship)	1	1	1	1	1	1	2	3	2	3	3	3
	Likelihood to be viewed as reliable (prior work experience in tourism)	1	1	1	1	2	1	2	3	2	3	3	3
	Likelihood to be viewed as competent (time of being in business)	1	2	3	3	2	2	3	2	2	2	3	3

Table 30 shows that 42% of all Thai inbound tour operators have a low likelihood to receive trust from the European outbound tour operator (red), while 25% have an intermediate likelihood to receive trust (yellow) and 33% have a high likelihood to receive trust (green).

It is found that the likelihood to receive trust from the European outbound tour operator influences the Thai inbound tour operator's management of the B2B supply chain. Thai inbound tour operators with a low likelihood to receive trust manage the B2B supply chain poorly. The majority of Thai inbound tour operators (67%) with an intermediate likelihood to receive trust manage the B2B supply chain satisfactory. The majority of Thai inbound tour operators (50%) that have a high likelihood to receive trust also manage the B2B supply chain well.

Thus, in sum it can be concluded that European outbound tour operators prefer to work with Thai inbound tour operators that share the culture of the outbound tour operator. Alternatively, outbound tour operators show also high levels of trust in inbound tour operators that are managed by westerners. If the European outbound tour operator does not have the possibility to work in a certain destination with an inbound tour operator as described above, the outbound tour operator is inclined to search for inbound tour operators that are managed by entrepreneurs that have lived in the country of the European outbound tour operator or in another western country. Trust is rarely shown to inbound tour operators that have not lived in a western country. These conclusions are confirmed through entrepreneur's experiences with outbound tour operators. As an example, during the ITB tourism fair in Germany it was observed that the stand of Golden Sun was not attended by the entrepreneur Mrs. C., but a German sales representative. Upon the question why Mrs. C. does not attend the stand personally, she explains: "We are here to attract foremost new German outbound tour operators to sell our products to. We noticed that German outbound tour operators are most inclined to stop at our stand, if we have a German sales staff represent our company. The gentleman who is attending our stand is an old friend of our organisation and we asked whether he would like to help us during the ITB. He attends our stand during all trade show days and handles the first contact with interested European outbound tour operators. We noticed that German tour operators feel comfortable when a fellow countryman introduces them to our foreign products. If they then have further detailed questions, our friend schedules a meeting with me. Because I also speak German fluently and have lived and worked in Germany for over four years, they also show trust in my abilities to offer them a high quality product. We do not take staff to the ITB that has not lived in German and cannot speak German, because tour operators would question why the introduction to our company was given by a fellow countryman and then negotiations take place with a staff member that is not familiar with the German tourism market."

Another example is found in the description of Mr. G, the entrepreneur of Go Social. He tells: “it is the goal of our business to bring development to the communities along the Andaman coast. To us it is very important that eventually our company is managed by Thais for Thais. Actually it is our goal to make one of our Thai key staff members, Mrs. T., the face of the company. However, we noticed that outbound tour operators actually prefer to undertake business negotiations with me. It seems that I as an American, with my international experience and my language skills, seem more trustworthy than my internationally less experienced staff member Mrs. T. Therefore, despite our dislike of it, when attending a tourism fair in Europe, or undertaking negotiations with international outbound tour operators from our head office, we decided to have me as the company representative.” Further it can be concluded that reliability, expressed through prior experience in entrepreneurship and prior work experience in the tourism industry influences the European outbound tour operator’s level of trust towards the inbound tour operator. The length of the inbound tour operator being in business influences the inbound tour operator’s level of trust only to a minimal degree.

5.5 Intra-stakeholder causes Different cultural dimensions

In chapter 3.1.3 it was concluded that the Thai culture differs in many aspects from the culture of the inbound tour operator’s main European markets. As all Thai inbound tour operators cooperate with the German market and the greatest majority cooperates with the British and Dutch market, entrepreneurs must have encountered situations in which cultural differences occurred and influenced the cooperation. In the following sections it is looked upon to which degree entrepreneurs are aware of cultural differences and how well these cultural differences are managed. Thereafter it is looked upon the awareness of cultural differences amongst inbound tour operators’ staff and how well they manage cultural differences.

5.5.1 Intra-stakeholder causes Different cultural dimensions – entrepreneur

The first step towards a successful management of cultural differences is the identification and understanding of cultural differences. For this, the entrepreneur has to be aware of his own culture and at the same time understand how the culture of the business partner or customer differs from his own cultural background. Building upon the entrepreneur’s understanding of different cultural differences between him and the business partner and customer, follows the effective management of cultural differences.

Table 31: Intra-stakeholder causes - Different cultural dimensions – entrepreneur

Construct	CultureTravel	Hong Travel	North Treks	CM voyage	River tours	Phang Jungle	Thai Orchid	Go Soical	Golden Sun	Eco-Explorer	Royal tours	Thai Journey
Intra-stakeholder causes - Different cultural dimensions – entrepreneur	1	2	2	2	2	2	3	3	3	3	3	3
Entrepreneur’s awareness of different cultural dimensions	1	2	2	2	2	2	3	3	3	3	3	3
Entrepreneur management of different cultural dimensions	1	2	2	1	1	1	2	2	2	2	3	3

As table 31 shows, with the exception of Culture Travel, all Thai inbound tour operators have an awareness of cultural differences between their culture and the culture of European tour operators and consumers. Moreover, it is concluded that a deep awareness of cultural differences is a precondition for the effective management of cultural differences. The effective management of cultural differences proves to be of critical importance, since Thai inbound tour operators feel that it is their task to adapt towards a different culture, as European outbound tour operator are unwilling to change their mindset and ultimately hold more power within the supply chain. As an example, the

entrepreneur of North Treks, Mrs. M. compares the relation between Thai inbound and European outbound tour operators with a donor – beneficiary relation, where power lies with the European outbound tour operator and there is no respect towards Thai inbound tour operators. Concluding, Mrs. M. outlines that there is no ethical cooperation between Thai inbound and European outbound tour operator. Pricing always represents a key issue in the relationship and is solely dominated by the European outbound tour operator. According to Mrs. M European outbound tour operators simply assume and in fact also demand that the Thai inbound tour operator adapts towards his cultural setting and that there is a lack of respect and openness towards understanding other cultures.

How well Thai inbound tour operators manage cultural differences, highly depends on the entrepreneur's level of Human Capital Resources (HCR). The knowledge and skills of the entrepreneur, in particular the level of prior experience in entrepreneurship and work experience in the tourism industry as well as the entrepreneur's level of intercultural competencies are of considerable influence on the efficiency to manage cultural differences. This conclusion is further supported by inbound tour operators' statements that their international experience and knowledge of different cultures gained through a prolonged stay abroad helps them in their daily operations and negotiations with European outbound tour operators. Further, inbound tour operators frequently express that through prior experience with international clients, their awareness and management of cultural differences improved considerably.

In contrast, entrepreneurs without or with little international experience, explain that gaining awareness and thus managing cultural differences effectively is extremely hard for them. Mr. N., entrepreneur of River Tours, who has a basic awareness of cultural differences, for example explains that as he has not lived abroad and only once travelled for a few days to Europe to attend the ITB tourism fair in Berlin in 2010, he does not have a specific knowledge of cultures in Europe, is however aware that there are general differences between the Thai culture and the European culture. Mr. N. is very eager to acquire more knowledge on the culture of his target markets, however currently sees no other possibility to acquire knowledge than through his clients. When guiding a tour, he tries to politely interview his guests on their culture, norms and preferences. He explains that through this technique he solely gains an insight into the requirements of final consumers however does not acquire culture related knowledge that helps him in the interaction with European outbound tour operators.

Effective management of cultural differences seems to have a severe impact on the inbound tour operator's management of the tourism supply chain and in particular on the management of the B2B supply chain. Thai inbound tour operators that manage cultural differences poorly, also manage the B2B supply chain poorly, and 75% of these operators manage the overall supply chain poorly. In contrast, Thai inbound tour operators that manage cultural differences well manage the B2B supply chain and the overall supply chain well. An illustrating example is Mr. C., entrepreneur of Royal Tours, who has a deep awareness of cultural differences and can give numerous detailed examples per nationality. Further he manages cultural differences between his business's culture and the culture of business partners and customers very well and shows a specific approach to each nationality cooperated with. Mr. C. explains that an adaption of him towards the culture of the European tour operator is the only possible solution towards a successfully cooperation. According to Mr. P., European outbound tour operators show very limited knowledge of the Thai culture and are not prepared to adapt their behaviour towards another culture. It is thus expected from the Thai inbound tour operator to adapt towards the culture of the outbound tour operator if they want to stay in business with them. Mr. C. gives an example which goes even beyond the pure awareness and management of the cultural differences between inbound and outbound tour operator. In this he does not only show

an awareness and good management of the foreign culture, but also shows a deep understanding of the cultural demands of that market. He explains that their deep understanding of customers' needs is seen as a great advantage over other Thai inbound tour operators. When a Belgian tour operator approached them to develop a tour similar to a tour program an associated German branch operated with great success, he immediately returned back to the outbound tour operator with suggestions on changes to the program. He explained to the Belgian tour operators that due to his insight into the Belgian and German market he knew that the Belgian traveller would not enjoy the program very much. He further explained that if they were to implement the program as it was, Belgian travellers would not see their demands and wishes fulfilled.

For Thai inbound tour operators that manage cultural differences satisfactory, results and thus relations are less evident. The majority (67%) of Thai inbound tour operator that manage cultural differences satisfactory manage the overall supply chain satisfactory. However, in regards to the management of the B2B supply chain inbound tour operators have equal division between poor and satisfactory management. With inbound tour operators that manage cultural differences satisfactory, it is found that often general assumptions about different European cultures are made. . A good illustration of possible pitfalls of assuming a common European culture is found in an description of an incident occurred to Mrs. P., the entrepreneur of Thai Orchid. Mrs. P. shows a deep understanding of German tour operators' requirements in communication, organisation and implementation of a tour. She outlines that German tour operators put great emphasis on discussing each part of the tour in detail and to put all agreed discussion points in a detailed contract. Further, German tour operator are said to require immediate reaction upon requests and a failure to do so will in most cases raise serious concern. However, when it comes to the management of cultural differences, Mrs. P. does not show a specific approach for each nationality but manages cultural differences more on a generalised level and Thai Orchid treats each outbound tour operator in the same way as they cooperate with German tour operators. An example of a conflict arising from this is an incident in which Mrs. P. tried to approach an Italian tour operator. From the experience with German tour operators, she knew that establishing a personal bond through small talk with the outbound tour operator is not appreciated by German tour operators. Therefore when trying to cooperate with the Italian tour operator she followed the known approach. Unfortunately, after several meetings the cooperation was declined by the Italian tour operator with the reason that they felt it was failed to establish a personal bond between the two stakeholders and thus no trust relationship was built. Mrs. P. says that she was very disappointed about the outcome and wishes that she had a more detailed insight into the culture of main European markets.

Supporting the experience with assuming a common European culture is the experience of Mr. P., entrepreneur of Hong Travel. He describes that his studies abroad helped him tremendously to become aware of his own culture and how it varies from other cultures. Because Australia is a country of many nationalities and cultures, he gained a deep understanding of how important it is to have an understanding of other cultures. This gained knowledge helps him in his daily interaction with clients, but also with Tour Operators. However, he admits that for European tour operators he can only assume a common culture as he has not lived in a European country, nor has he knowledge of specific European countries and their culture. He therefore tries to interact according to his assumption of a common European culture.

5.5.2 Intra-stakeholder causes Different cultural dimensions – staff

This section analyses the awareness and management of cultural differences amongst the staff of Thai inbound tour operators. For an inbound tour operator it is not only important that the entrepreneur has a good awareness and management of cultural differences, but also that the inbound tour operator's staff is well aware of cultural differences between their culture and the culture of their main target markets.

Table 32: Intra-stakeholder causes - Different cultural dimensions – staff

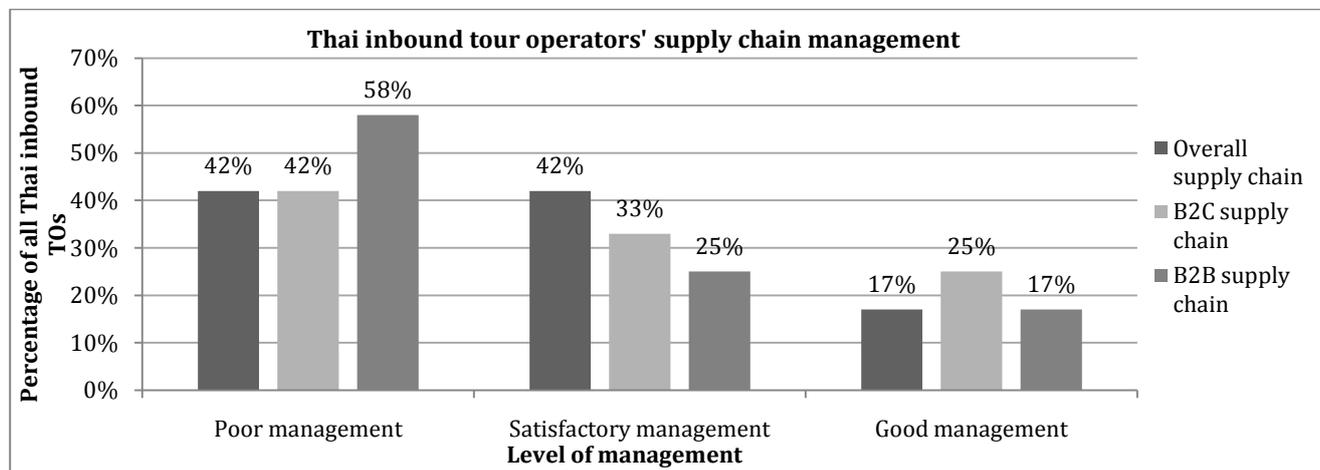
Construct		CultureTravel	Hong Travel	North Treks	CM voyage	River tours	Phang Jungle	Thai Orchid	Go Soical	Golden Sun	Eco-Explorer	Royal tours	Thai journey
Intra-stakeholder causes - Different cultural dimensions - staff	Firm (staff) awareness of different cultural dimensions	1	1	1	1	1	2	2	2	1	2	2	3
	Firm (staff) management of different cultural dimensions	1	1	1	1	1	1	2	2	1	2	2	2

Table 32 shows that the greatest majority of inbound tour operators have staff that insufficiently manages cultural differences. It is concluded that the awareness and management of cultural differences amongst the staff of Thai inbound tour operators highly depends on the entrepreneur's awareness and management of cultural differences. With no Thai inbound tour operator the awareness and management of cultural differences amongst staff members is higher than the entrepreneur's awareness and management of cultural differences. This conclusion is supported by entrepreneurs that frequently state that their staff is trained on the management of cultural differences according to their skills. However, it is said that it is extremely hard to transfer their skills to staff members and that actually a staff member would have to immerge deeply into the culture of the outbound tour operator. The entrepreneur of Royal Tours for example outlines that when searching for new staff members he puts great emphasis on international experience and a good insight into the tourism industry, as he learned from experience that staff cannot simply be trained in intercultural competencies. He is now reasonably satisfied with the intercultural competencies, thus the awareness and management of different cultural dimensions, amongst his staff members, however observes that they use a more generalised approach, opposed to his country specific approach. Mr. C. regrets that it is not possible to transfer his skills to staff members.

5.6 Synthesis of findings

This chapter showed that the management of the tourism supply chain varies highly between the individual Thai inbound tour operators that participate in the CBI Export Coaching Programme Tourism. This chapter revealed that the majority of Thai inbound tour operators face considerable challenges in their supply chain management (see Figure 20). Particularly the B2B supply chain is managed poorly by the greatest majority of inbound tour operators.

Figure 20: Thai inbound tour operators' supply chain management



It was found that most of the Thai inbound tour operators rely on revenues generated through the B2C supply chain, in particular Thai inbound tour operators with overall poor management of their supply chain. However at the same time these operators perform poorly in the management of the B2C supply chain.

For the greatest majority of Thai inbound tour operators (58%) the B2B supply chain is extremely difficult to manage. It was found that often inbound tour operators fail to establish relations with European outbound tour operators and sell none of their tourism products directly to European outbound tour operators, but solely cooperate with Thai travel agencies in their B2B supply chain. If developed at all, the B2B supply chain is lengthy and ineffective and the number of European tour operators cooperated with is minimal, often even zero. Decreasing or highly fluctuating overall sales volumes and unfavourable profit margins, either highly fluctuating, decreasing or none existing, oppose another challenge faced in the B2B supply chain.

It was found that especially

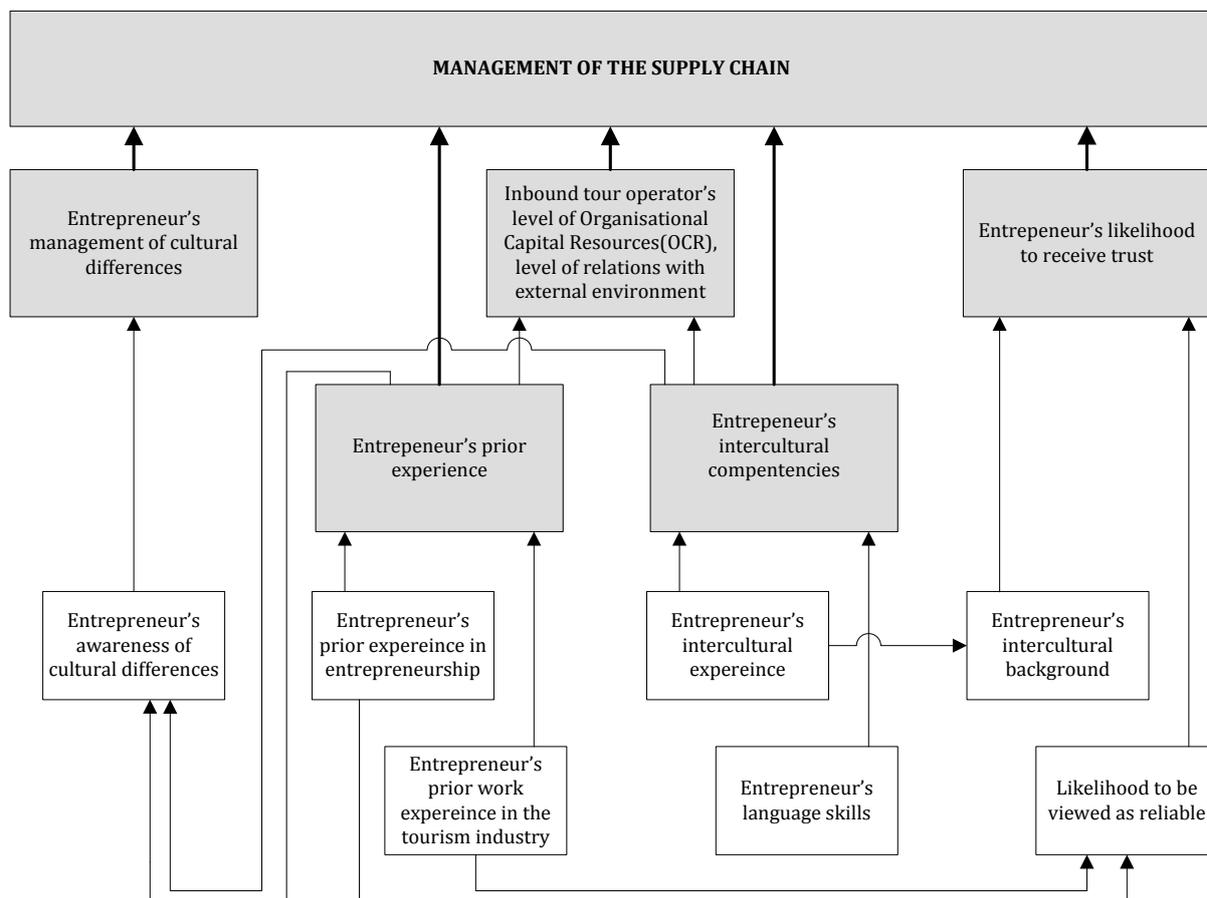
- the entrepreneur's prior experience in entrepreneurship/ work (HCR);
- the entrepreneur's intercultural competencies (HCR);
- the inbound tour operator's level of Organisational Capital Resources (OCR), thus the level of relations with its external environment;
- the entrepreneur's likelihood to receive trust; and
- the entrepreneur's management of cultural differences

influence the inbound tour operator's management of the supply chain, in particular the management of the B2B supply chain. To a lesser degree the management of the supply chain (including the B2B supply chain) is influenced by:

- the inbound tour operator's staff's management of cultural differences; and
- the inbound tour operator's skills in communication, coordination and information exchange.

In figure 23 findings are conceptualised in a model. The model shows that the five causes, as described above, influence the inbound tour operator’s management of the supply chain. However, in the various sub-chapters, it was found that these five causes are in turn influenced by other causes (these are given in the lower white boxes). In sum, the model presents that the inbound tour operator’s management of the supply chain depends on five sets of causes, of which most are interrelated to one another. At the core of an inbound tour operator’s management stands the entrepreneur’s prior experience and the entrepreneur’s intercultural competencies.

Figure 21: Model on culture related knowledge, skills and capabilities that influence the inbound tour operator’s supply chain management



5.7 Other non-culture related causes

This section explores possible causes of the disturbed interaction between Thai inbound and European outbound tour operators that are not related to cultural differences. In chapter 2.7, the extended conceptual model was presented. External causes and internal causes related to insufficient Physical Capital Resources (PCR) were assumed to effect the interaction between Thai inbound and European outbound tour operator, however were not directly related to cultural differences. In this chapter it is explored whether these non-culture related causes of disturbed interaction can also be an explaining factor for the Thai inbound tour operator's performance in the supply chain.

Physical Capital Resources (PCR)

In this section it is explored whether there is a relation between Physical Capital Resources (PCR) and the inbound tour operator's management of the supply chain. In this the inbound tour operator's physical technology, equipment and product characteristics are based on CBI expert audit reports. It can be concluded that Physical Capital Resources show a limited influence on the management of the supply chain. Certainly, Physical Capital Resources are of influence on the supply chain management, however to a lesser degree than culture-related constructs. As an example, it is found that the greatest majority of Thai inbound tour operators with poor supply chain management have their local head office in an urban settlement other than Bangkok, such as Chiang Mai. All operators with good and the majority of operators with satisfactory supply chain management have their head office in Bangkok. From this it could thus have been concluded that having the head office located in Bangkok leads towards a good management of the supply chain and having the head office located in another urban settlement or even in a rural environment will hamper the supply chain management. However, opposing to this conclusion stands the finding, that 60% of those tour operators with satisfactory supply chain management are located in either an urban settlement other than Bangkok (20%) or in a rural environment (40%).

External causes

In this section it is explored whether other external non-culture related causes can be an explaining factor for an inbound tour operator's management of the supply chain. In the conceptual model it was defined that external causes mainly consisted of two constructs;

1. the outbound tour operator demand for destination (depending upon: tourism demand for destination, economic situation of market and political stability of destination) and;
2. the tour operator demand for product (depending upon: trends in tourist demand for product).

External causes are found to affect all Thai inbound tour operators more or less in the same way. It is unquestionable that these external causes affected the management of the tourism supply chain, however as these external causes affect all Thai inbound tour operators equally, they do not explain differences in the effectiveness of an operator's supply chain management.

As all Thai inbound tour operators focus on the German market and the majority of operators further concentrate on the British and Dutch market, the economic situation in those target markets influence Thai inbound tour operators in nearly the same way. In regards to the political situation, the Ministries of Foreign Affairs of Germany, Great Britain and the Netherlands do only give national warnings for Thailand or regions in which none of the

twelve Thai inbound tour operator is situated. Thus the political situation and the tourist's perception of it, is equal for the Thai inbound tour operators. As all Thai inbound tour operators do offer sustainable tourism products (as required from the CBI) also the trends in tourism demand are the same for the Thai inbound tour operators. In regards to demand for the destination, this is difficult to assess for the Thai inbound tour operators, as most operators do not only offer one single destination.

Other non-culture related causes

Additionally to exploring the influence of Physical Capital Resources (PCR) and external causes, this section further explores other possible causes of disturbed interaction. The most relevant possible causes of disturbed interaction are found to be the gender of the entrepreneur and the size of the business measured through the number of employees. Similar to the conclusion on PCR, it is found that in regards to other non-culture related causes, patterns between Thai inbound tour operators that either perform poorly, satisfactory or well in their supply chain management are not distinctive. As an example, it is found that the greatest majority of Thai inbound tour operators with poor management of the supply chain are businesses with below eleven employees. Operators that performed well in their supply chain management are businesses with over 20 employees. It could thus have been concluded that the business size influences the management of the supply chain. However, against this stands that 20% of operators with poor management of the supply chain are businesses with over 20 employees.

Conclusion Physical Capital Resources (PCR), external causes and other non-culture related causes

It is unquestionable that none-culture related causes influence the performance of Thai inbound tour operators in their supply chain management. However, compared to culture-related causes, they do not show such specific patterns on the influence of the Thai inbound tour operators' supply chain management.

5.7 Conclusion

This chapter set out to analyse whether cultural differences between Thai inbound and European outbound tour operator influence the Thai inbound tour operator's management of the supply chain.

In order to do so, in the first part of this chapter the Thai inbound tour operator's management of the supply chain was analysed, including the specific analysis of the operator's management of the B2C and B2B supply chain. The analysis showed that the management of the tourism supply chain varied highly between the individual Thai inbound tour operators that participate in the CBI Export Coaching Programme Tourism. It was revealed that the majority of Thai inbound tour operators face considerable challenges in their supply chain management. It was found that most of the Thai inbound tour operators rely on revenues generated through the B2C supply chain, particularly Thai inbound tour operators with overall poor management of their supply chain. Further, it could be concluded that the B2B supply chain is managed with great difficulties by the greatest majority of inbound tour operators. Often, inbound tour operators fail to establish relations with European outbound tour operators and sell none of their tourism products directly to European outbound tour operators, but solely cooperate with Thai travel agencies in their B2B supply chain. If developed at all, the B2B supply chain is lengthy and ineffective and the number of European tour operators cooperated with is minimal, often even zero. Decreasing or highly fluctuating overall sales volume and unfavourable profit margins, highly fluctuating, decreasing or none existing, oppose another challenge faced in the B2B supply chain.

The analysis of Thai inbound tour operators' management of the supply chain was followed by the analysis of internal and intra-stakeholder causes of disturbed interaction. In specific it was looked upon the inbound tour operator's Human Capital Resources (HCR), focussing upon the entrepreneur's education, the entrepreneur's prior experience in entrepreneurship and prior work experience in the tourism industry, the entrepreneur's intercultural competencies and firm skills. Thereafter it was looked upon the inbound tour operator's Organisational Capital Resources (OCR), thus the operator's extent of relations with the external environment and his built network. The issue of trust between Thai inbound and European outbound tour operator was explored, followed by the inbound tour operator's management of cultural differences.

In the synthesis of culture related causes of disturbed interaction between Thai inbound tour operator and European outbound tour operator it was found that in particular

- the entrepreneur's prior experience in entrepreneurship/ work (HCR);
- the entrepreneur's intercultural competencies (HCR);
- the inbound tour operator's level of Organisational Capital Resources (OCR), thus the level of relations with its external environment;
- the entrepreneur's likelihood to receive trust; and
- the entrepreneur's management of cultural differences

influence the inbound tour operator's management of the supply chain, in particular the management of the B2B supply chain. To a lesser degree the management of the supply chain (including the B2B supply chain) is influenced by:

- the inbound tour operator's staff's management of cultural differences; and
- the inbound tour operator's skills in communication, coordination and information exchange.

Thereafter it was examined whether non-culture related causes can be an explaining factor for the inbound tour operator's management of the supply chain. It could be concluded that it is unquestionable that non-culture related causes influence the performance of Thai inbound tour operators in their supply chain management. However, compared to culture-related causes, they do not show specific patterns on the Thai inbound tour operators' supply chain management.

The findings of this chapter confirm that Thai inbound tour operators participating in the CBI Export Coaching Programme Tourism are influenced in their supply chain management by cultural differences between their culture and the culture of the European outbound tour operator. For this reason in chapter 7 possible training programmes are presented. However, firstly in the following chapter two case studies will illustrate the drawn conclusion of this chapter.

Caution has to be taken with the generalisation of findings. Conclusions of this chapter are solely relevant for the twelve Thai inbound tour operators that participate in the CBI Export Coaching Programme Tourism. Due to the relatively small size of the research population generalisations have to be treated with caution. Further, it must be noted that some decision making processes that were presented in this chapter as cautions and active decision of Thai inbound tour operators, could in fact be less cautious and active as assumed, an example could be the design of the tourism supply chain.

Chapter 6: Case studies: The effect of culture related resources and capabilities on supply chain management

In chapter five it was looked upon which culture related causes of disturbed interaction influence the Thai inbound tour operator's supply chain management. In this section the conclusions drawn in chapter five are illustrated with the help of two case studies. The case studies are not only meant to support the drawn conclusions, but also to give the reader a practical insight on the implications of culture related resources and capabilities on supply chain management.

In chapter 2.2.5 it was found that in principle an inbound tour operator can apply two distinctive forms of supply chains; direct distribution (B2C) in which the inbound tour operator directly sells his tourism product to the final consumer and indirect distribution (B2B) in which the inbound tour operator involves one or more third-parties to sell his tourism product to the final consumer. As it is the main aim of an inbound tour operator to "provide 'access', meaning points of sales convenient for the consumer"(Middleton, Victor T. C.; Fyall, Alan; Morgan, Michael and Ranchhod, Ashok: 2009, 275), a "combination of both strategies for achieving sales responds is (...) common in the travel and tourism industry" (Middleton et al.: 2009, 276). Ideally, an inbound tour operator has a sound balance between direct and indirect distribution chains. An overdependence on one of the two possible supply chains can make an inbound tour operator vulnerable and create an unsustainable business environment (Middleton et al.: 2009, 276).

In the following two case studies it is looked upon the balance between direct and indirect supply chain and upon the relation between Thai inbound tour operator and supply chain partners. In the direct supply chain it is for example looked upon the relation and interaction between Thai inbound tour operator and consumer. In the indirect supply chain it is looked upon chosen third parties to whom the tourism product is sold to and the inbound tour operator's relation with each party.

In the selection of case studies caution was taken that these are representative for the majority of Thai inbound tour operators with

- a) a poorly managed supply chain (B2C as well as B2B) and limited culture related resources and capabilities *(the entrepreneur has limited prior experience in entrepreneurship/ work and has poorly developed intercultural competencies, where the level of relations with the inbound tour operator's external environment are poorly developed, the entrepreneur's likelihood to receive trust is low and the entrepreneur's management of cultural differences is weak);*
- b) a well managed supply chain (B2C as well as B2B) and extensive culture related resources and capabilities *(the entrepreneur has extensive prior experience in entrepreneurship/ work and has well developed intercultural competencies, where the level of relations with the inbound tour operator's external environment are well developed, the entrepreneur's likelihood to receive trust is high and the entrepreneur's management of cultural differences is good).*

Hong Travel is identified as a representative case for the majority of Thai inbound tour operators with a poorly managed supply chain (B2C as well as B2B) and limited culture related resources and capabilities. Royal Tours is identified as a representative case for Thai inbound tour operators with a well managed supply chain (B2C as well as B2B) and extensive culture related resources and capabilities. Table 33 shows the findings for Hong Travel and Royal Tours on their supply chain management and internal and intra-stakeholder causes of disturbed interaction.

Table 33: Supply chain management, internal causes and intra-stakeholder causes of disturbed interaction for Hong Travel and Royal Tours		
Construct	Hong Travel	Royal Tours
General management of the supply chain	1,0	2,7
Management of the B2C supply chain	1,0	2,3
Management of the B2B supply chain	1,0	2,7
Internal causes - HCR - Knowledge <i>Entrepreneur's education:</i>	2,5	2,5
Internal causes - HCR - Knowledge <i>Prior experience in entrepreneurship/ work</i>	1	3
Internal causes - HCR - Skills <i>Entrepreneur skills: Intercultural competencies</i>	1,5	3,0
Internal causes - HCR - Skills <i>Firm skills</i>	1,3	2,7
Internal causes- OCR	1	3
Intra-stakeholder causes - Different trust dimensions	1,5	3
Intra-stakeholder causes - Different cultural dimensions - entrepreneur	Entrepreneur's awareness of different cultural dimensions 2	3
	Entrepreneur management of different cultural dimensions 2	3
Intra-stakeholder causes - Different cultural dimensions - staff	Firm (staff) awareness of different cultural dimensions 1	2
	Firm (staff) management of different cultural dimensions 1	2

6.1 Case study: The TSC of an inbound tour operator with low levels of culture related resources and capabilities

The Thai inbound tour operator Hong Travel was founded in 2001 and offers regional tour programmes in the northern Thai province of Mae Hong Son. Hong Travel offers Thai trekking experiences, away from established tourist trails. Programs are tailored to active tourists who desire to experience Thai culture. The operator is working together with selected local communities which developed small-scale community-based tourism programs. Hong Travel employs four staff members and has a small office in the city centre of Mae Hong Son. When analysing the supply chain of Hong Travel it must be kept in mind that since its establishment the company operates on a very low sales volume. Last year the company sold tourism products to only 31 European tourists and no domestic tourists are catered to.

Overall constant – relation between Hong Travel and Tourism Suppliers

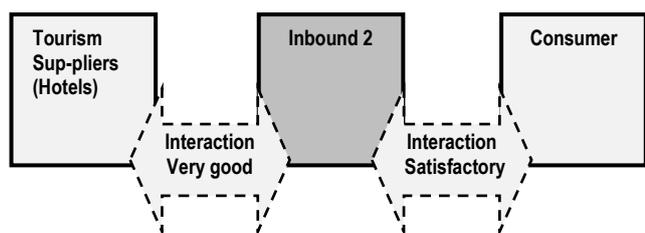
Hong Travel has their own guides that lead all tour products. In terms of tour components that are sourced from tourism suppliers, Hong Travel cooperates with local hotels and homestays for guest accommodation, with local restaurants, local guides in communities and local activity providers (such as elephant trekking or canoe tours).

In terms of selecting partners for the accommodation of guests, Hong Travel looks for accommodations that fit their requirements of operating sustainably, preferably eco-friendly and that have a sufficient level of quality. Due to the set requirements Hong Travel has on accommodation providers, the number of suitable partners in the region is limited. However, the cooperation between selected accommodations and Hong Travel is said to be very good.

In terms of cooperation with CBT providers, Hong Travel works together with a selection of remote communities. Since the establishment of Hong Travel in 2001, Mr. P., the owner, has continuously helped to improve the quality and management of CBT products. In contrast to other operators in Mae Hong Son, Hong Travel cooperates with whole communities and not only individuals within a community. In the past, communication with communities was rather difficult. Due to their remote location there was no cell phone coverage. Instead, the main medium of communication was via radio stations, or contact via the National Park offices at the entrance of the National Parks. This method of communication was rather delayed and time consuming. Within the last years the cell phone coverage within the communities improved, is, however limited to the evening hours. Through this it is now easier for Hong Travel to communicate with them. The greatest weakness that had to be improved was the management of CBT products. In the communities Hong Travel cooperates with, the community as a whole is responsible for the management of their CBT product. Particularly the responsible delegation of tasks was a problem at first. However, through continuous training given by Mr. P., the management of CBT products was significantly improved. Tasks and duties are now delegated with more efficiency and reliability, a community fund is set up and it is ensured that generated income is distributed equally. Through the community fund, projects, such as an improvement of sanitary facilities or schools, are supported.

Hong Travel's B2C supply chain

Figure 22: Hong Travel's B2C supply chain (85% of all sales volume)

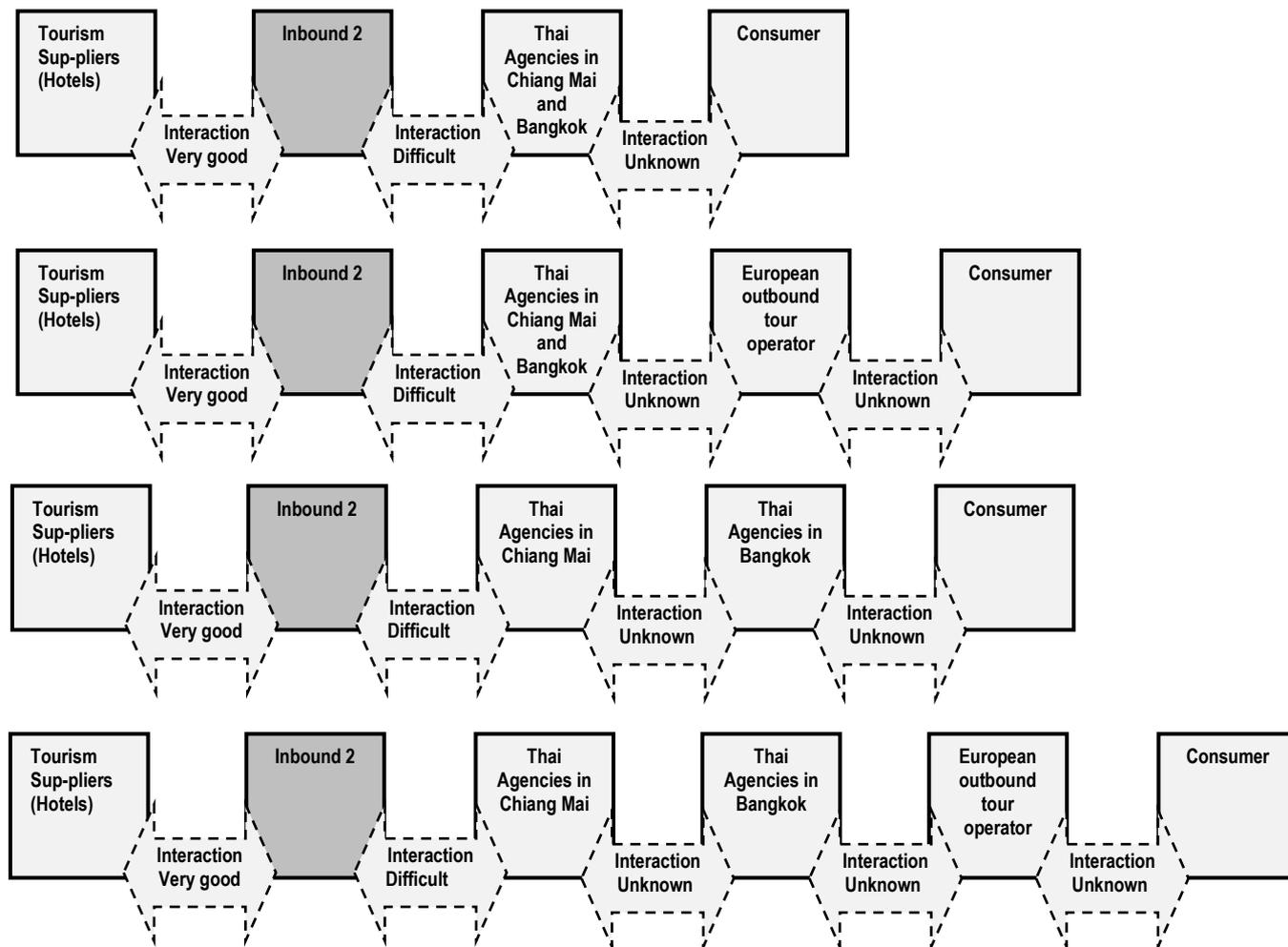


In 85% of all sales, Hong Travel sells their products directly to the consumer. Reservations are either made via the phone or directly in the office. Most tourists get attentive of the business via their webpage or when passing the office in the small city centre. The office is located on the main street directly next to the most popular restaurant in the city. Therefore many visitors to Mae Hong Son pass by the office. Additionally, Hong Travel is recommended and listed in the travel guide 'Lonely Planet'. However, its current description does not fully represent the company's offers.

In general, Hong Travel describes its interaction with customers as satisfactory. An obstacle within this supply chain is that Hong Travel has considerably higher prices than competitors in Mae Hong Son. As most tourists have already informed themselves prior to contacting Hong Travel on general prices for tourism products in the region, they often try to bargain. In most cases the company then drops prices significantly, leaving no or only a marginal profit margin. Most tourists lack the understanding why genuine CBT products cost more. Thus, within the relationships between Hong Travel and consumers, the consumer has greater power due to the high competition in Mae Hong Son. Mr. P. explains, "over the past years direct bookings decreased significantly. We rely for most of our sales on direct sales and we can simply not afford to turn down any business, even it is means that we run the tour without profit."

Hong Travel's B2B supply chain

Figure 23: Hong Travel's B2B supply chain (10% of all sales volume)



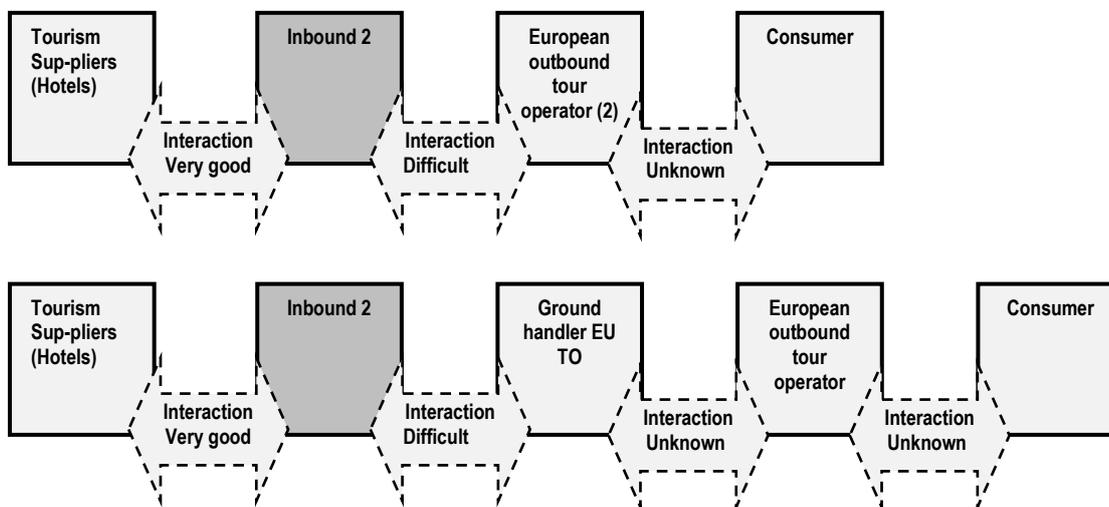
In 10% of all sales Hong Travel sells their tourism products to Thai travel agencies (see Figure 23). Hong Travel is cooperating with five Thai travel agencies that are located in the tourist hotspots of Chiang Mai and Bangkok. The Thai travel agencies then in turn further sell the tour product either directly to consumers via their local office or webpage, or further sell the tour product to European Tour operators. In some cases a travel agent located in Chiang Mai sells the tour product to another travel agent in Bangkok. The Bangkok travel agent will then sell the tour product either directly to the consumer or to a European Tour operator.

After selling the tour product to a travel agent in Chiang Mai or Bangkok, Hong Travel has very limited influence over the proceeding selling process. Neither can Hong Travel influence and control to whom the tour product is further sold to, nor which marketing methods are applied and which information is provided. Mr. C. tells that they are rather dissatisfied with the manner their tour products are further marketed. Mr. P. states that in many cases the travel agent does not fully understand and thus also not represent the concept of CBT. For that reason Hong Travel's tour products have less distinction from competitors' products in the destination and have to compete in terms of pricing.

A further obstacle within this supply chain is that due to the amount of stakeholders involved the profit margin is extremely low. Mr. P. outlines, "we face great challenges with declining sales figures, both in terms of direct sales and in terms of indirect sales. Especially because we are not doing well with direct sales we cannot afford to lose any travel agencies. We are actually very dissatisfied with the profit margins we achieve when selling to our travel

agents, but it seems that it is impossible for us to improve the sales conditions. When we try to make our products more expensive towards travel agents we often hear that either we sell our products according to the established sales conditions or they will not buy our products any longer.”

Figure 24: Hong Travel's B2B supply chain (5% of all sales volume)



In 5% of all sales the above shown supply chain is used. Hong Travel is cooperating with two European tour operators located in The Netherlands and in Switzerland. The Swiss tour operator has a ground handler in Bangkok that is responsible for the coordination of tours. Hong Travel is therefore communicating via the ground handler with the European Tour operator, thus rarely directly with the Swiss outbound tour operator. With the Dutch tour operator Hong Travel communicates directly. In 2010, the Dutch tour operator made a familiarization trip with Hong Travel and Mr. P. tells that the tour operator was very pleased with the offered CBT product and might integrate this into his tour programme.

According to Mr. P. the interaction with European outbound tour operators is very challenging. Mr. P. explains, “I have studied in Australia for four years. Australia is a country of many different cultures. While living in Australia I became aware of my culture and how it actually differs from other cultures. The knowledge I gained on cultural differences helps me in my daily interaction with clients but also within my interaction with tour operators. However, I have difficulties distinguishing different European cultures. As an example, sometimes the Swiss and Dutch tour operators demand cooperation with me in different ways and I am not sure whether these are organisational or cultural differences. Actually, the cultural insight I gained during my stay in Australia helps me most in the interaction with tourists and less in the interaction with European outbound tour operators. During my time in Australia I did not work, neither did I do anything in the tourism industry. I sometimes have the feeling that I therefore have a limited insight into European business practices.” Mr. P. continues, “we are actually trying very hard to establish direct cooperations with more European outbound tour operators. But this seems very difficult for us to achieve. We are situated in the north of Thailand, quite remotely located. I have no international network that can help me to establish more relations with European tour operators. In 2010 we attended the ITB tourism fair in Berlin, but returned home with little success. I think the greatest challenge for us is to find out how we can approach European outbound tour operators and secondly what they actually demand. We are not sure if what we offer suits their needs and demands.”

6.2 Case study: The TSC of an inbound tour operator with high levels of culture related resources and capabilities

The Thai inbound tour operator Royal Tours was founded in 1979, after recent reorganisation and now being under new ownership, Royal Tours employs 57 staff members in their Bangkok office. In their tourism programmes unknown aspects of Thai culture and the 'unseen Thailand' are highlighted. Royal Tours offers a wide range of services throughout Thailand, such as one or two weeks travel programmes, half or full day excursions, hotel reservations, spa and wellness products, CBT product, cruises and adventure travel.

Overall constant – relation Royal Tours and Tourism Suppliers

The relation between Royal Tours and their tourism suppliers is seen as difficult. Mr. C, from his international perspective states that the majority of Thai tourism suppliers are difficult to cooperate with. Royal Tours demands high quality products, delivered at the agreed terms. According to Mr. C. most Thai tourism suppliers lack motivation, an effective hierarchical structure and most are not competent enough to cooperate with. However, throughout the years, Royal Tours has selected those tourism suppliers that hold most capabilities and deliver products as demanded. Often Thai tourism suppliers have to be trained on how to cooperate efficiently, in order to meet their demands. Mr. C. criticises that once Thai tourism suppliers have gained sufficient knowledge of the European outbound tour operators' demands, Mr. C. frequently experiences that these Thai tourism suppliers start to interact with the European outbound tour operators directly. Leaving them to search for a new tourism supplier to cooperate with.

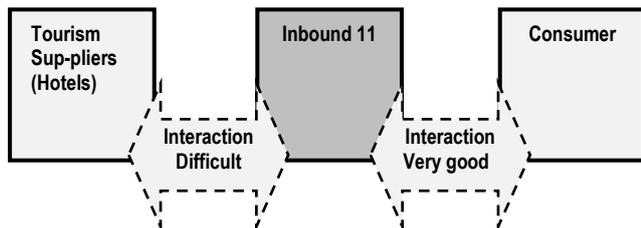
Mr. C explains, "I am European and I know what my customers are demanding from me, further I know the tourism industry well, when you want to give a first class tourism product to a European tour operator, you also must demand that the Thai tourism supplier gives you a first class service. Many times, tourism suppliers are not ready to meet the demands of the European market. Therefore you have to ensure to only select those tourism suppliers that can." Mr. C gives the example, "I received a request for a package of ours from a European outbound tour operator. They were interested in a specific product, which they found on our webpage and requested an up-to-date quote. I replied immediately to the European outbound tour operator that I am very pleased to hear of their interest and will get back to them within twenty-four hours with an up-to-date price quote. Hereafter I contacted the Thai tourism supplier for this specific tourism package. It took the supplier four days to reply to us. In these four days I repeatedly contacted them to ask for the price quotation; however I was always told it will be sent soon. In the meanwhile the European outbound tour operator kindly asked me whether we are still interested in selling the product. When I finally could send the price quote to the European outbound tour operator, I of course did not receive any further reply from them and I felt very ashamed of how unprofessional this went."

Mr. C explains that in those cases where Thai tourism suppliers are found to be of high quality, in almost all cases they are high-end luxury tourism products and/or are under European management. Mr. C. outlines "for me European management is equal with structured operations. It actually does not matter how big the company is. For an example, we have a small European managed supplier we cooperate with and when we send them a request a responds is given within less than an hour. In my opinion European managed businesses act responsible and the main difference between Thai and European managed suppliers is the different perception of responsibility, urgency and opportunity. In my opinion business is now, not tomorrow, you catch the sale immediately, when the

business arrives you catch it or it is gone. With Thai managed tourism suppliers the owner maybe understands that perception, but not the staff members. Generally the motivation and responsibility of Thai staff is lower”.

Royal Tours’ B2C supply chain

Figure 25: Royal Tours’ B2C supply chain (60% of all sales volume)



In 60% of all sales, Royal Tours sells their tourism products directly to the consumer. Bookings are either made directly via the webpage, via the phone or directly in the office. Most tourists get attentive of the business via the webpage or promotional material.

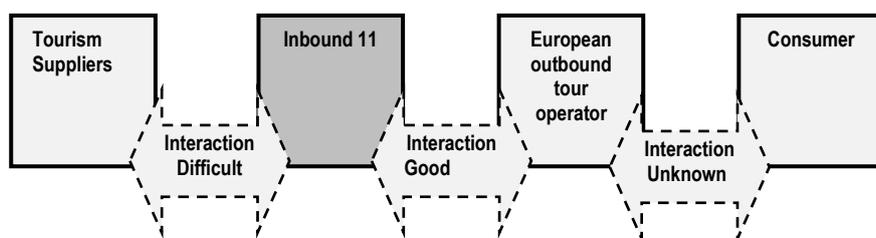
Royal Tours experiences that customers are much more involved in the purchasing of the tourism product than in the B2B chain. According to Mr. C. customers do not simply want to consume, but experience. They want to learn about and experience the culture and environment of the country. Customers show great appreciation for Royal Tours’s understanding of their desires and needs, when designing the tour and like that communication is undertaken in their language from a person that understands and shares their culture.

Mr. C. explains that cultural differences do not play such a big influence in the B2C supply chain, opposed to the B2B supply chain. Mr. C. in particular sees it as very positive that in this supply chain no commission have to be paid to a third party. The B2C supply chain is however more time and thus staff intensive. In general it takes Mr. C and his staff 20 to 80 emails with a customer to come to a final tailor-made program. But through this it is ensured that the consumer is very satisfied with the purchased product and once the customer is back in their home country they often undertake word-to-mouth promotion. In many cases it is experienced that past customers generate new customer from their social environment (friends, family, or colleagues) or even book again with them.

The key in the B2C market is seen in having language skills of the market. This is most appreciated by the customer, because he will feel assured that his wishes and demands are heard and understood.

Royal Tours’ B2B supply chain

Figure 26: Royal Tours’ B2B supply chain (40% of all sales volume)



In 40% of all sales Royal Tours sells their tourism products to European outbound tour operator. Royal Tours works closely together with outbound tour operator from Belgium, the United Kingdom, The Netherlands, Luxemburg and France.

Mr. C says that his international background and his language skills are important factors that enable a good cooperation between Royal Tours and European outbound tour operator. Mr. C states that without his understanding and adaptation towards the European outbound tour operator the cooperation would not function as well. However, the skills he has cannot simply be transferred to another staff member. A staff member taking over his tasks will have to immerse deeply into the tourism industry and the European outbound tour operators' culture in order to be able to understand and be able to interact with the European outbound tour operator. In general European outbound tour operators very much appreciate Royal Tours' 'European' organised way of working. Relations between Royal Tours and European outbound tour operator are generally very close and characterised by trust. European outbound tour operator appreciate Mr. C.'s insight into their culture, language and tourist demands. It has to be noted that Mr. C. himself undertakes all communication with European outbound tour operators. Mr. C. explains that he cannot outsource this to any staff member, as it decreases the quality of cooperation between Royal Tours and the European outbound tour operator. For this reason Mr. C. has a tremendous workload and actually wishes that an additional staff member could help him in the B2B communication. Unfortunately for Mr. C., he judges that at current there is no staff member capable of doing so.

It is repeatedly experienced that European outbound tour operator have very limited to no knowledge of the Thai tourism industry. It was found that many European outbound tour operators have never visited the regions they are selling to their customers. For that reason they are glad to find a trustworthy and understanding partner in Mr. C in Thailand. In the case of Mr. C, the European outbound tour operator also trusts in his knowledge and expertise. Frequently Mr. C receives requests from European outbound tour operator that are incorrect (such as incorrect city names) or unfeasible. Mr. C then makes suggestions on possible corrections of those itineraries. Through this he further gains trust.

Mr. C. concludes that the Thai tourism industry has to adapt towards the European outbound tour operators' culture. Further he observes that the European tourism market fixes the prices of Thai tourism products. As there is fierce competition amongst Thai tourism suppliers, it is possible that European outbound tour operator dictates prices. Mr. C. judges that there is no solidarity amongst Thai business operators and that there is a lack of regulations from the government, which makes it possible that prices are dictated by European outbound tour operator.

According to Mr. C. their cooperation with European outbound tour operators is of long-term character. Once they have established trust of the European outbound tour operator in their competence and quality, they generally remain a loyal customer of theirs. Since the European outbound tour operators value their delivered quality, Royal Tours can afford to ask higher prices than competitors and this is accepted by the outbound tour operator. Further, Mr. C. tells to be very satisfied with their increasing B2B sales volume and their penetration of new European markets. Mr. C explains that in this his established international network is of great support and advantage.

6.3 Conclusion

This chapter revealed that the management of the tourism supply chain varied highly between Hong Travel and Royal Tours. This was somewhat anticipated as for the case studies two imposingly different groups were chosen. Hong Travel is representative for the majority of Thai inbound tour operators with a poorly managed supply chain (B2C as well as B2B) and limited culture related resources and capabilities, while Royal Tours is representative for Thai inbound tour operators with a well managed supply chain (B2C as well as B2B) and extensive culture related resources and capabilities.

Although the two inbound tour operators perform utterly different in their supply chain management, they both have in common that challenges are faced in their supply chain management.

The case studies show that Hong Travel faces the challenge of decreasing sales figures, a high reliance on sales volume generated through the B2C supply chain, extensive local competition, resulting in unfavourable profit margins and a underdeveloped B2B supply chain in which a high dependence on Thai travel agencies is shown and great difficulties are faced in the establishment of direct cooperations with European outbound tour operators. Mr. P. sees his limited prior experience in entrepreneurship and work in the tourism industry, as well as his limited intercultural competencies and his limited network for some of the main reasons why they fail to establish relations with European outbound tour operators.

Royal Tours on the other hand achieves increasing sales volumes, manages competition well, cooperates successfully with a large number of European outbound tour operators and achieves favourable profit margins. However, Mr. C explains that Royal Tours' greatest challenge lies in findings capable staff. Mr. C now manages all communication with European outbound tour operators himself, as he finds no staff capable to undertake communication with European outbound tour operators. According to Mr. C the intercultural skills which are required to interact with European outbound tour operators cannot simply be transferred from him to staff members. It would take the staff member to deeply immerge in the tourism industry and the outbound tour operator's culture to acquire these skills.

The main insight gained from this chapter is that not only inbound tour operators with a poor management of the supply chain and with limited culture related resources and capabilities require the support of the CBI, but also inbound tour operators with a well managed supply chain and extensive culture related resources and capabilities face challenges in their supply chain management which requires the CBI's support.

Therefore, in the design of possible CBI interventions it is recommended that an approach is chosen which allows to tailor the training according to an inbound tour operators' needs.

Chapter 7: Recommendations on possible interventions

Based upon research findings, in this chapter possible interventions and recommendations are given to the CBI on how to improve Thai inbound tour operator's culture related knowledge, skills and capabilities to ultimately improve their supply chain management.

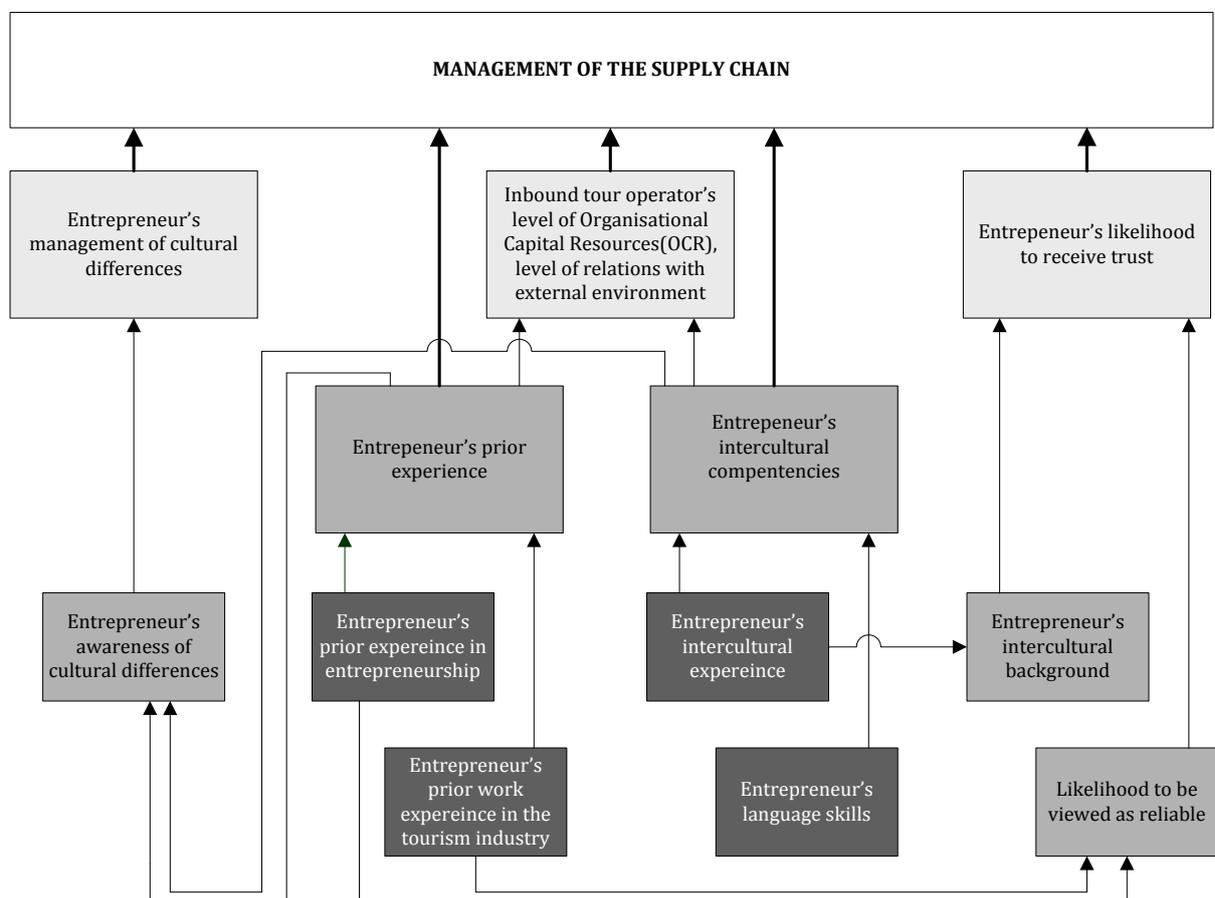
7.1 Requirements on interventions

In chapter five it was found that the majority of Thai inbound tour operators face challenges in their supply chain management, in particular in the management of the B2B supply chain. It was identified that there was a need to provide additional training modules to the CBI participants that focus on culture related shortcomings of inbound tour operators. It was identified that especially:

- the entrepreneur's prior experience in entrepreneurship/ work (HCR);
- the entrepreneur's intercultural competencies (HCR);
- the inbound tour operator's level of Organisational Capital Resources (OCR), thus the level of relations with its external environment;
- the entrepreneur's likelihood to receive trust; and
- the entrepreneur's management of cultural differences

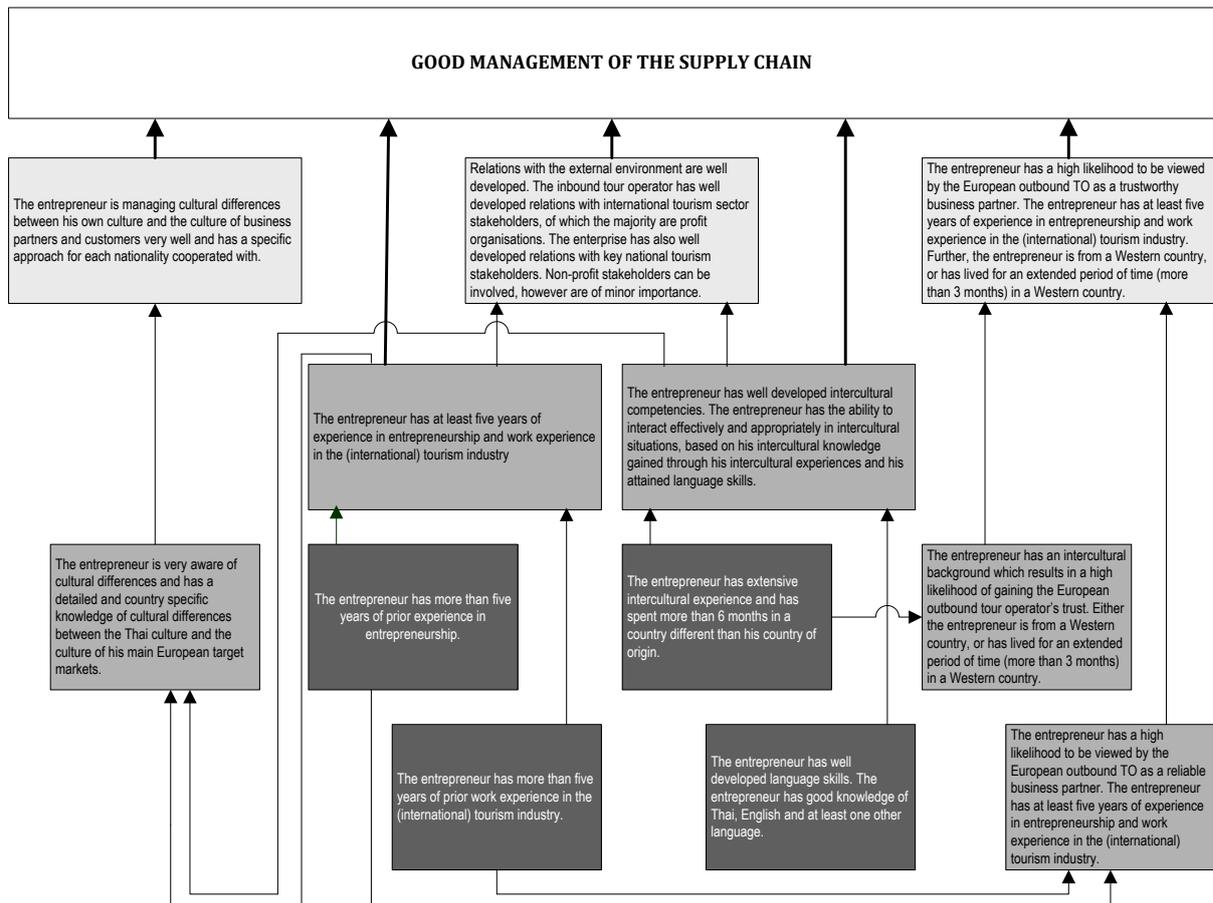
influence the inbound tour operator's management of the supply chain, in particular the management of the B2B supply chain. In this section it is looked upon which culture related aspects need to be trained and developed in order to improve the inbound tour operator's performance in the supply chain and realise the goal to improve sales volumes to the European market. For this reason it is again looked upon the developed model.

Figure 27: Model on culture related knowledge, skills and capabilities that influence the inbound tour operator's supply chain management, core perspective



As Figure 28 shows, the five identified culture related skills and capabilities which influence the inbound tour operator's management of the supply chain, all depend upon four core traits: 1) the entrepreneur's prior experience in entrepreneurship, 2) the entrepreneur's prior work experience in the tourism industry, 3) the entrepreneur's intercultural experience and 4) the entrepreneur's language skills. In Figure 28 it is outlined how in the ideal situation culture related skills and capabilities would have to be developed to enhance the likelihood of a good supply chain management.

Figure 28: Model on culture related knowledge, skills and capabilities that influence the inbound tour operator's supply chain management - ideal situation



Based upon the analysis it is recommended that a training program to enhance culture related skills and capabilities of Thai inbound tour operators vital for an improved supply chain management meet the following requirements:

➤ **Training modules are focused on gaining international experience in the field of entrepreneurship and tourism**

The core of culture related knowledge, skills and capabilities that influence the inbound tour operator's supply chain management revolves around international experience. The majority of culture related knowledge, skills and capabilities that influence the inbound tour operator's supply chain management are built upon international experience of the entrepreneur. The analysis showed that entrepreneurs with extensive intercultural experience generally manage the supply chain well. In contrast inbound tour operators lacking international experience generally manage the supply chain poorly.

Although this is a most logical requirement, when designing training modules, it is recommended that the training module focuses on gaining international experience that is relevant for the context of

entrepreneurship and tourism. The analysis showed that the degree to which having lived in a foreign country transforms in enhanced intercultural understanding depends also upon the activities undertaken during the stay abroad. The closer the activities abroad are linked to entrepreneurship and the tourism industry, the deeper the understanding of international tourism stakeholder's demands and practices.

➤ **Training modules are focussed on the B2B supply chain**

It was found that inbound tour operators in particular face challenges in the B2B supply chain. It was concluded that the B2B supply chain demands a higher degree of knowledge, skills and capabilities, compared with the B2C supply chain. Further, especially inbound tour operators with poor B2B supply chain management, lack an insight on how European outbound tour operators function, what they demand and how to communicate with them.

➤ **Training modules are focussed upon business culture**

In line with the above given reasoning it is recommended to focus training modules on the B2B supply chain, it is suggested to further take caution that training modules provide inbound tour operators with intercultural knowledge, skills and capabilities relevant for the intercultural business environment.

➤ **Training modules are inbound tour operator specific and are tailored to the needs of each inbound tour operator**

The analysis showed that there are great differences between the individual inbound tour operator's management of the supply chain. Although certain clusters could be found, which generally applies to a certain groups, such as inbound tour operators that manage the B2B supply chain poorly have poorly developed intercultural competencies, resulting from no or very limited intercultural experience and language skills. However, these conclusions only apply in general and it is recommended to look upon the specific needs of each inbound tour operator when offering a culture related training module.

➤ **Training modules use a form of experiential training and development (ETD)**

The analysis shows that intercultural skills and competencies cannot simply be taught. Entrepreneurs with very limited intercultural skills and competencies often state that it is hard to acquire these skills and competencies through studying, such as reading or having someone tell them about the culture. Further, in regards to the management of cultural differences of staff, entrepreneurs often state that it is not possible to simply transfer skills. In order to gain intercultural skills and competencies, staff would have to immerse deeply in the foreign culture. For this reason it is advised against any form of formal learning where it is made use of learning environments where one educator presents knowledge to participants through the form of lectures, coursework, or formal seminars. Instead, it is recommended to apply an experiential training and development approach. Experiential training and development (ETD) "a client centred approach to individual, group, and organisational learning, that engages the adult learner, using the elements of action, reflection, transfer, and support. (...) Experiential learning (...) synthesizes knowledge from practices of experiential learning, adult learning and organizational development" (Beard and Wilson; 2006, 44). In experiential training and development learning is seen as "the process whereby knowledge is created through the transformation of experience" (Beard and Wilson; 2006, 19).

In fact, the CBI already made use of an experiential training and development approach in the latest training programme for Thai inbound tour operators, namely during the website promotion training held in March 2011 in Bangkok. Thai inbound tour operators were highly enthusiastic and satisfied with the learning results of this new approach and it is therefore highly recommended to also use this approach in the training of culture related knowledge, skills and capabilities.

➤ **Training modules deliver tangible results**

Entrepreneurs often state that they prefer training programs that deliver tangible results, or of which gained knowledge and skills can be put into practice and thus provide tangible organisational improvements within a relatively short period of time.

7.2 Training module – Business-to-Business Cooperation

7.2.1 Background

The instrument underlying the proposed training module is the concept of twinning programmes. In twinning programs two stakeholders, most commonly from the same sector, collaborate on matters of mutual interest. A good example of twinning programmes is City-to-City Cooperation (C2C). Without going too deep into the debate around City-to-City Cooperation and decentralisation, in general “City-to-City Cooperation (is) an umbrella term to cover all possible forms of relationship between local authorities at any level in two or more countries which are collaborating on matters of mutual interest, whether with or without external support” (Bongers and McCallum; 2003, 9). In principle City-to-City Cooperation aims at “strengthening the capacity of cities to deal with their own problems (...) and partnerships between cities are gaining recognition as a cost-effective and sustainable component in achieving that goal” (Bongers and McCallum; 2003, 9). Contrary to the commonly held assumption that City-to-City Cooperation is a “form of development cooperation” (Bontenbal: 2009, 189) in which a knowledge transfer takes place from the North to the South, it should rather be viewed as a form of mutual partnership delivering mutual benefits and knowledge gain to both partners (North and South) (Bontenbal: 2009, 189).

Underlying the recommended training module for inbound tour operators is the key essence of City-to-City Cooperation, namely strengthening the capacity of two stakeholders in two or more countries to deal with their own problems through a form of mutual partnership which delivers mutual benefits and knowledge gain to both partners.

It is recommended to facilitate the cooperation between Thai inbound tour operator and European outbound tour operators, similar to the City-to-City Cooperation principles. In fact, such Business-to-Business cooperation between enterprises of the same sector from developed and developing countries is already implemented by the Danish Ministry of Foreign Affairs (Danida). Since 1999 the Danida B2B Programme “supports the establishment of profitable, long-term and mutually binding business-to-business co-operations between Danish companies and companies in Danida’s programme countries (...) that will continue even after support from the B2B Programme ceases. (...) The B2B Programme aims at developing the private sector in a range of programme countries by supporting the establishment of long-term and mutually committing partnerships between Danish companies and companies in developing countries. By using business linkages as an instrument for economic growth, the B2B

Programme seeks to improve living conditions for the people in the selected countries” (Danida; 2011). In their B2B Programme Danida requires that business-to-business cooperation are commercially based and all risks are taken by the business partners, Danida solely sees its role in facilitation of the cooperation (Danida; 2011).

In August 2011 Danida will replace its B2B Programme with the Business Partnerships programme. Outgoing from the experiences of the over ten year implemented B2B Program, Danida identified that companies increasingly focus on “CSR and adding value to society” (Danida; 2011) designed the successor program to be more “flexibility in relation to types of activities and partnerships that can be supported (and increasingly focuses) on results and sustainability and higher requirements to competences and resources of the participating partners” (Danida; 2011).

7.2.2 Design of the training module

It is recommended that the CBI initiates and further facilitates the development of Business-to-Business Cooperation between inbound tour operators and European outbound tour operators. It is strongly recommended that always only one inbound tour operator is paired with one outbound tour operator. In principle it is recommended that the CBI Business-to-Business Cooperation will consist of three phases:

Phase one – Matchmaking of business partners

In this phase it is sought to match Thai inbound tour operators with European outbound tour operators. It is recommended that the CBI initiates and facilitates this process. It is recommended that Thai inbound and European outbound tour operator is matched according to both stakeholders’ characteristics and needs as closely as possible.

Phase two – Mutual information and knowledge exchange

In phase one, one Thai inbound tour operator and one European outbound tour operator agreed to commit to a Business-to-Business Cooperation. In phase two, the two operators will get to know each other’s businesses and identify mutual information and knowledge exchange goals. Inbound and outbound tour operators should be allowed to identify information and knowledge exchange goals according to their needs. In order to facilitate and ultimately monitor the Business-to-Business Cooperation, partnering inbound and outbound tour operator should be requested to formulate an action plan, identifying clear learning goals, involved departments and staff and timeframes.

For some Thai inbound tour operators the implementation of phase one and two will be sufficient to improve their supply chain management, particularly for those inbound tour operators that already perform satisfactory or well in the management of the supply chain and have good intercultural knowledge, skills and capabilities. However, for other inbound tour operators, mainly those with weak supply chain management and lacking intercultural knowledge, skills and capabilities, it is recommended to also implement phase three.

Phase three - Physical business exchange

Phase three is recommended for those inbound tour operators with no or very limited international experiences, or those businesses in which key staff lacks international experience.

After having implemented phase one for an extended period of time, inbound and outbound tour operator have gotten to know each other’s business reasonably well. It is expected that some weaknesses the inbound and

outbound tour operator identified are already improved. However, as it was found, core culture related knowledge, skills and capabilities cannot simply be transferred from one person to the other, but demand a person to deeply immerse in the foreign culture. Therefore, it is recommended that the entrepreneur or a key staff member will move for a defined period of time (a minimum of three months are recommended) to the country in which the outbound tour operator is located. During the time abroad the entrepreneur or key staff member is asked to dedicate a certain percentage of his time on work tasks of the outbound tour operator.

It would enhance the business exchange, if the outbound tour operator should also be willing and able to send a key staff member to work for a restricted period of time the inbound tour operator. It is recommended that this is set up similar to the work exchange of the inbound tour operator as described above, however it is recommended that the training program is flexible in this and phase three can be designed to the needs and restrictions of the inbound and outbound tour operator.

A detailed outline of the design of the Business-to-Business Cooperation programme, as well as the expected costs, can be found in Appendix 7.

7.2.3 Benefits, risks and limitations

The proposed training program fulfils all set requirements. The proposed training program is focus on the B2B supply chain and thus focussed upon business culture, is inbound tour operator specific, is of practical character, delivers immediate results once implemented and for those tour operators that require also phase three the training program is focused on gaining international experience in the field of entrepreneurship and tourism.

Further, the training program is focussed on improving all culture related core knowledge, skills and capabilities. Depending on the specific need of inbound tour operators that training program enhance the entrepreneur's experience in entrepreneurship and work experience in the tourism industry, it enhances the entrepreneur's intercultural competencies, it enhances the inbound tour operator's level of Organisational Capital Resources (OCR), thus the level of relations with its external environment, it enhances the entrepreneur's likelihood to receive trust and it enhances the entrepreneur's management of cultural differences.

After the research analysis and after designing the possible training programme, all CBI thai inbound tour operators were again contacted and asked upon their opinion of the proposed programme. Through this it is found that the great majority of Thai inbound tour operators are highly enthusiastic about the proposed training program. All inbound tour operators are very keen about phase one and two, as it provides them with a tailored and practical approach for improvement. In regards to phase three, inbound tour operator that are very weak in the B2B supply chain management want to engage in the exchange personally and inbound tour operators that manage the B2B supply chain satisfactory or well want to send a key staff member. As an illustration, Mr. Gr. the entrepreneur of Eco-Explorer states: "I think this is an excellent training tool. It is my biggest concern and frustration that my staff does not have an international perspective. I think the proposed training program will support us to build an international network and at the same time provide my staff with an international perspective. In fact, I prefer this training program over any financing of trade shows. If it would be up to me, I would suggest taking all the finances available for trade show participation and putting it towards this training program. We are very enthusiastic about the proposed training program and would love to participate." Mr. G, the entrepreneur of Go Social states: "We would be very interest in the business exchange program. I suggest the summer months for the actual exchange. I

further suggest that staff must be provided with serious assignments before the actual exchange, so that staff is seriously engaged. If the program should be implemented we would send our Thai staff Mrs. T..Regarding costs, we would suggest that Go Social pays part of the costs, the actual staff member pays part of the costs and a third party (maybe the CBI) would pay part of the costs. We further suggest that the staff member also does part time work during their foreign assignment for Go Social, maybe one day per week, plus outreach and marketing, so that they can respond to urgent requests. Feedback is very important, and we suggest formal meetings in which the CBI is also involved to monitor the staff's progress."

Thus, in sum from The Thai inbound tour operator's perspective the training program presents a fruitful perspective in which great involvement can be expected. However, there are some risks which are expected to occur.

Firstly, it is expected that it might be challenging to find European outbound tour operators that are open and willing to invest time in the training program. Experiences in the Danida B2B Programme show that Danish businesses were mainly motivated to participate in the program in order to raise their CSR profile and for the possibility of mutual knowledge exchange. However, Danish businesses are further given substantial financial support to carry out the Danida B2B Programme. This will not be the case in the CBI Business-to-Business Cooperation program. Therefore it is advised to carry out a field test to investigate whether CSR profile enhancement and mutual knowledge exchange are indeed enough incentive for European outbound tour operators to participate in the program.

Further, the CBI Business-to-Business Cooperation program, particularly phase one, requires substantial staff engagement and the business exchange module (phase three) requires partial financing from the CBI, as most inbound tour operators state to be only able to cover part of the costs and European outbound tour operators are expected to also only be willing to pay partial costs.

Additionally, in order to support the CBI Business-to-Business Cooperation program it is recommended to further facilitate two training modules:

➤ **Placement of European students with inbound tour operators**

It is highly recommended to facilitate the placement of European students with Thai inbound tour operators. In this it is advised to cooperate with universities specialised in tourism studies. Further it is recommended taking identified target markets of inbound tour operators into account and facilitate the placement of students from target markets with inbound tour operators. Students placement represents a cost efficient but effective method to bring foreign knowledge into the organisation.

➤ **Providing incentives to improve language skills**

It was found that inbound tour operators speaking the language of the target market perform well in this specific market. At the same time it was found that the majority of inbound tour operators mainly speaks Thai and English. It is recommended that the CBI highlights the importance of language skills to inbound tour operators and provides incentives to acquire language skills relevant for their main target markets. As an example, the CBI could reimburse costs occurred for taking language courses.

Even if the CBI Business-to-Business Cooperation program should not be implemented, it is highly recommended to implement the above named modules.

Chapter 8: Conclusion and discussion

In this final chapter, general conclusions of the research are drawn and the central research question will be answered. The general conclusion is followed by a discussion on the relevance of the research in the frame of development studies. It will be explored how this research can influence future research and recommendations are given on the scope, design and focus of further research.

8.1 Conclusion

According to the CBI “especially the market for long-haul tourism revolves around the relationship between inbound and outbound tour operator” (CBI; 2008, 2). At the same time inbound tour operators from developing countries frequently fail to successfully connect and sell to European outbound tour operators. For this reason the CBI implemented its third ‘CBI Export Coaching Programme Tourism’ programme in 2008 (CBI; 2008, 2). Within the programme inbound tour operators are offered a great variety of trainings to improve their access to the European tourism market. The CBI commissioned this research to investigate whether cultural differences between Thai inbound and European outbound tour operator influence the Thai inbound tour operator’s management of the supply chain. If cultural differences should prove to influence the operator’s management of the supply chain, the CBI commissioned to be provided with recommendations on possible training programmes.

Based upon the developed research framework the research focused on the Thai inbound tour operator’s management of the supply chain and possible culture related causes of disturbed interaction that are internal to the Thai inbound tour operator and causes of disturbed interaction that are specific for the interaction between Thai inbound and European outbound tour operator (intra-stakeholder causes of disturbed interaction). In the analysis of internal and intra-stakeholder causes of disturbed interaction it was looked upon:

- the inbound tour operator’s Human Capital Resources (HCR), focussing upon the entrepreneur’s education, the entrepreneur’s prior experience in entrepreneurship and prior work experience in the tourism industry, the entrepreneur’s intercultural competencies and firm skills;
- the inbound tour operator’s Organisational Capital Resources (OCR), thus the operator’s extent of relations with the external environment and his built network;
- the issue of trust between Thai inbound and European outbound tour operator; and
- the inbound tour operator’s awareness and management of cultural differences.

It was found that the management of the tourism supply chain varies highly between the individual Thai inbound tour operators that participate in the CBI Export Coaching Programme Tourism; however the majority of Thai inbound tour operators face considerable challenges in their supply chain management. Most Thai inbound tour operators rely for the majority of their generated revenue on the B2C supply chain, particularly Thai inbound tour operators with overall poor management of their supply chain. Further many inbound tour operators face difficulties in the management of the B2B supply chain. If developed at all, most Thai inbound tour operator developed a lengthy and ineffective B2B supply chain, in which the number of European tour operators cooperated with is minimal, often even zero. Decreasing or fluctuating overall sales volume and unfavourable profit margins oppose another challenge faced in the B2B supply chain.

In the synthesis of culture related causes of disturbed interaction between Thai inbound tour operator and European outbound tour operator it was concluded that:

- the entrepreneur's prior experience in entrepreneurship/ work (HCR);
- the entrepreneur's intercultural competencies (HCR);
- the inbound tour operator's level of Organisational Capital Resources (OCR), thus the level of relations with its external environment;
- the entrepreneur's likelihood to receive trust; and
- the entrepreneur's management of cultural differences

influence the inbound tour operator's management of the supply chain, in particular the management of the B2B supply chain. To a lesser degree the management of the supply chain (including the B2B supply chain) is influenced by:

- the inbound tour operator's staff's management of cultural differences; and
- the inbound tour operator's skills in communication, coordination and information exchange.

Based upon the synthesis of findings a model was developed (Figure 21 in chapter 5.6). The model shows that the five culture related causes, as described above, influence the inbound tour operator's management of the supply chain and at the same time are interrelated with one another. At the core of an inbound tour operator's capabilities to manage cultural differences in the supply chain stand 1) the entrepreneur's prior experience in entrepreneurship, 2) the entrepreneur's prior work experience in the tourism industry, 3) the entrepreneur's intercultural experience and 4) the entrepreneur's language skills.

General conclusions were illustrated with the help of two case studies, of which one was representative for the majority of Thai inbound tour operators with a poorly managed supply chain (B2C as well as B2B) and limited culture related resources and capabilities, while the other case study was representative for Thai inbound tour operators with a well managed supply chain (B2C as well as B2B) and extensive culture related resources and capabilities. Although the two inbound tour operators perform utterly different in their supply chain management, it was concluded that both have in common that challenges are faced in their supply chain management.

The Thai inbound tour operators with a poorly managed supply chain and limited culture related resources and capabilities faced the challenge of decreasing sales figures, a high reliance on sales volume generated through the B2C supply chain, extensive local competition, resulting in unfavourable profit margins and an underdeveloped B2B supply chain in which a high dependence on Thai travel agencies is shown and great difficulties are faced in the establishment of direct cooperations with European outbound tour operators. The entrepreneur sees his limited prior experience in entrepreneurship and work in the tourism industry, as well as his limited intercultural competencies and his limited network for some of the main reasons why they fail to establish relations with European outbound tour operators.

On the other hand the Thai inbound tour operators with a well managed supply chain and extensive culture related resources and capabilities achieves increasing sales volumes, manages competition well, cooperates successfully with a large number of European outbound tour operators and achieves favourable profit margins. However, the entrepreneur explains that it is their greatest challenge to find capable staff. The entrepreneur manages all communication with European outbound tour operators himself, as he finds no staff capable to undertake communication with European outbound tour operators. According to him the intercultural skills which are

required to interact with European outbound tour operators cannot simply be transferred from him to staff members. It would take the staff member to deeply immerse in the tourism industry and the outbound tour operator's culture to acquire these skills.

The analysis hence shows that not only inbound tour operators with a poor management of the supply chain and with limited culture related resources and capabilities require the support of the CBI, but also inbound tour operators with a well managed supply chain and extensive culture related resources and capabilities face culture related challenges in their supply chain management which require the CBI's support.

Based upon the research findings the central research question '*do cultural differences between Thai inbound and European outbound tour operator influence the Thai inbound tour operator's management of the supply chain?*' could be answered positively. It was thus concluded that cultural differences between Thai inbound and European outbound tour operator (and European customer) influence the Thai inbound tour operator's management of the supply chain.

It was surprising to find that the subject of cultural differences was met with such great interest by all twelve inbound tour operators. It was expected that only inbound tour operators where the entrepreneur has limited culture related resources and capabilities would experience negative influences of cultural differences between them and European outbound tour operator in their supply chain management. Contrarily to this assumption, also Thai inbound tour operators where the entrepreneur has extensive culture related resources and capabilities experience a negative influence of cultural differences on their supply chain management. These inbound tour operators often experience that their staff has limited culture related resources and capabilities, which cause a disturbed interaction between staff and customer (European outbound tour operator and final customer). With many inbound tour operators, for example Eco-Explorer and Royal Tours, it is then the entrepreneur who undertakes most direct communication with customers, resulting in an immense workload of the entrepreneur. These entrepreneurs frequently expressed that they wished their staff had the capability to undertake direct communication themselves; however it proved to be impossible to simply train staff on cultural competencies.

It was further expected that only inbound tour operators where the entrepreneur has limited culture related resources and capabilities would be interested in participating in any sort of related CBI training. However, surprisingly all twelve entrepreneurs were highly enthusiastic to participate in a training programmes designed to improve their intercultural skills and capabilities. The majority of entrepreneurs with limited culture related resources and capabilities stated that they would like to participate in such training programmes to improve their own capabilities and the majority of entrepreneurs with extensive culture related resources and capabilities stated that would like to join such training programme to improve culture related skills of their key staff members. Enthusiasm about such training programmes even went thus far, that an entrepreneur suggested that the CBI should put all his available budget for fairs towards the culture related training programme.

When designing the research it was feared that responses could be cultural biased and entrepreneurs could depict reality in a more positive way than it was, in the frame of the Thai trait to 'save face'. However, quite contrarily, it was experienced that entrepreneurs and their staff alike gave very open, honest and even self-critical answers towards raised questions. When thanking each respondent regarding their openness and honesty it was frequently

replied that this was due to the importance they placed on improving their intercultural skills and capabilities and that they found it important that the CBI is provided with a realistic depiction of reality.

Based upon the identified need it was recommended that the CBI develops and implements a training program to enhance the Thai inbound tour operator's culture related skills and capabilities which are vital for an improved supply chain management. It was recommended that the training programme would meet the following requirements:

- training modules are focused on gaining international experience in the field of entrepreneurship and tourism;
- training modules are focussed on the B2B supply chain;
- training modules are focussed upon business culture;
- training modules are inbound tour operator specific and are tailored to the needs of each inbound tour operator;
- training modules use a form of experiential training and development (ETD); and
- training modules deliver tangible results.

Based upon the above outlined requirements and identified needs of Thai inbound tour operators it was recommended that the CBI initiates and further facilitates the development of Business-to-Business Cooperations between Thai inbound tour operators and European outbound tour operators. The instrument underlying the proposed training module was the concept of twinning programmes, which in its essence aims at strengthening the capacity of two stakeholders in two or more countries to deal with their own problems through a form of mutual partnership which delivers mutual benefits and knowledge gain to both partners. If implemented, Business-to-Business Cooperations between Thai inbound tour operators and European outbound tour operators could serve as a pilot programme. Depending on the results of the Business-to-Business Cooperations it could be feasible to enlarge the training programme to other countries where the CBI supports inbound tour operators.

However, caution has to be taken with the generalisation of findings. The drawn conclusions and recommendations are solely relevant for the twelve Thai inbound tour operators that participate in the CBI Export Coaching Programme Tourism. Before implementing Business-to-Business Cooperations in other countries it is recommended that the CBI commissions further research on the influence of cultural differences between inbound and outbound tour operator on supply chain management for that specific country. In further research it is also recommended to carefully examine the underlying methodology of this research and at that given time identify whether advancements were made in the field of research on the influence of cultural differences on tourism supply chain management. The issue of lacking research in this field will be discussed in the following section in more detail.

8.2 Discussion and recommendations for further research

Tourism has grown to be one of the world's largest industries. It is estimated that the tourism sector generates approximately 11% of the global Gross Domestic Product (GDP), gives employment to more than 200 million global residents and 880 million international tourist arrivals were accounted in the year 2009 (WTO, 2010: 2). The increase of international tourist arrivals in developing countries is remarkable. While at the beginning of the 1980, developing countries did not even receive one third of all international tourist arrivals, within not even three decades developing countries increased their share of international tourist arrivals to 46% in 2009 (WTO, 2010: 6). If managed sustainably, tourism can have a significant contribution to a country's economic development. Local linkages and local ownership are seen as essential requirements in order to spread the benefits of growth. Particularly alternative forms of tourism, such as ecotourism and community-based tourism contribute to an equal distribution of tourism incomes and at the same time ensure that local resources are used in a way that does not hinder the local population access to it. Further, alternative forms of tourism limit the risk of social alienation and the rejection of the local population towards tourism development.

But how can tourism businesses from developing countries tap the growing tourism market? How for example can a Thai inbound tour operator located in the remote north of Thailand reach his customer? According to several scholars (Middleton, Victor T. C.; Fyall, Alan; Morgan, Michael and Ranchhod, Ashok: 2009) the answer lies in providing access, meaning points of sales convenient for the customer. Through the provision of multiple points of sales both at the place of service production and away from the place of service production, the inbound tour operator enhances the likelihood of sales. Providing multiple points of sales requires a tourism business to develop a smart supply chain management, in which his tourism products are offered directly to the consumer (B2C supply chain) and offered to the final consumer making use of sales intermediates (B2B supply chain).

In particular the inbound tour operator's management of B2B supply chain was identified as challenging. As outlined in the previous chapter the CBI for example identifies that the market for long-haul tourism revolves around the relationship between inbound and outbound tour operators and often the inbound tour operators from developing countries fail to successfully connect and sell to European outbound tour operators (CBI; 2008, 2). Several researchers (e.g. Bonera and Corvi: 2005 and Tapper and Font: 2004) identify that within the tourism supply chain the outbound tour operator holds the most powerful and influential position. The outbound tour operator holds enormous influence and power "over activities throughout the tourism supply chain, since they direct and influence the volume of tourism, the tourist destinations and facilities that are used" (Tapper and Font: 2004, 4).

Despite empirical and academic evidence that inbound tour operators in developing countries face great challenges in their supply chain management, in particular in the management of the B2B supply chain, and despite the academic evidence that tourism can hold great development potential, research in the field of tourism supply chains, especially in the field of tourism in developing nations, is very limited.

Based upon the limited research available this research made the logical conclusion that within the sequence of linear two-party relationships in the tourism supply chain it is only inbound tour operator and outbound tour operator that operate in different cultural settings and it is also precisely these two stakeholders that experience the greatest difficulties in their interaction. It is therefore assumed that different or even conflicting cultural dimensions

have an influence on the interaction of the inbound tour operator and outbound tour operator. However, as already general research on tourism supply chains is very limited, research on the influence of culture on the tourism supply chain is absent.

Due to the lack of research it was searched for culture related studies in fields that show similarities with the tourism supply chain. It was found that supply chain analysis in the manufacturing industry has received extensive attention and research focus over the past two decennia (Zhang, Song, and Huang: 2009, 345) and to some degree research on the influence of cultural differences in the supply chain was carried out. Liu Zheng outlines that the "linkage between culture and manufacturing system has drawn increasingly more attention" (Zheng; 2009, 1). Zheng identifies that the growing attention is to be based on the fact that manufacturing systems nowadays consist of international networks and global supply chains and an understanding and coordination of different cultures has thus become a must (Zheng; 2009, 1). Research has shown that "trust issue is the most culture sensitive element in supply chain management, yet (...) trust is important in the network and partnership development process" (Zheng; 2009, 1). When looking at research on the influence of cultural differences in the frame of buyer-seller interactions scholar Morris found that there was a trend towards building more stable, long-term arrangements between buyers and international suppliers in order to reduce "the volatile aspects of sourcing internationally" (Morris; 2005, 2). However, as a result intercultural differences among buyers and suppliers increasingly effect their interactions. Morris concludes that in buyer and supplier relationships the attributes of trust and commitment are of central importance and high levels of trust and commitment have positive effects on channel relationships, however those were often distorted by cultural differences. Other studies agree upon the fact that "national differences in value systems, cultural traits, and institutions are bound to have a significant impact on both the degree of trust" (Ariño, de la Torre, and Ring; 2001, 114) and the general relationship between buyer and seller/ supplier. Unfortunately, research on the influence of culture on the buyer-seller/supplier relation is up to this point still limited to specific cases and focuses on selected aspects.

The influence of culture in supply chain management of the manufacturing industry and in the buyer-seller/supplier interaction of its stakeholders is yet not sufficiently researched that it could be come to a holistic framework; however studies show that cultural differences show an influence. This study confirms that also in the tourism supply chain cultural differences matter and influence the interaction between stakeholders. As outlined in chapter 8.1 it was concluded that the inbound tour operator's supply chain management is influenced by cultural differences between the Thai and the culture of the European outbound tour operator. In studies on the influence of culture on the manufacturing industry's supply chains and the buyer sell interaction the issue of trusts was found to be of critical importance. In the frame of this study it can be confirmed that the issue of trust also influences the interaction between Thai inbound and European outbound tour operator. However, additionally to the entrepreneur's likelihood to receive trust, five further culture related knowledge, skills and capabilities were identified to influence the interaction between Thai inbound and European outbound tour operator.

Findings and conclusions drawn in this research have to be treated with caution, as the research has several limitations. Due to the limitation of the research on the twelve inbound tour operators that participate in the CBI Export Coaching Programme Tourism, it is recommended that further research on the impact of cultural differences in the tourism supply chain will be conducted on a broader scale, being representative for all inbound tour operators in a country. It is further recommended that studies on the impact of cultural differences in the tourism supply chain are conducted for several developing countries, not only being limited to the Thai tourism industry.

Through this it can be identified whether there are reoccurring similarities and whether global generalisations can be made.

A further risk and limitation of this research is the chosen methodology. Based on the finding that research on the influence of culture in the tourism supply chain has never before been carried out, there was no proven methodological framework available for this study. The methodology therefore had to be based on proven methodologies from other academic research in the field of (tourism) supply chain management, intercultural studies, buyer and seller interaction and entrepreneurship. Within this study these various methodologies were combined into one research framework and methodology. It is strongly recommended that further research pays close attention towards the chosen methodology. If the methodology of this research should be applied it is recommended to broaden the indicators used for measuring the entrepreneur's education and that it is again closely looked upon the weighing of indicators. In any case, it is strongly recommended that quantitative data is well supported by qualitative data. Further it could be beneficial to enlarge research on non-culture related causes of disturbed interaction.

In general it is highly recommended that further research on the influence of cultural differences in the tourism supply chain will be carried out. This research, with its limited scope, has shown that for Thai inbound tour operators the management of cultural differences influences their supply chain management. Entrepreneurs showed great interest in the subject and saw an urgency to improve culture related skills and capabilities. Also during the focus group discussion with inbound tour operators from developing countries³ a great interest in the subject was expressed. The majority of inbound tour operators stated that cultural differences affect their supply chain management and they would greatly welcome any related training programme. Due to the interest of inbound tour operators from other countries it is recommended that further research is carried out that has the scope to draw general conclusions. This might give local governments in developing countries and development organisations the chance to support inbound tour operators in their culture related capacity building and ultimately improve their management of the supply chain, which could improve the financial situation of businesses, support the creation of employment and might help the development of a region.

Throughout the last two decennia governmental and non-governmental development organisations have recognised the potential of sustainably managed tourism on the development of a region or even country. In The Netherlands for example the government supports the tourism sector in developing countries through the CBI Export Coaching Programme Tourism. Further, Dutch NGOs such as SNV through their tourism programme "improving lives with responsible tourism" (SNV Netherlands Development Organisation; 2011) and ICCO through their work with "Fair Trade Tourism South Africa -FTTSA" (ICCO; 2008) support the tourism sector in developing countries.

In the majority of interventions the key focus is put on building local capacity for sustainable tourism development. Economic, environmental, cultural, and institutional sustainability are then critical components focussed upon. Attention on how tourism businesses in developing countries can sell their tourism products to the European market are mostly focussed on providing sales opportunities and knowledge of market requirements. Thus, in sum, most tourism development interventions in developing countries focus on building of local capacity and to some

³ Inbound tour operators in the focus group discussion came from Benin, Bolivia, Burkina Faso, Colombia, Ecuador, Ethiopia, Georgia, Ghana, Indonesia, Kenya, Madagascar, Nepal, Nicaragua, Peru, South Africa, Tanzania, Thailand, Uganda and Vietnam.

degree the provision of access to the international market. However, according to the author's best knowledge, no attention is put towards developing capacities that enables tourism businesses to manage cultural differences between them and their target markets. However, as limited and small scale this research also might have been, it shows that 'culture matters' and it would greatly benefit tourism businesses in developing countries if more attention would be put towards supporting the development of culture related skills and capacities.

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Appendixes

Appendix 1: Operationalisation matrix

Table 34: Operationalisation matrix

Construct	Indicator	Measurement of indicator	Rational of construct and indicator	Academic findings on construct and indicator	Discussion in paper
General management of the supply chain	Relation B2B and B2C supply chain	Ration between B2B and B2C sales (expressed in percentage of sales volume) in the last financial year.	For an inbound tour operator it is important to have a good balance between direct sales (B2C) and indirect sales (B2B). Overdependence on one of the two chains creates an unstable and unsustainable business in most cases.	Middleton, Victor T. C.; Fyall, Alan; Morgan, Michael and Ranchhod, Ashok: 2009, 275	Chapter 2.2.4 and chapter 2.2.5
	Overall sales volume (in actual numbers of consumers).	Overall sales volume of customers (domestic and international) (in actual numbers of consumers) over the past three financial years.	In order to have a stable and well functioning enterprise the sales volume (in actual numbers of consumers) must be stable or at best increasing over time.	Centre for the Promotion of Imports, CBI;	
	Overall sales volume (revenue).	Overall sales volume of customers (in Euro) over the past three financial years.	In order to have a stable and well functioning enterprise the sales volume (revenue) must be stable or at best increasing over time.		Centre for the Promotion of Imports, CBI
	Overall net profit margin	Overall net profit margin derived over the past three financial years, expressed in percentages.	The net profit margin derives from dividing the net profit by the company's net revenues. The net profit margin is given as a percentage. The net profit margin indicates how successful a company is at cost control. A company with a high net profit margin manages effectively to convert revenue into actual profit. While sales volume indicates how much the company manages to sell, the net profit margin indicates on how well the company manages the terms under which their products are sold. As an example, a company selling high volumes through the B2B supply chain, however failing to determine effective sales conditions will have a high sales volume, but at the same time a low net profit margin.	Centre for the Promotion of Imports, CBI	
Management of the B2C supply chain	Overall sales volume (in actual numbers of consumers).	Overall sales volume of European customers (in actual numbers of consumers) over the past three financial years.	In order to have a stable and well functioning enterprise the sales volume (in actual numbers of consumers) must be stable or at best increasing over time.	Centre for the Promotion of Imports, CBI	
	Overall sales volume (revenue).	Overall sales volume of European customers (in Euro) over the past three financial years.	In order to have a stable and well functioning enterprise the sales volume (in Euro) must be stable or at best increasing over time.	Centre for the Promotion of Imports, CBI	
	Overall net profit margin	Overall net profit margin derived over the past three financial years, expressed in percentages.	The net profit margin derives from dividing the net profit by the company's net revenues. The net profit margin is given as a percentage. The net profit margin indicates how successful a company is at cost control. A company with high net profit margin manages effectively to convert revenue into actual profit. While sales volume indicates how much the company manages to sell, net profit margin indicates how well the company manages the terms under which products are sold. As an example, a company selling high volumes through the B2B supply chain, however failing to determine effective sales conditions will have a high sales volume, but at the same time a low net profit margin.	Centre for the Promotion of Imports, CBI	

Construct	Indicator	Measurement of indicator	Rational of construct and indicator	Academic findings on construct and indicator	Discussion in paper
Management of the B2C supply chain (continued)	Customer satisfaction (extent of repeat customers).	Extent of repeat customers.	Customer satisfaction is an essential component towards developing and maintaining an effective B2C supply chain. Indicators for customer satisfaction can be the amount of repeat customers, the extent of word of mouth promotion and social media recognition, for example through ratings on tripadvisor.	Author	
	Customer satisfaction (score tripadvisor).	Customer satisfaction (measured through score tripadvisor).	As above	Author	
Management of the B2B supply chain	Overall sales volume (in actual numbers of consumers).	Overall sales volume of European customers (in actual numbers of consumers) over the past three financial years.	In order to have a stable and well functioning enterprise the sales volume (in actual numbers of consumers) must be stable or at best increasing over time.	Centre for the Promotion of Imports, CBI	
	Overall sales volume (revenue).	Overall sales volume of European customers (in Euro) over the past three financial years.	In order to have a stable and well functioning enterprise the sales volume (in Euro) must be stable or at best increasing over time.	Centre for the Promotion of Imports, CBI	
	Overall net profit margin	Overall net profit margin derived over the past three financial years, expressed in percentages.	The net profit margin derives from dividing that net profit by the company's net revenues. The net profit margin is given as a percentage. The net profit margin indicates how successful a company is at cost control. A company with a high net profit margin manages effectively to convert revenue into actual profit. While sales volume indicates how much the company manages to sell, the net profit margin indicates on how well the company manages the terms under which their products are sold. As an example, a company selling high volumes through the B2B supply chain, however failing to determine effective sales conditions will have a high sales volume, but at the same time a low net profit margin.	Centre for the Promotion of Imports, CBI	
	General relations with European TOs	Description of relations with TOs.	General relations with European TOs refers to the interaction between inbound and outbound TO. In the most successful case, the relation should be of equal power and mutual benefit.	Author	
Length of B2B supply chain	Analysis of the enterprise's B2B supply chain, according to the developed supply chain analysis model. Count of stakeholders involved between the inbound TO and their final consumer (tourist).	In chapter 2.2.4 the typical tourism supply chain was discussed. However in chapter 2.2.6 it was discussed that the B2B tourism supply chain does not necessary have to be designed according to the typical TSC. The longer the indirect distribution tourism supply chain, thus the more stakeholders are involved between the inbound tour operator and his final customer, the lower the actual profit margin derived by the inbound tour operator will be. Thus, in the ideal case, a short and effective supply chain will be found.	Tapper and Font: 2004 Zhang, Song, and Huang: 2009 Bonera and Corvi: 2005 Humphrey and Schmitz: 2008 STDC: 2009 Middleton, Victor T. C.; Fyall, Alan; Morgan, Michael and Ranchhod, Ashok: 2009	Chapter 2.2, in specific chapter 2.2.4 and chapter 2.2.6	

Construct	Indicator	Measurement of indicator	Rational of construct and indicator	Academic findings on construct and indicator	Discussion in paper
Management of the B2B supply chain <i>(continued)</i>	Number of EU TOs cooperated with	The actual number of European TOs the enterprise cooperated with in the last financial year.	It should be the main aim of an inbound tour operator to provide 'access', meaning points of sales convenient for the consumer. In order to reach as many potential consumers as possible it is essential to cooperate with as many suitable outbound tour operators (or other stakeholders) as possible. Further it is important that these outbound tour operators are effective in reaching potential identified target markets.	Middleton, Victor T. C.; Fyall, Alan; Morgan, Michael and Ranchhod, Ashok: 2009	Chapter 2.2, in specific chapter 2.2.4 and chapter 2.2.6
Internal causes - HCR - Knowledge <i>Entrepreneur's education:</i>	Entrepreneur's level of education	Entrepreneur's highest degree obtained	According to Haber and Reichel human capital of the entrepreneur refers to education, prior experience in entrepreneurship. This view is also held by Robinson and Sexton, who conclude their research with the finding that "general education has a strong positive influence on entrepreneurship in terms of becoming self-employed and success.	Haber and Reichel; 2005, 122 Robinson and Sexton; 1994, 141	Chapter 2.6 and chapter 2.5
	Relevance of entrepreneur's education	Identification whether the entrepreneur's education was relevant for the tourism industry Identification whether the entrepreneur's education was relevant for entrepreneurship.	As an addition to the general education of the entrepreneur, the author is of the opinion that the education must be relevant for either the tourism industry or entrepreneurship to have a meaningful influence on business effectiveness. As above	Author Author	
Internal causes - HCR - Knowledge <i>Prior experience in entrepreneurship/ work</i>	Prior experience in entrepreneurship	Prior experience in entrepreneurship in years.	As outlined above it was found that prior experience in entrepreneurship significantly contributes towards effective business management.	Haber and Reichel; 2005, Robinson and Sexton; 1994	Chapter 2.6 and chapter 2.5
	Prior work experience in tourism sector	Prior work experience in tourism sector in years	As outlined above it was found that prior work experience in the relevant sector (in this case tourism) significantly contributes towards effective business management.	Haber and Reichel; 2005, Robinson and Sexton; 1994	Chapter 2.6 and chapter 2.5
Internal causes - HCR - Skills <i>Entrepreneur skills: Intercultural competencies</i>	Level of intercultural competencies	Scores obtained in the questionnaire to measure the level of intercultural competencies.	The ability to interact effectively and appropriately in intercultural situations, is based on specific attitudes, intercultural knowledge, skills and reflection (intercultural competencies) are essential towards an effective management of cultural differences. Based upon proven self-assessment tools, an assessment tool for inbound tour operators was developed to determine the level of intercultural competencies.	Mitchell; 2000, Dearthoff; 2010, Byram and Feng; 2006, Fantini; 2006	Chapter 2.6 and chapter 2.5
	Level of intercultural experience	Length of stay in foreign country, expressed in months.	Culture is not innate, it is learned behaviour and hence can be changed. Nonetheless, learning and understanding another culture takes study, a keen sense of observation, and above all, a willingness to learn and relinquish the notion that one's native culture is superior. In order to understand a culture in its true sense, it has proven to be most effective to have lived for a prolonged period of time in a foreign environment.	Mitchell; 2000	Chapter 2.6 and chapter 2.5
	Language skills	Languages fluently spoken, written and read	In order to interact with another culture it is essential that the stakeholders can communicate in a common language. Speaking Thai and English is seen as essential skills to be able to communicate sufficiently. Speaking any additional languages that are relevant for the target market are seen as a pre.	Author	

Construct	Indicator	Measurement of indicator	Rational of construct and indicator	Academic findings on construct and indicator	Discussion in paper
Internal causes - HCR - Skills <i>Entrepreneur skills: Intercultural competencies (continued)</i>	Entrepreneur's nationality	The nationality of the entrepreneur.	This indicator will not be included in the calculations of the matrix, but might be a useful indication for possible differences between companies.	Author	
Internal causes - HCR - Skills <i>Firm skills</i>	Firm skills in communication, coordination, and information exchange. Marketing skills	Related firm skills are measured through observation of staff efficiency in communication with clients and coordination of programs. Measured through the quality and extent of: printed marketing material (brochures, leaflets, etc.) Quality of website Presence in Social Media (tripadvisor) Presence in Travel books (major travel books, specifically Lonely Planet) Presence in General media (TV travel programs, journal and magazine articles, etc.).	Not only the skills of the entrepreneur are of essential influence when running a successful business, but also staff has to work efficiently and communicate with (potential) clients well. Especially in case where staff is the first point of contact, their skills are key to making the sale. Marketing skills refer to the internal skills a company as a whole has. Proper marketing skills are essential in order to reach proper sales volume. Marketing skills are essential for B2B marketing as well as B2C marketing.	Haber and Reichel; 2005, Robinson and Sexton; 1994, Author Haber and Reichel; 2005, Robinson and Sexton; 1994, Author	Chapter 2.6 Chapter 2.6
Internal causes- OCR	Relations external environment	Extend of relations with external environment are measured through the extent and amount of relations with international tourism sector stakeholders (TOs, interest groups, etc.).	For a company it is essential to have stable and long-term relations with their external environment. The external environment can be of significant influence when searching for potential supply chain stakeholders/ partners or when trying to get credibility amongst those stakeholders. Further the external environment can have significant influence on gaining market intelligence.	Haber and Reichel; 2005, 122 Robinson and Sexton; 1994, 141 Author	Chapter 2.6
Intra-stakeholder causes Different trust dimensions	Likelihood to receive trust	Measurement based on the likelihood whether the outbound TO sees inbound TO as a trusted business partners. In specific whether the outbound tour operator trusts them as a (a) reliable, (b) competent, (c) loyal, and/or (d) trustworthy partner. Measurement is done from the perspective of the European outbound tour operator.	While several author and their research concluded that trust is important in the network and partnership development process and thus is vital for the supply chain management, no direct measurements could be found on which indicators influence the level of trust. In this research paper it was found that trust is influence by the intercultural background of the entrepreneur. European outbound TOs showed most trust in business partners from their own culture. A high level of trust was also shown to Westerners operating in the foreign country. To some extend trust was also shown to foreigners that had lived in a Western country. Trust to foreigners without international experience was rarely given, only after lengthy cooperation.	Zheng; 2009 Barber and Hosmer; 1983 Handfield; 2003 Mishra; 1996, Gabarro; 1979, Bromiley and Cummings; 1996, Rempel and Holmes; 1986, Ghoshal and Bartlett; 1995	Chapter 2.4, in specific chapter 2.4.1

Construct	Indicator	Measurement of indicator	Rational of construct and indicator	Academic findings on construct and indicator	Discussion in paper
Intra-stakeholder causes Different trust dimensions <i>(continued)</i>	Reliability (experience in prior experience entrepreneurship)	Length of experience in entrepreneurship	It was proven that reliability between two potential business partners is of vital importance in order to achieve the sale, Further reliability is not only if critical importance when establishing a new partnership, but also in its maintenance. In relation of the trust dimension, reliability is established through showing experience in the trade. Thus reliability is measured through length of experience as an entrepreneur and length of work experience in the tourism industry prior to the current business operation.	Zheng; 2009 Barber and Hosmer; 1983 Handfield; 2003 Mishra; 1996, Gabarro; 1979, Bromiley and Cummings; 1996, Rempel and Holmes; 1986, Ghoshal and Bartlett; 1995 Author	Chapter 2.4, in specific chapter 2.4.1
	Reliability (experience in prior work experience in tourism)	Length of work in tourism sector	As above	As above	As above
	Competence (time of being in business)	Length of time in business	Additionally to showing the potential business partner being a reliable business partner, it was also proven that it was of vital importance to show that one is a competent business partner. Competence is expressed through the length of being successfully in business.	As above	As above
Intra-stakeholder causes Different cultural dimensions – <i>entrepreneur</i>	Entrepreneur's awareness of different cultural dimensions	The extent to which the entrepreneur is aware of cultural differences between his or her own culture and the culture of business partners and customers.	The first step towards a successful management of cultures is the identification and understanding of different cultural dimensions. For this, the entrepreneur has to be aware of his or her own culture and at the same time understand how the culture of his or her business partner or customer differs from his or her own cultural setting.	Bhagat and Steers; 2009, Johnson and Turner; 2009, Hofstede; 2009 Anca and Vega; 2007	Chapter 2.3, in specific chapter 2.3.2
	Entrepreneur management of different cultural dimensions	The effectiveness with which the entrepreneur is managing the cultural differences between his or her own culture and the culture of business partners and customers.	Building upon the entrepreneur's understanding of different cultural dimensions between him or her and the business partner and customer, follows the effective management of cultural differences.	As above	As above
Intra-stakeholder causes Different cultural dimensions – <i>staff</i>	Firm (staff) awareness of different cultural dimensions	The extent to which the staff is aware of cultural differences between his or her own culture and the culture of business partners and customers.	The first step towards a successful management of cultures is the identification and understanding of different cultural dimensions. For this, the staff has to be aware of his or her own culture and at the same time understand how the culture of his or her business partner or customer differs from his or her own cultural setting.	As above	As above
	Firm (staff) management of different cultural dimensions	The effectiveness with which the staff is managing the cultural differences between his or her own culture and the culture of business partners and customers.	Building upon the staff's understanding of different cultural dimensions between him or her and the business partner and customer, follows the effective management of cultural differences.	As above	As above

Appendix 2: Classification of indicators

Construct	Indicator	Measurement of indicator	Classification good	Classification satisfactory	Classification poor
General management of the supply chain	Relation B2B and B2C supply chain	Ration between B2B and B2C sales (expressed in percentage of sales volume) in the last financial year.	B2B and B2C have a good balance. This is the case if no supply chain exceeds is equal to 61% of all sales.	B2B and B2C are relatively in balance. However one supply chain overpowers. This is the case if one supply chain is equal to or exceeds 61% of all sales, however stays below 80%.	B2B and B2C are highly imbalanced. This is the case of any supply chain is equal to or exceeds 80% of all sales.
	Overall sales volume (in actual numbers of consumers).	Overall sales volume of European customers (in actual numbers of consumers) over the past three financial years.	Increasing sales volume of European customers (in actual numbers of consumers) over the past three financial years.	Stable or slightly fluctuating sales volume of European customers (in actual numbers of consumers) over the past three financial years.	Decreasing or highly fluctuating sales volume of European customers (in actual numbers of consumers) over the past three financial years.
	Overall sales volume (in Euro).	Overall sales volume of European customers (in Euro) over the past three financial years.	Increasing overall sales volume of European customers (in Euro) over the past three financial years.	Stable or slightly fluctuating overall sales volume of European customers (in Euro) over the past three financial years.	Decreasing or highly fluctuating overall sales volume of European customers (in Euro) over the past three financial years.
	Overall net profit margin	Overall net profit margin derived over the past three financial years, expressed in percentages.	Increasing overall net profit margin derived over the past three financial years, expressed in percentages.	Stable or slightly fluctuating overall net profit margin derived over the past three financial years, expressed in percentages.	Decreasing, highly fluctuating, or no overall net profit margin derived over the past three financial years, expressed in percentages.
Management of the B2C supply chain	Overall sales volume (in actual numbers of consumers).	Overall sales volume of European customers (in actual numbers of consumers) over the past three financial years.	Increasing sales volume of European customers (in actual numbers of consumers) over the past three financial years.	Stable or slightly fluctuating sales volume of European customers (in actual numbers of consumers) over the past three financial years.	Decreasing or highly fluctuating sales volume of European customers (in actual numbers of consumers) over the past three financial years. Or do not have B2C sales.
	Overall sales volume (in Euro).	Overall sales volume of European customers (in Euro) over the past three financial years.	Increasing overall sales volume of European customers (in Euro) over the past three financial years.	Stable or slightly fluctuating overall sales volume of European customers (in Euro) over the past three financial years.	Decreasing or highly fluctuating overall sales volume of European customers (in Euro) over the past three financial years. Or do not have B2C sales.
	Overall net profit margin	Overall net profit margin derived over the past three financial years, expressed in percentages.	Increasing overall net profit margin derived over the past three financial years, expressed in percentages.	Stable or slightly fluctuating overall net profit margin derived over the past three financial years, expressed in percentages.	Decreasing, highly fluctuating, or no overall net profit margin derived over the past three financial years, expressed in percentages. Or do not have B2C sales.
	Customer satisfaction	Extent of repeat customers.	High number of repeat customers.	Medium level of repeat customers.	Little to no repeat customers. Or do not have B2C sales.
	Customer satisfaction	Customer satisfaction (measured through score tripadvisor).	High customer satisfaction (measured through high score tripadvisor).	Medium customer satisfaction (measured through medium score tripadvisor, or solely listed as source).	Customer satisfaction unknown (no listing on tripadvisor, or very low listing on tripadvisor).
Construct	Indicator	Measurement of indicator	Classification good	Classification satisfactory	Classification poor

Management of the B2B supply chain	Overall sales volume (in actual numbers of consumers).	Overall sales volume of European customers (in actual numbers of consumers) over the past three financial years.	Increasing sales volume of European customers (in actual numbers of consumers) over the past three financial years.	Stable or slightly fluctuating sales volume of European customers (in actual numbers of consumers) over the past three financial years.	Decreasing or highly fluctuating sales volume of European customers (in actual numbers of consumers) over the past three financial years. Or do not have B2B sales.
	Overall sales volume (in Euro).	Overall sales volume of European customers (in Euro) over the past three financial years.	Increasing overall sales volume of European customers (in Euro) over the past three financial years.	Stable or slightly fluctuating overall sales volume of European customers (in Euro) over the past three financial years.	Decreasing or highly fluctuating overall sales volume of European customers (in Euro) over the past three financial years. Or do not have B2B sales.
	Overall net profit margin	Overall net profit margin derived over the past three financial years, expressed in percentages.	Increasing overall net profit margin derived over the past three financial years, expressed in percentages.	Stable or slightly fluctuating overall net profit margin derived over the past three financial years, expressed in percentages.	Decreasing, highly fluctuating, or no overall net profit margin derived over the past three financial years, expressed in percentages. Or do not have B2B sales.
	General relations with European TOs	Description of relations with TOs.	Strong relations with a high number of European outbound TOs. Depending on the size of the operation, a minimum of 10 European outbound TOs should be cooperated with.	Satisfactory relations with European outbound Tos, however could be more. Depending on the size of the operation, a maximum of 5 European outbound TOs is cooperated with.	Little to no relations with European outbound TOs. Depending on the size of the operation, a maximum of 5 European outbound TOs is cooperated with.
	Length of B2B supply chain	Analysis of the enterprise's B2B supply chain, according to the developed supply chain analysis model. Count of stakeholders involved between the inbound TO and their final consumer (tourist).	B2B supply chain well developed. B2B supply chain short and effective, characterised by small number of stakeholders involved. No more than one stakeholder between inbound TO and final consumer.	A mix of well developed short B2B supply chains and long ineffective developed B2B supply chains. The number of stakeholders between the inbound TO and final consumer varies.	B2B supply chain not or very poorly developed. B2B supply chain lengthy and characterised by a number of stakeholders involved. More than one stakeholder between inbound TO and final consumer.
	Number of EU TOs cooperated with	The actual number of European TOs the enterprise cooperated with in the last financial year.	10 and above European Tos were cooperated with over the last financial year.	At least 5 and up to 10 European TOs were cooperated with over the last financial year.	Below 5 European Tos were cooperated with over the last financial year.
Internal causes - HCR - Knowledge Entrepreneur's education:	Entrepreneur's level of education	Entrepreneur's highest degree obtained	University education	Secondary education after high school, or any comparable educational level.	No more than high school
	Relevance of entrepreneur's education	Identification whether the entrepreneur's education was relevant for the tourism industry Identification whether entrepreneur's education relevant for entrepreneurship.	Related to tourism. Related to entrepreneurship.	na na	Not related to tourism. Not related to entrepreneurship.
Internal causes - HCR - Knowledge Prior experience in entrepreneurship/work	Prior experience in entrepreneurship	Prior experience in entrepreneurship in years.	More than five years of prior experience in entrepreneurship.	Prior experience in entrepreneurship, but less than five years.	No prior experience in entrepreneurship.
	Prior work experience in tourism sector	Prior work experience in tourism sector in years	More than five years of prior work experience in tourism sector in years.	Prior work experience in tourism sector in years, but less than five years.	No prior work experience in tourism sector in years.
Construct	Indicator	Measurement of indicator	Classification good	Classification satisfactory	Classification poor

Internal causes - HCR - Skills Entrepreneur skills: Intercultural competencies	Level of intercultural competencies	Scores obtained in the questionnaire to measure the level of intercultural competencies.	Score of intercultural competencies questionnaire equal to or above 67%	Score of intercultural competencies questionnaire above 50% and below 67%.	Score of intercultural competencies questionnaire below 50%.
	Level of intercultural experience	Length of stay in foreign country, expressed in months.	Spent more than 6 months in a country different than the country of origin.	Spent more than 3 months in a country different than the country of origin.	Has never spent any time longer than 3 months in a country different than the country of origin.
	Language skills	Languages fluently spoken, written and read	Thai, English and any other language	Thai and English	Only fluent in one of the two essential languages (Thai and English). (Any number of additional languages can be spoken)
	Entrepreneur's nationality	The nationality of the entrepreneur.	(Categories do not apply to this section) Thai	(Categories do not apply to this section) Foreigner of a nationality different from Western nationality	(Categories do not apply to this section) Western foreigner
Internal causes - HCR - Skills Firm skills	Firm skills in communication, coordination, and information exchange.	Related firm skills are measured through observation of staff efficiency in communication with clients and coordination of programs.	High to very high level of firm skills. Staff communicates efficiently with clients and coordination of programs is undertaken by staff professionally.	Medium level of firm skills. Staff communicates satisfactory with clients and coordination of programs is undertaken by staff to a satisfying degree. However, improvements are needed in some respects.	Low to very low level of firm skills. Staff communicates inefficiently with clients and coordination of programs is undertaken by staff to a dissatisfying degree.
	Marketing skills	Marketing skills are measured through the quality and extent of: printed marketing material (brochures, leaflets, etc.)	Printed materials of good to very good quality.	Printed materials of satisfactory quality, or basic but improving.	Printed materials none existing or of poor quality.
		Quality of website	Webpage of good to very good quality.	Webpage of satisfactory quality, or basic but improving.	Webpage none existing or of poor quality.
		Social Media (tripadvisor)	Well represented in social media.	Present in social media, but to a limited degree.	Not present in social media.
		Travel books (in major travel books and specifically in Lonely Planet)	Well represented in major travel books.	Represented in travel books, but to a limited degree.	Not present in travel books.
		General media (TV travel programs, journal and magazine articles, etc.).	Well represented in general media (journals, newspapers, etc.).	Represented in general media, but to a limited degree, or only in one type of media.	Not present in general media.

Construct	Indicator	Measurement of indicator	Classification good	Classification satisfactory	Classification poor
Internal causes-OCR	Relations external environment	Extend of relations with external environment are measured through the extent and amount of relations with international tourism sector stakeholders (TOs, interest groups, etc.).	Relations with external environment are well developed. The enterprise has well developed relations with international tourism sector stakeholders. In this it is most important that relations with international profit tourism sector stakeholders were extensively established. Non-profit stakeholders can be involved, however are of minor importance. The enterprise should also have good relations with key national tourism stakeholders.	Relations with external environment are developed. The enterprise has developed some relations with international profit tourism sector stakeholders. Non-profit stakeholders can be involved, however are of minor importance. The enterprise should also have relations with key national tourism stakeholders.	For this category there are several possibilities: a) no relations with the external environment are underdeveloped. b)The enterprise has developed relations with international tourism sector stakeholders, however the greatest majority of related stakeholders are of non-profit nature. c) And/ or the enterprise has relations with national tourism stakeholders.
Intra-stakeholder causes Different trust dimensions	Entrepreneur's intercultural background	Measurement is based on findings that when outbound TOs are searching for new inbound TOs to cooperate with, European outbound TOs prefer to cooperate with businesses managed by fellow countryman or westerners, when such business cannot be found that inbound TOs are searched for where the entrepreneur has lived in the country of the outbound TO or any other European or western country. Inbound TOs that are neither managed by western entrepreneurs nor entrepreneurs that have lived in a western country are the least preferred inbound TO to cooperate with and are only chosen in cases where no other inbound TO is available in the destination.	If the entrepreneur of an inbound tour operator is of, the entrepreneur's intercultural background and thus the likelihood of receiving trust from a European outbound tour operator is judged as 'good'.	If the entrepreneur of an inbound tour operator has lived for an extended period of time (more than 3 months) abroad (in a Western country) the entrepreneur's intercultural background and thus the likelihood of receiving trust from a European outbound tour operator is judged as 'satisfactory'.	If the entrepreneur of an inbound tour operator has not lived in a western country for an extended period of time (more than 3 months) the entrepreneur's intercultural background and thus the likelihood of receiving trust from a European outbound tour operator is judged as 'poor'.
	Reliability (experience in prior experience entrepreneurship)	Length of experience in entrepreneurship	More than five years of prior experience in entrepreneurship.	Prior experience in entrepreneurship, but less than five years.	
	Reliability (experience in prior work experience in tourism)	Length of work in tourism sector	More than five years of prior work experience in tourism sector in years.	Prior work experience in tourism sector in years, but less than five years.	

Construct	Indicator	Measurement of indicator	Classification good	Classification satisfactory	Classification poor
Intra-stakeholder causes Different trust dimensions (continued)	Competence (time of being in business)	Length of time in business	More than 10 years in business.	More than 5 and upto ten years in business.	
Intra-stakeholder causes Different cultural dimensions – entrepreneur	Entrepreneur's awareness of different cultural dimensions	The extent to which the entrepreneur is aware of cultural differences between his or her own culture and the culture of business partners and customers.	Entrepreneur is very aware of cultural differences and can give numerous detailed examples per nationality.	Entrepreneur has basic awareness of cultural differences, however cannot give detailed examples per nationality, only on a general level, differences between Thai and Western culture.	Entrepreneur has no awareness of cultural differences. No concrete examples can be given.
	Entrepreneur management of different cultural dimensions	The effectiveness with which the entrepreneur is managing the cultural differences between his or her own culture and the culture of business partners and customers.	The entrepreneur is managing cultural differences between his or her own culture and the culture of business partners and customers well to very well and showed a specific approach to each nationality cooperated with.	The entrepreneur achieves to manage cultural differences on an overall level reasonably well, however does not show a specific approach for each nationality but manages cultural differences more on a generalised level.	The entrepreneur does not manage cultural differences between his or her own culture and the culture of business partners and customers well.
Intra-stakeholder causes Different cultural dimensions – staff	Firm (staff) awareness of different cultural dimensions	The extent to which the staff is aware of cultural differences between his or her own culture and the culture of business partners and customers.	Staff is very aware of cultural differences and can give numerous detailed examples per nationality.	Staff has basic awareness of cultural differences, however cannot give detailed examples per nationality, only on a general level, differences between Thai and Western culture.	Staff has no awareness of cultural differences. No concrete examples can be given.
	Firm (staff) management of different cultural dimensions	The effectiveness with which the staff is managing the cultural differences between his or her own culture and the culture of business partners and customers.	Staff is managing cultural differences between his or her own culture and the culture of business partners and customers well to very well.	Staff does not manage cultural differences between his or her own culture and the culture of business partners and customers to a satisfactory level. He or she does achieve to manage cultural differences well at times or with certain nationalities, however at times also does not manage cultural differences well.	Staff does not manage cultural differences between his or her own culture and the culture of business partners and customers well.

Appendix 3: Questionnaire - intercultural competencies

QUESTIONNAIRE GERMAN BUSINESS ETIQUETTE

Think back to the ITB 2010 you attended. During the event the CBI organized several business to business meeting for you, during which you had the chance to establish cooperation with German outbound tour operators. As Germany is one of your major target markets, these meetings were very important to you. Maybe at times you encountered problems in communicating with the German tour operator, or did not understand his or her reactions. This questionnaire is designed firstly self-test your knowledge of German business etiquettes and thereafter provide you with an answer key. We will then discuss in detail which results you achieved in the questionnaire and I will try to explain how you could react during a second meeting with a German tour operator. Having a general understating of the German business etiquette will be an important ingredient to success during the ITB, but also during your daily operations. All responses will be considered in confidence. If not indicated different please only tick one box per question! Thank you very much for your participation, time and honesty.

		True	False
<i>Greeting and welcoming</i>			
Q1	In business situations, shaking hands is practiced at the beginning of a meeting, the meeting is closed with a polite bow.	<input type="checkbox"/>	<input type="checkbox"/>
Q2	People that have worked together for years still shake hands each morning as if it were the first time they met.	<input type="checkbox"/>	<input type="checkbox"/>
Q3	It is impolite to shake hands with one hand in your pocket.	<input type="checkbox"/>	<input type="checkbox"/>
Q4	German men frequently great each other with Sir/Herr 'last name'. You proceed to addressing the counterpart with his first name after roughly five meetings.	<input type="checkbox"/>	<input type="checkbox"/>
Q5	People are addressed formally with Sir and their last name, however it is usually not practiced to address people by their full title, especially if these titles are long.	<input type="checkbox"/>	<input type="checkbox"/>
<i>Business dress code</i>			
Q6	Business dress in Germany is rather casual.	<input type="checkbox"/>	<input type="checkbox"/>
<i>Meetings</i>			
Q7	Punctuality is necessity in Germany. However, being late a few minutes is tolerated and not seen as insulting.	<input type="checkbox"/>	<input type="checkbox"/>
Q8	In business meetings, age takes precedence over youth. If you are in a group setting, the eldest person enters first.	<input type="checkbox"/>	<input type="checkbox"/>
Q9	For Germans it is important to establish a personal relationship in order to do business.	<input type="checkbox"/>	<input type="checkbox"/>
Q10	Before getting down to business Germans prefer to engage in broad small talk to establish a personal relationship.	<input type="checkbox"/>	<input type="checkbox"/>
Q11	Meeting agendas are only roughly followed and extending meetings past their established schedules often occurs.	<input type="checkbox"/>	<input type="checkbox"/>
Q12	Germans prefer rather informal business meetings that allow ample of time for any form of conversations or questions.	<input type="checkbox"/>	<input type="checkbox"/>
<i>Gift giving</i>			
Q13	In Germany giving gifts is a usual business practice and is often expected. Giving an obviously expensive gift will express ones appreciation and respect.	<input type="checkbox"/>	<input type="checkbox"/>
Q14	Gifts are usually opened when received.	<input type="checkbox"/>	<input type="checkbox"/>
<i>Gestures and communication</i>			
Q15	Germans sometimes gently tap their knuckles on the table instead of applauding at the end of a business meeting.	<input type="checkbox"/>	<input type="checkbox"/>
Q16	The "thumbs up" gesture is not only a sign of appreciation and agreement.	<input type="checkbox"/>	<input type="checkbox"/>

Q17	Within the concept of loosing face, Germans find it hard to say "no", "I can't", or "This is impossible".	<input type="checkbox"/>	<input type="checkbox"/>
Behaviour			
Q18	Germans business culture is largely collectivistic, in which communal interests are given more importance than individual interests.	<input type="checkbox"/>	<input type="checkbox"/>
Q19	The German thought process is extremely systematic, with each aspect of a project being examined in great detail.	<input type="checkbox"/>	<input type="checkbox"/>
Q20	Germans are rather flexible when it comes to honouring deadlines.	<input type="checkbox"/>	<input type="checkbox"/>
Q21	Germans keep a large personal space around them.	<input type="checkbox"/>	<input type="checkbox"/>
Q22	German business is male dominated.	<input type="checkbox"/>	<input type="checkbox"/>

ANSWER KEY QUESTIONNAIRE GERMAN BUSINESS ETIQUETTE

		True	False
Greeting and welcoming			
Q1	In business situations, shaking hands is practiced at the beginning of a meeting, the meeting is closed with a polite bow. <i>Answer: In business situations, shaking hands at both the beginning and the end of a meeting is practiced.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Q2	People that have worked together for years still shake hands each morning as if it were the first time they met. <i>Answer: true.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Q3	It is impolite to shake hands with one hand in your pocket. <i>Answer: true.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Q4	Germans frequently great each other with Sir/Herr or Madam/Frau 'last name'. You proceed to addressing the counterpart with his or her first name after roughly five meetings. <i>Answer: Germans frequently great each other with Sir/Herr or Madam/Frau 'last name', even when they know each other very well.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Q5	People are addressed formally with Sir and their last name, however it is usually not practiced to address people by their full title, especially if these titles are long. <i>Answer: Titles are very important to Germans. Do your best to address people by their full, correct title, no matter how extraordinarily long that title may seem to foreigners. This is also true when addressing a letter.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Business dress code			
Q6	Business dress in Germany is rather casual. <i>Answer: Business dress in Germany is very conservative. Businessmen wear dark suits; solid, conservative ties, and white shirts. Women also dress conservatively, in dark suits and white blouses.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Meetings			
Q7	Punctuality is a necessity in Germany. However, being late a few minutes is tolerated and not seen as insulting. <i>Answer: Punctuality is a necessity in Germany. Arrive on time for every appointment, whether for business or social. Being late, even if it is only by a few minutes, is very insulting to a German.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Q8	In business meetings, age takes precedence over youth. If you are in a group setting, the eldest person enters first. <i>Answer: true.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Q9	For Germans it is important to establish a personal relationship in order to do business. <i>Answer: Germans do not need a personal relationship in order to do business.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		True	False
Q10	Before getting down to business Germans prefer to engage in broad small talk. <i>Answer: Germans prefer to get down to business and only engage in the briefest of</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	<i>small talk.</i>		
Q11	Meeting agendas are only roughly followed and extending meetings past their established schedules often occurs. <i>Answer: Stick to a meeting's agenda and avoid extending meetings past their established schedules, as Germans value precise planning.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Q12	Germans prefer rather informal business meetings that allow ample of time for any form of conversations or questions. <i>Answer: Business meetings are very formal and follow the planned schedule. Order and efficiency is valued, so try not to delay the meeting with unnecessary conversations or questions. Be prepared to back up any points you make with data and figures to support what you have stated.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gift giving			
Q13	In Germany giving gifts is a usual business practice and is often expected. Giving an obviously expensive gift will express ones appreciation and respect. <i>Answer: In Germany, gifts are not expected, however a small gift is seen as polite. Substantial gifts are not usual, and certainly not before a deal has been reached if you don't want your intentions to be misinterpreted. Avoid selecting anything obviously expensive, as this may make the other person feel "obligated" to your generosity.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Q14	Gifts are usually opened when received. <i>Answer: true.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gestures and communication			
Q15	Germans sometimes gently tap their knuckles on the table instead of applauding at the end of a business meeting. <i>Answer: true.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Q16	The "thumbs up" gesture is not only a sign of appreciation and agreement. <i>Answer: true.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Q17	Within the concept of losing face, Germans find it hard to say "no", "I can't", or "This is impossible". <i>Answer: Germans don't find it hard to say "no", "I can't", or "This is impossible".</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Behaviour			
Q18	German business culture is largely collectivistic, in which communal interests are given more importance than individual interests. <i>Answer: The German business culture is largely an individualistic one where employees care about their own status ahead of business decisions, although Germans recognize the need for adhering to communal interests as well.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Q19	The German thought process is extremely systematic, with each aspect of a project being examined in great detail. <i>Answer: true.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Q20	Germans are rather flexible when it comes to honouring deadlines. <i>Answer: Germans are very strict when it comes to honouring deadlines.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Q21	Germans keep a large personal space around them. <i>Answer: true. Germans highly value their personal space around them. As a rule of thumb, try to keep half a metre space between you and the counterpart.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Q22	German business is male dominated. <i>Answer: true. German business is male dominated. Although women account for approximately 40 per cent of the workforce, they are underrepresented in management ranks.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Appendix 4: Outline in-depth interview

Outline in-depth interview – design of your tourism supply chain

In this paper I would like to introduce the subjects and issues we will discuss during our tourism supply chain session. Please feel free to have a look at the outline. This will give you a summary of the issues we will discuss. If you have any additional questions and subject you would like to discuss, please feel free to address these at any time.

Name company	
Country	
Owner	
Main office location	
Tourism establishment	
Number of employees	
Year of establishment	
Representatives covering the European Union	
Capacity (persons/year)	
Number of European tourists handled by company per year	
Value in EUR European tourists handled by company per year	
Current major tourist markets	
Targeted major tourist markets	
Overall financial situation	
Main financial issues	

Short description of the business

The establishment of Inbound XXX

The destination

The office

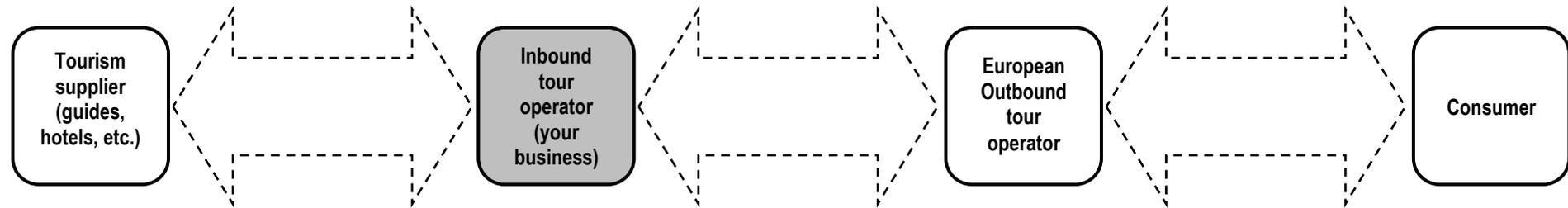
Staff

The tourism product

Local competition

YOUR SUPPLY CHAIN

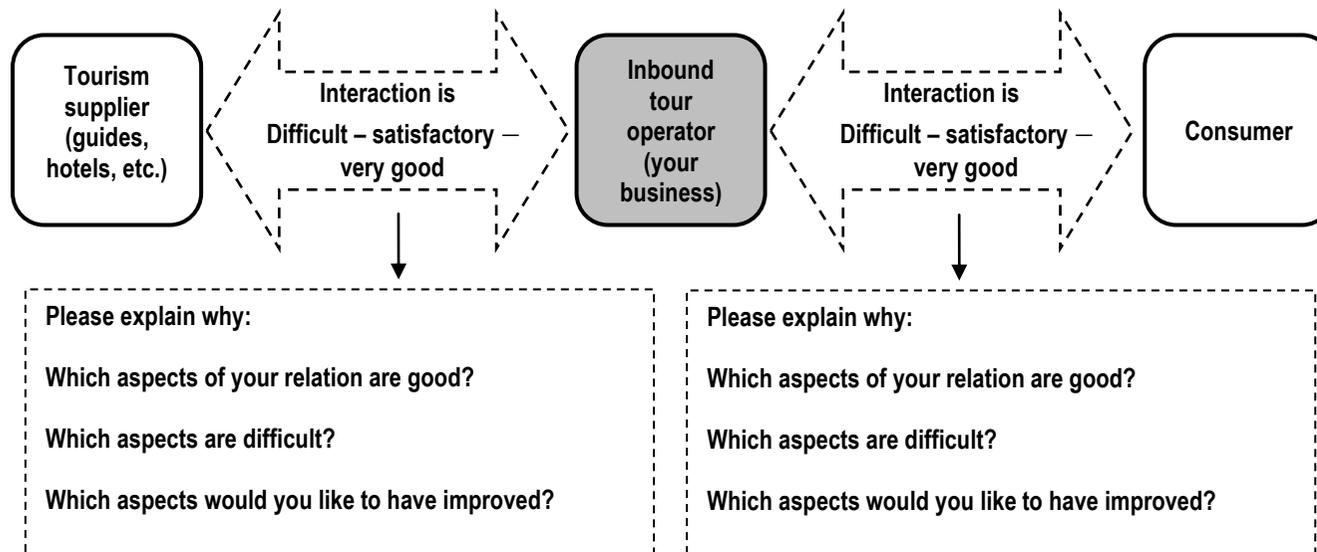
This section refers to your experiences within the tourism supply chain. Below you see a graphic presentation of a typical tourism supply chain, from the tourism supplier to the inbound tour operator, to the outbound tour operator and finally the consumer.



We are interested in how precisely you sell your tour packages to the final consumer, thus of which intermediate stakeholders do you make use. Firstly we will investigate together how your Business to consumer supply chain is designed; secondly we will investigate how your business to business tourism supply chain is designed.

YOUR BUSINESS TO CONSUMER SUPPLY CHAIN

In this section we will look at whether you sell your tourism products directly to the final consumer. In this, I would like to discuss how much (in percentage) of your overall sales of the last financial year you sold directly to the consumer, how you reached the consumer and how you would describe your interaction. The below model could help us discuss the B2C supply chain, however please feel free to draw any other model and discuss any other additionally relevant issues. Further I would like to discuss the profit margin of your B2C supply chain.

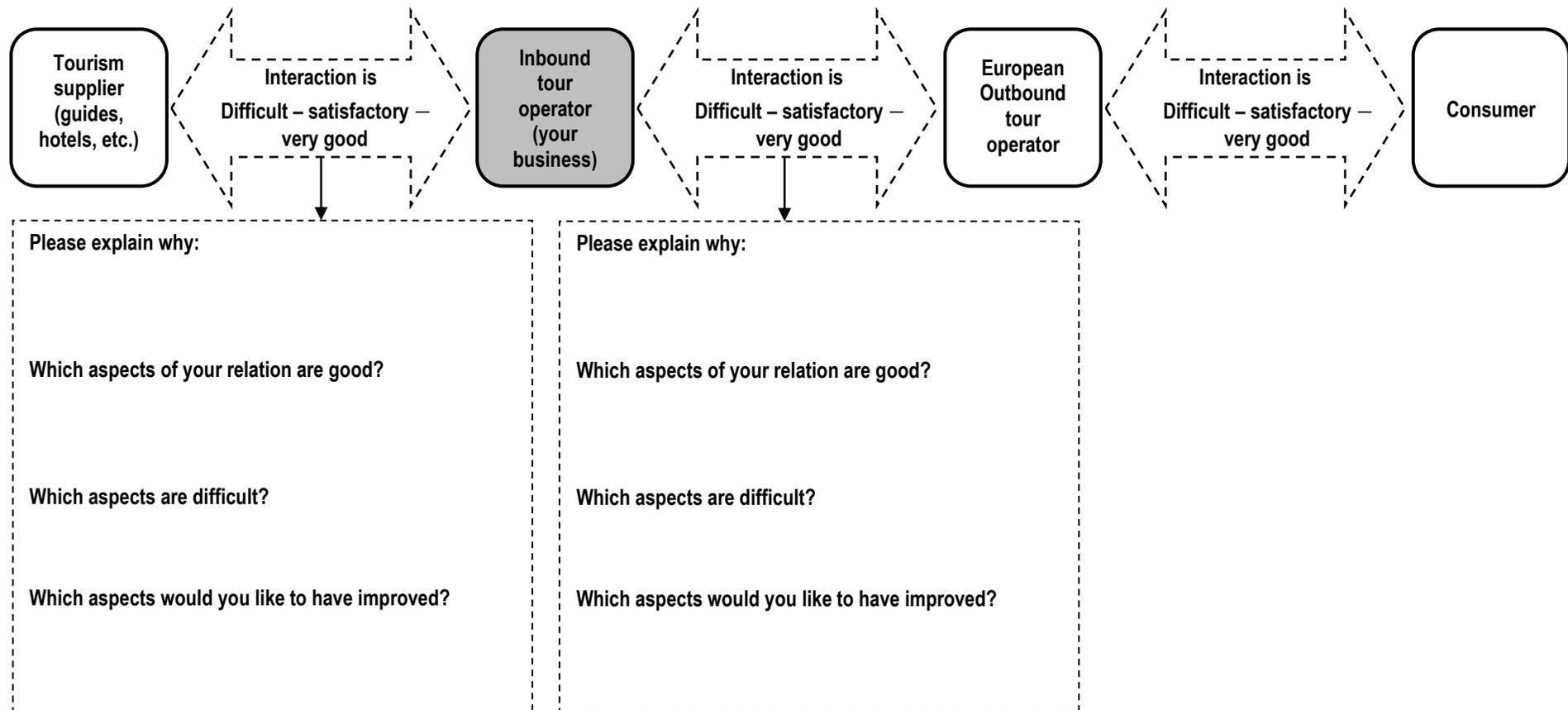


YOUR BUSINESS TO BUSINESS SUPPLY CHAIN

In this section we will look at whether you sell your tourism products indirectly to the final consumer, thus if you make use of any other stakeholders that sell your tourism product for you. In this, I would like to discuss how much (in percentage) of your overall sales of the last financial year you sold indirectly.

Further I would like to discuss to which stakeholders you sell your tourism product and to whom they sell your tourism product. It might be possible that you have more than one stakeholder to which you sell your tourism product. I would like to ask you to discuss each stakeholder with me individually. I am further interested how you reached each stakeholder to whom you sell your tourism product and how you would describe your relation.

The below model could help us discuss the B2B supply chain. I would like to draw a model similar to the model below for each stakeholder you sell your tourism product to. Further I would like to discuss profit margins for each drawn B2B supply chain.



Appendix 5: Semi-structured questionnaire

This questionnaire asks you a few open and closed questions on your personal background.
If not indicated different please only tick one box per question!

Personal characteristics

Q1	What is your name?	
Q2	What is the name of the company you represent and what is your main job function?	
Q3	What is your nationality (country)?	
Q4	What is your age?	
Q5	How many years of formal education did you complete (commencing with primary school)?	
Q6	What is/are your mother tongue/s?	

		Male	Female
Q7	What is your gender?	<input type="checkbox"/>	<input type="checkbox"/>

Foreign language skills

		Yes	No
Q8	Do you have any foreign language skills?	<input type="checkbox"/>	<input type="checkbox"/>

If YES, please continue with question 8. If NO, please continue with question 9.

Q9	Please give details below of the foreign languages you know and the level of skills you have on a scale of 1 to 3 (1=basic; 2=good; 3=fluent/excellent).												
	Language	speaking			listening			reading			writing		
		1	2	3	1	2	3	1	2	3	1	2	3
		<input type="checkbox"/>											
		<input type="checkbox"/>											
		<input type="checkbox"/>											
		<input type="checkbox"/>											

Your cultural background and international experience

Q10	What is your cultural background (e.g. parents from mixed nationalities, lived in other countries, mixed marriage, etc)?	
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		Yes	No
Q11	Have you ever visited a foreign country?	<input type="checkbox"/>	<input type="checkbox"/>

If YES, please continue with question 12. If NO, please continue with question 15.

Q12	Short term visit foreign country (below 3 months)		
	Please give details below of the countries you visited in the past five years and the main purpose for your stay. (In case you visited more than 5 countries in the last 5 years, please name the 5 countries you visited most frequently.)		
Country	Main purpose of visit		Number of visits in the past 5 years
	Leisure	Business	
	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	

		Yes	No
Q13	Have you ever stayed in foreign country for a period <u>longer than 3 months</u> ?	<input type="checkbox"/>	<input type="checkbox"/>

If YES, please continue with question 14. If NO, please continue with question 15.

Q14	Long term stay foreign country (longer than 3 months)			
	Please give details below of the countries you stayed in for a period <u>longer than 3 months</u> , the main purpose for your stay, the duration and year of the stay.			
Country	Main purpose of stay		Duration of stay (in months)	Year of stay
	Leisure	Business		
	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>		

Culture and your work

		Yes	No	Don't know
Q15	Do you regularly interact with business partners and clients (e.g. Outbound Tour Operators and tourists) that come from a foreign country?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If YES, please continue with question 16. If NO, please continue with question 22.

Q16	With which cultures do you interact on a regular basis (at least weekly) in your work?	
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		Yes	No	Don't know
Q17	Do you feel that differences in national culture impact on your work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

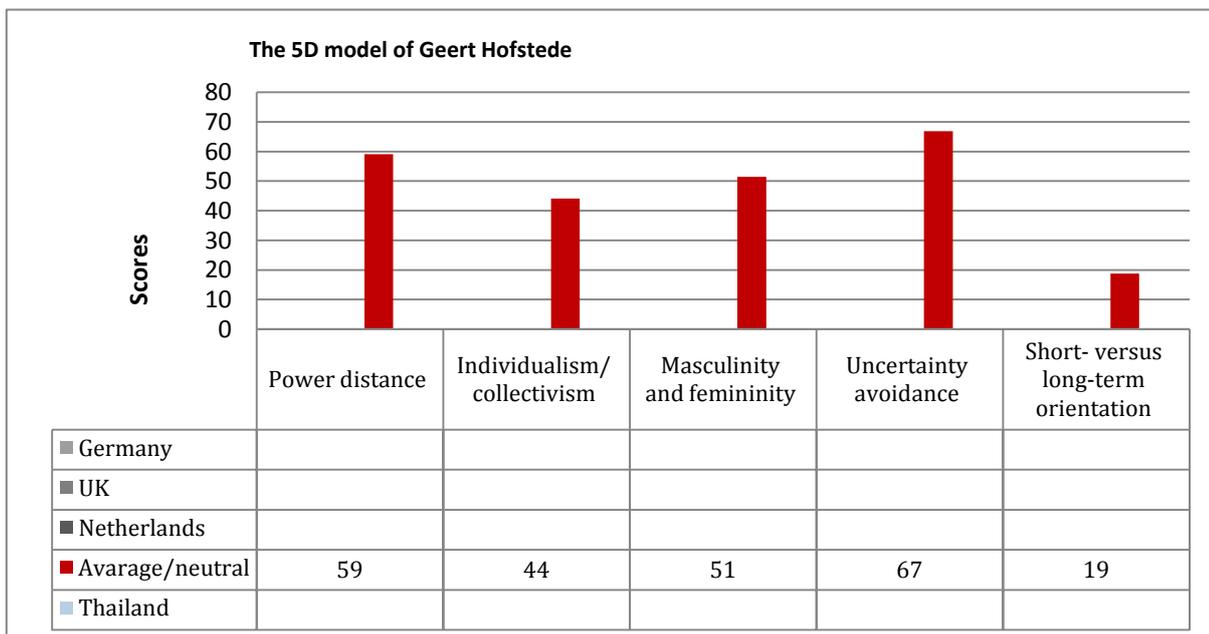
Q18	In what ways do you feel that differences in national culture impact on your work?	
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Q19	Please provide examples of experiences where you noticed that cultural differences played a role in your work? (If possible please provide examples in your work with Outbound Tour Operators and tourists.)	
-----	--	--

		Yes	No	Don't know
Q20	In your opinion do differences in national culture between you and business partners make it more difficult to effectively interact?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		Yes	No	Don't know
Q21	In your opinion do you think you manage the interaction with different cultures well?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q22	<p>Please indicate in the below picture which cultural attitudes you assign to the German, Dutch and British culture, compared with the Thai culture.</p> <p>Power distance = “extent to which power structures are hierarchical and reflect significant inequalities in power”</p> <ul style="list-style-type: none"> – <i>Low power distance</i>: effective leaders do not need to have substantial amounts of power compared to their subordinates. – <i>High power distance</i>: people in positions of authority should have considerable power compared to their subordinates. <p>Individualism/collectivism = importance given by a society of individualism versus Group interest.</p> <ul style="list-style-type: none"> – <i>Collectivism</i>: Group interests are more important than individual interests. – <i>Individualism</i>: Individual interests are more important than group interests. <p>Masculinity and femininity= society’s attitude towards assertiveness versus passivity and attitude towards material possessions versus quality of life.</p> <ul style="list-style-type: none"> – <i>Masculine societies</i>: high importance of “assertiveness, achievement, the acquisition of material possessions (...) and exhibit aggressive (...) goal behaviour”. Business environment with high degree of conflict and competition. – <i>Feminine societies</i>: high importance on social relationships, quality of life and sensitivity, passive goal behaviour and high degrees of cooperation, negotiation and compromise. <p>Uncertainty avoidance= level of tolerance for uncertainty and ambiguity within a society.</p> <ul style="list-style-type: none"> – <i>Low uncertainty avoidance</i>: Tolerance for ambiguity; little need for rules to constrain uncertainty. – <i>High uncertainty avoidance</i>: Intolerance for ambiguity; need for many rules to constrain uncertainty. <p>Short- versus long-term orientation= society’s outlook on work, life and relationships.</p> <ul style="list-style-type: none"> – <i>Short-term oriented cultures</i>: focus on the present and the attainment of short-term goals. – <i>Long-term oriented cultures</i>: satisfaction of needs is postponed for long-term benefits and growth.
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Appendix 6: Description of Thai inbound tour operators

Culture Travel

➤ *The establishment of Culture Travel*

Culture Travel is a Community Based Tourism Network and was established in 2008 by a pioneering group of 37 Thai communities, based in 7 provinces of Northern Thailand, which are working to develop and manage Community – Based Tourism (CBT) programs in their communities.

➤ *The destination*

Chiang Mai is the largest city within northern Thailand. Chiang Mai is known for its rich cultural heritage and pristine natural environment. Even though Chiang Mai is located over 700 km north of Bangkok, visitors can reach Chiang Mai comfortably by a range of transportation methods. Depending on time and budget available, visitors can choose between direct flights, train and bus. By plain the city can be reached from the capital within less than two hours, costing around 50 to 100 Euro. Popular amongst international travellers is also the night train from Bangkok to Chiang Mai.

Chiang Mai is a destination that receives domestic as well as international visitors. From 2005 onwards Mai suffered from declining tourists arrivals. However, through an extensive promotional program for the destination launched by the Thai Tourism Authority in 2009, tourist numbers slightly increased again from 2010 onwards. In 2010 Chiang Mai received above 4,5 million tourist arrivals, of which 2 million arrivals occurred by international visitors. Tourism supply in Chiang Mai is well developed. In 2010, there were 30,000 hotel rooms in Chiang Mai. Additionally there are over 250 Tour Operators and Travel Agencies based in Chiang Mai. In fact, tourism supply does not match tourism demand. Average hotel occupancy rates were found to be below 40% in 2010. Tour Operator and Travel Agencies reported similarly low occupancy rates for the same period. The over-supply of tourism products leads towards fierce competition amongst hotels, operators and agencies in Chiang Mai, often resulting in price cutting in order to receive business.

➤ *The office*

Culture Travel has an office with modern communication facilities. The office is located in Chiang Mai.

➤ *Staff*

Culture Travel has two full time staff members. Further, Culture Travel is supported by 20 committee members.

➤ *The tourism product*

Culture Travel focuses on promoting their members' products to Western, Responsible Tourism-orientated markets, and their suppliers in Thailand. Culture Travel also promotes to educational and special interest groups (foreign and domestic).

➤ *Local competition*

Local competition is fierce in Chiang Mai. As outlined above, tourism supply greatly outnumbers tourism demands. This creates fierce competition amongst tourism operators and leads towards price having to be cut in order to attract customers. Additionally, within Chiang Mai, Travel Agencies play a key role in the tourism supply chain, due to their extensive marketing initiatives.

Hong Travel

➤ *The establishment of Hong Travel*

After having studied in Australia Mr. P. returned to Thailand to establish a tour operator business in the north of Thailand. Mr. P. did not have prior knowledge of the tourism industry.

➤ *The destination*

Mae Hong Son is an upcoming tourist destination in the North of Thailand and becoming popular amongst adventures travellers that aim to discover the local hill tribes and the surrounding mountain area. Mae Hong Son shares the same touristic attractions as the second largest town of Thailand Chiang Mai and the already quite well established tourist destinations of Pai and Chiang Rai. Mae Hong Son can be reached by local bus from Chiang Mai via Pai, which takes approximately 8 hours. Tourist busses from Chiang Mai do not cater further than Pai. Mae Hong Son can also be reached via airplane from Chiang Mai, which takes approximately 45 min.

➤ *The office*

Hong Travel has four full time staff members, including Mr. P., that operate from a small office located in the small city centre of Mae Hong Son. The office is equipped with basic office supplies and equipment, such as a telephone with landline connection, two laptops, a multifunctional printer, a small reception and information corner.

➤ *Staff*

At current four staff members are employed (including the owner). All staff speaks English. Through internal training staff is being educated by Mr. P. about the tourism industry and in particular CBT. The company's tour guide is a former intern that has studied tourism. Apart from Mr. P. no staff has experience with other cultures and have not lived or travelled abroad.

➤ *The tourism product*

Hong Travel's program combines adventure trekking and cultural insights in remote Mae Hong Son province. Hong Travel is offering Thai trekking experiences, away from the Thai tourist trails, including remote regions and provinces such as Mae Hong Son. Such programs to the remote Mae Hong Son include active trekking parts and cultural activities. In general Hong Travel programs are tailored to active tourists who also desire to experience the Thai culture. Hong Travel is intentionally avoiding mass tourism areas and is operating in more remote areas, where the visitors are being given the chance and the encouragement to experience authentic Thai tribal village life. Hong Travel is working together with selected local communities which have developed small-scale community-based tourism programs. Respectful interaction between guests and hosts are encouraged, in order to educate guests on local life in depth. Local community development programs and conservation efforts are actively supported by Hong Travel.

➤ *Local competition*

Local competition is fierce in Mae Hong Son, as the destination has a relatively short tourist season (4 months). Most tour operators in Mae Hong Son offer similar products to key highlights within the region. The majority of tour operators also claim to be engaged in sustainable and CBT tourist activities.

North Treks

➤ *The establishment of North Treks*

Established in 1988 as an independent ethical tour operator North Treks is a Thai / British family run business.

➤ *The destination*

Chiang Mai (as described under Culture Travel).

➤ *The office*

North Treks's office is located near the city centre of Chiang Mai. The office location is well described on the website of the operator, however without that description it is difficult to find the office. Bypassing tourists are rare. The office hosts two office stations and a reception/welcome area. In the back of the office and on the second floor the couple and their children are living.

➤ *Staff*

North Treks has three full time staff members. In addition, a number of freelance guides and drivers are engaged in the company. Co – owners Mrs. C. (Thai) and Mrs. M. (British) have over 20 years experience in tourism industry in northern Thailand. Before establishing the business none had experience in the tourism industry.

➤ *The tourism product*

Specializing in designing trips for individuals, couples and honeymooners, family programs, small group tours, student educational tours and special interest tours along with their volunteer tourism teaching English program.

Unique day trips and overnight treks, tours and touring with options to suit wide interests. Exclusive trek programs from one to six days for the novice walker and the serious hiker with many tour itineraries ideal for the enjoyment of a three generations family trip. Special interest and educational groups particularly ethno-cultural, flora and fauna trips please request one of the many one - off custom programs.

➤ *Local competition*

Chiang Mai (as described under Culture Travel).

CM Voyage

➤ *The establishment of CM Voyage*

CM Voyage is a family owned adventure company, located in northern Thailand. The company offers, Adventure tours, Education tour and Tailor made tours. Adventure tours consist of: White water rafting, mountain biking, elephant riding, ATV jungle Trails, Kayaking, trekking etc. Education tours consist of: to create education tours and activities for students who flock to Chiang Mai and another part of Thailand diversified need from grade 4 to university level. Tailor made tours, depend on customers' requirements and wishes.

➤ *The destination*

Chiang Mai (as described under Culture Travel).

➤ *The office*

CM Voyage recently changed office. They are now located within a rental house in the middle of the old city centre. The rented complex holds the office, but also storage of activity equipment, such as kayaks, wetsuits and lifesaving vests. The office is equipped with modern office furniture, such as computers, telephone and photocopy machine.

➤ *Staff*

CM Voyage is managed by Mr. And Mrs. W. Mr. W. is responsible for strategic management and Mrs. W. for sales, promotion and accounting. In total CM Voyage employs 23 staff members. Additional to Mr. and Mrs. W., a product manager and secretary support the office. For product execution three guides, three drivers, four all terrain drivers and nine rafting staff is employed. Tour guides are trained in basic English language skills. Office staff, apart from Mrs. W. does not speak fluent English.

➤ *The tourism product*

CM Voyage offers a wide range of adventure tours in and around the destination of Chiang Mai. Adventure tours consist of: White water rafting, mountain biking, elephant riding, ATV jungle Trails, Kayaking, trekking etc. Education tours consist of: to create education tours and activities for students who flock to Chiang Mai and another part of Thailand diversified need from grade 4 to university level. Within all tours, great attention is given towards environmental and cultural sustainability. Additionally, safety is a key issue within all tours.

➤ *Local competition*

Chiang Mai (as described under Culture Travel).

River Tours

➤ *The establishment of River Tours*

River Tours was established in 2004, under the philosophy “Uncover Thailand’s Hidden Secrets”. Within tours it is envisaged to experience and respect Thailand’s nature, people, customs and cultures. The operator was founded by Mr. N. born and raised in Bangkok, Mr. N. worked in the travel industry for over 10 years and has a deep passion for sustainable tourism and responsible travel.

➤ *The destination*

River Tours principally operates within the wider region of Ayutthaya, however also offers tours in the whole of Thailand. The city of Ayutthaya is located approximately 1,5 hrs travel from Bangkok. Ayutthaya, with its rich history, attracts many domestic and international visitors.

➤ *The office*

River Tours rents an office on a strategic location centrally located in the city of Ayutthaya. The operator rents the whole building and the office is equipped with modern office supplies.

➤ *Staff*

All of River Tours staff is of Thai nationality. Nine out of the 11 staff members speak fluent English. All staff holds higher education degrees and is well trained. Generally, the staff is young and energetic, aged between 26 and 34. The owner and general manager worked already for 10 years in the tourism industry. Before establishing his own business he worked for another tour operator as a boat manager.

Mr. N. states that at current he only has two staff members that have sufficient skills to help him with office work. Especially in regards to communication with European customers it is stated that none of the staff is yet capable of this.

➤ *The tourism product*

River Tours provides special package guided trips with a variety of many different guided tours specially suited for more energetic trippers to take part in. They are specially known for boat and bike excursions in Ayutthaya.

➤ *Local competition*

Local competition in Ayutthaya itself is relatively few. There are below 25 attractions and tour operators operating directly in the city. Via social media (tripadvisor) River Tours positioned themselves well as the top ‘thing to do’ within the destination.

Phang Jungle

➤ *The establishment of Phang Jungle*

Phang Jungle was created by Little World Co., Ltd., a company formed by a transnational group of individuals with a passion for travel and an appreciation for unique activities in 2007. Phang Jungle on Koh Chang island (Trat Province) is an adventure course which combines nature and activity. The French experts of the team brought the know-how and techniques to do the activity safely and with special care for the trees that are climbed.

➤ *The destination*

Phang Jungle Koh Chang is located on Koh Chang Island - Trat, which is the easternmost province in the Gulf of Thailand. Koh Chang can be reached by private car, bus or airplane. From Trat Airport it takes approximately 1,5 hours to reach the park. The island was carefully selected from various other scenic locations around Thailand. A team of French experts have concluded that the location beside the beach is lush with strong and healthy trees that will support the platforms.

The island is mainly visited by international and domestic visitors to enjoy beach and sun holidays.

➤ *The office*

Phang Jungle's main office is located in Bangkok. The main office in Bangkok carries out marketing and promotion. Sales management is carried out by staff members operating from their homes in Bangkok. Further, a small office is to be found in the actual adventure park. All offices are equipped with modern office equipment.

➤ *Staff*

In total Phang Jungle employs eight staff members. The office staff consists of the managing director, two sales managers and one technician. The remaining staff is engaged in the actual tour execution. Office staff holds higher education and outdoor staff is well trained. All staff is capable to communicate in Thai and English, some in French.

➤ *The tourism product*

Phang Jungle is an eco-friendly ropes and harness adventure course in a forest. The packaged trips include visits to local communities and activities in nature.

The packaged trips are accompanied by a licensed guide. They also provide and arrange transportation on the island and to other parts of Thailand. They would like to develop their tour operator part especially to attract more companies to the TRAT region.

➤ *Local competition*

Koh Chang island is mainly visited by international and domestic visitors to enjoy beach and sun holidays. Besides activities directly centred around the theme of beach and sun, there are few other activities offered on the island. In travel media (trip advisor) only eight attractions and tours are listed on the island.

Thai Orchid

➤ *The establishment of Thai Orchid*

Certified by Thailand's Ministry of Tourism and Sport as a tour operator with "Thailand Tourism Business Standard", the company offers high quality of excursions and overland tour services to both touristic and nontouristic destinations around Thailand and Indochina since 1987 with own transportation and professional multilingual tour guides. Thai Orchid also offer accommodation and transfers in all destinations especially boutique resorts and holiday homes. It's the company's policy to work environmentally friendly, to care for the societies' welfare and to promote our cultural heritages. The company's partners are wholesale tour operators from Europe, Eastern Europe and Canada, who offer different and unique tailor-made tourism products to the market, including nature expeditions, adventure and soft adventure travel, educational programs for youth, cultural heritage with different themes, incentive and events travel, volunteer tourism and rural tourism. They are also specialized in designing and operating programs for documentary film crews as well as familiarization trips. Thai Orchid has established their own nature lodge, the "Country Lake" as a base to develop ecotourism and adventure activities in central Thailand, focusing on Uthai Thani and Nakorn Sawan provinces.

➤ *The destination*

No specific destination, offer products in the whole of Thailand, as well as Cambodia and Myanmar.

➤ *The office*

The office of Thai Orchid is a Thai style office in centre of Bangkok, without shop function. The two office buildings offer a total of 400 square meters. The office is well kept, furnished with modern office equipment and air-conditioned.

➤ *Staff*

Thai Orchid is employing a total of 31 staff members. All office staff holds higher education (minimum Bachelor degree). Staff is encouraged to attend additional training. All operation and reservation staffs writes and reads English, but only 75% can speak English fluently. 4 staff members can communicate in both writing and speaking German and English. 1 Romanian staff speaks Romanian, Russian and French.

➤ *The tourism product*

They specialize in B2B sales of tours through Thailand and Indochina. They offer a great range of programs, from classical tour programs for leisure tourism to special interest programs such as incentive and events, eco and soft adventure tours, health and wellness programs for body and mind and other tailor made programs as requested.

➤ *Local competition*

As Thai Orchid does not offer regional specific products, competition has to be seen in a nationwide context. However, in general it must be stated that competition amongst tour operators based in Bangkok, covering the whole of Thailand is fierce.

Go Social

➤ *The establishment of Go Social*

From Relief to Self-Reliance: Empowerment, Education, Training, and Opportunity under this objective Go Social was established. Go Social is continuing the work of North Andaman Tsunami Relief, an independent, non profit, non religious organization founded by Mr. G., who lost his home, job, and many friends in the 2004 tsunami.

Through a dedicated network of supporters, volunteers, and donations, NATR successfully implemented over 120 projects in 12 villages by listening to and working with the villagers themselves. All projects have focused on long-term social, economic, and environmental sustainability and creating realistic economic opportunities through training and marketing.

The tsunami brought a great number of changes: entire villages were re-located, livelihoods were impacted, and loved ones lost. Inspiringly, many communities created new opportunities from the loss, especially in the area of community-based tourism. Go Social is continuing to make this a reality by reaching out to conscientious travellers, making it possible to have a meaningful village experience through exceptional service and comprehensive support materials.

➤ *The destination*

Whereas Phuket and Khao Lak are well established tourist destination with good accessibility, the Andaman coastal region is little developed and harder to reach. There is no direct transportation possible from Phuket to the Andaman coast. Tourists have to be brought to the destination by private transportation, which is rather costly and time consuming (approximately 3 hours from Phuket).

➤ *The office*

A small office with shop function in the centre of Kuraburi. The office and its equipment are simple but sufficient. Within the office, one room is giving space to seven work stations with air-conditioning. The second floor of the building is used for storage and cannot be used as office space, since it gets too hot in the dry season.

➤ *Staff*

Go Social is supported by international as well as domestic staff. The founder and current manager, Mr. G. as an international background and originally comes from the US. Further there are 3 full time employees (Mrs. T., Mrs. N. And Mrs. S.). Additionally Adman Discoveries is supported by international volunteers and community partners. In addition one person on a contract is supporting the team.

➤ *The tourism product*

Go Social offers a great variety of CBT products, including village Tours, island tours, volunteering programmes homestay and regional accommodation. All activities and itineraries are designed in collaboration with the villagers themselves, based around the principles of community-based tourism. Go Social is committed to providing local people with a complimentary source of income while still continuing their traditional way of life.

Go Social is providing the following services:

1. Cultural Tour (Standard and tailor made for individuals and small groups (less than 8) and large groups)
2. Volunteer Placements (individuals)
3. Study tours (university lecturers and students)
4. Volunteer group tours (a mix of #1 and #2 programs), small and large group tailor made
5. Selling Koh Surin tickets and packages
6. Booking local and regional hotels

Even though a feedback system is in place, a proper quality control mechanism has not been introduced. Therefore quality insurance and sustainability are an obstacle.

➤ *Local competition*

As Go Social cooperates with local community tourism enterprises, there is little competition. Competition is rather seen on a destination basis. The Andaman coast does receive little tourist numbers, whereas nearby destinations (Phuket and Khao Lak) receive large tourist numbers. It seems to be difficult to attract tourist away from these hubs towards the Andaman Coasts. Competition is seen as productive, as the region in general is not yet established on the tourism map.

Golden Sun

➤ *The establishment of Golden Sun*

Golden Sun Ltd. is a Bangkok based tour operator and was founded in 2001. They specialize in small group cultural travel and wilderness adventures in Thailand and the Mekong Countries of southeast Asia. Their standard or tailored programs offers guests to meet the local people of the regions visited. Together the general manager (Mr. C.) and the tour manager (Mrs. D.) have over 20 years experience in the tourism industry.

➤ *The destination*

No specific destination, offer products in the whole of Thailand, as well as Cambodia and Myanmar.

➤ *The office*

The office of Golden Sun Ltd. is located in the outskirts of Bangkok. The office is located within a residential housing area. The office is provided with modern office equipment and offers space for all office staff.

➤ *Staff*

Golden Sun is employing a total of five staff members. The office staff is supported by three fulltime staff members, including the general manager, tour manager and a web administrator. Additionally the product development is supported by a guide. Golden Sun further employs six tour guides. All office staff holds higher education and speaks Thai and English fluently, the tour manager further speaks German. Guides are well trained and also speak Thai, English; some do speak German, French or Italian.

➤ *The tourism product*

They specialize in small group cultural travel and wilderness adventures in Thailand and the Mekong Countries of southeast Asia. Their standard or tailored programs offers guests to meet the local people of the regions visited. Some of their trips provide the opportunity to stay in traditional Thai or Hill-tribe homes and allows the interaction and cultural exchanges with the local people. For the visitor searching for active holidays, Golden Sun provides a wide range of eco-adventure activities.

➤ *Local competition*

As Go Social does not offer regional specific products, competition has to be seen in a nationwide context. However, in general it must be stated that competition amongst tour operators based in Bangkok, covering the whole of Thailand is fierce.

Eco-Explorer

➤ *The establishment of Eco-Explorer*

In the mid 1980s Mr. G. came first to the Andaman coast, in order to explore the local ecosystem. As Phang Nga Bay's astonishing eco-system was only an hour by boat from Phuket, Mr. G. envisioned showing mainstream tourists the concepts of conservation and meaningful vacations with a true quality experience instead of the usual mainstream tours. Thus, at the end of the 1980s Mr. G. founded his first CBT kayaking business. At current and due to a disconnection with the previous business, Mr. G. founded a second kayaking operator, now called Eco-Explorer.

➤ *The destination*

In 1979 the Tourism Authority of Thailand identified Phuket as a suitable mass tourism destination, due to its favourable climate and natural attractions. Within the years to follow the peninsula in the south of Thailand transformed its economy away from agricultural and mining activities towards the development of tourism. Phuket is equipped with its own airport in the north of the peninsula, which long-haul charters as well as budget airline carriers serve daily. In 2010 Phuket recorded over 5 million international tourist arrivals. The destination is internationally well known as a sun and beach destination.

➤ *The office*

Eco-Explorer has one office located in Phuket city. The office is located within a residential area, approximately 15 minutes walk from one of the biggest shopping centres of Phuket. The former residential house was transformed into an office, holding the administrative department of Eco-Explorer and secondly a storage and repair unit for the company's equipment. The administrative department is equipped with several workstations, five computers, telephone and fax. The office was not designed to welcome guests, as bookings are either made via agencies or directly by phone or through the website. Further, as the office is located within a residential area, no tourists accidentally pass by. Once guests made a booking, they are directly brought to the harbour in the north east of Phuket from where the boat departs.

➤ *Staff*

At current Eco-Explorer employs 30 fulltime staff members, of which ten staff members are office staff and 20 staff members are employed as guides. All office staff has permanent working contracts, whereas tour guides are paid on a day by day basis. However, it is ensured that all guides are employed all year round, thus ensuring guides a stable and safe working environment. All staff that interacts with tourists directly, such as guides and staff members taking reservations, speaks basic to fluent English. Within the business there is a friendly almost family-like atmosphere, especially amongst tour guides. It was found that tour guides are very service minded and proud of the work they do. All guides are well trained and very knowledgeable about the environment they operate in. This knowledge is transferred to tourists with much enthusiasm and pleasure. Many staff members have been with the company between 10-20 years in a society with six month turnover ratio.

➤ *The tourism product*

Eco-Explorer offers sea kayaking tours in Thailand, Vietnam, Fiji, the Philippines and Hawaii. However, the company much focuses on its tours around Phuket. From Phuket Eco-Explorer offers two day trips and four overnight tours (two to seven days). Of those, the most popular tour is the so called 'Phang Nga Hongs by Starlight'. For this trip, guests are picked up around mid-day and brought to the departure harbour in the north east of Phuket. On board of the ship, lunch and educational sessions are offered to entertain guests till the boat arrives at its first sight. Each guest (or couple) is assigned one private guide for the day, that is responsible for the safety of his guests for the day and navigates the kayaks. As sharp rocks within caves and strong currents demand great knowledge on how to navigate a kayak, the guide will always navigate the kayak. Over the day, several further stops are being made, during which the tourists discover the environment by kayak. In the evening a cultural aspects is integrated in the

tour and dinner is served while the boat goes back to the departure point. Guests are normally back at their hotel around 10.00 in the evening.

➤ *Local competition*

Local competition is fierce on Phuket. As most tourists come to Phuket for a sun and sea vacation, within their travel package no tours are included. Thus, to explore the destination most tourists make use of tours. The majority of tours on Phuket are sea-based, as there are few attractions on land. There are over 80 operators offering sea-based tours on Phuket. As Eco-Explorer booked much success with their organised sea kayaking tours already in the 1990s, the local competition rapidly adopted to his tour packages, now offering very similar tours. Often competitors can offer lower priced tours, by enlarging the group size, having lower paid and less experienced guides, not purchasing locally sourced food, and not taking environmental protections. For tourists it is difficult to determine the quality of a tour beforehand. Lately, the travel media of Tripadvisor is much used by tourists for getting an unbiased opinion on tourism products. Fortunately, Eco-Explorer ranks high on Tripadvisor and is also featured in the lonely Planet.

Royal Tours

➤ *The establishment of Royal Tours*

Royal Tours is a major Thai company, leading in Thailand both on the domestic and outbound markets. They have been operating for more than 30 years and are regularly rewarded with the highest national awards. They are very well aware of tourism demand and serve individuals or groups interested either in culture, nature, adventure or leisure. Committed staff responds precisely and quickly to requests. They serve tourists ranging from young professionals to active senior customers in the medium to high-end market. Their European Inbound Manager has more than 30 years experience in hospitality and tourism. Fully IATA licensed, an expert in production as well as a specialist in dealing with European markets, he communicates fluently in English, French, Spanish, Portuguese and Dutch.

Royal Tours is pioneer in promoting unknown Thailand, highly cultural programs and quality hideaway hotels and resorts. They systematically revise our production in order to match the expectations of our customers and new trends appearing on the market. Their services are wider than only operating the tours. They communicate with each agent in order to be sure that those will be provided with qualitative service, best available products, up to date information and fair prices.

➤ *The destination*

No specific destination, offer products in the whole of Thailand, as well as Cambodia and Myanmar.

➤ *The office*

The office is located centrally in Bangkok. The office is sufficient equipped. They try to continuously upgrade the office with the budget available.

➤ *Staff*

Staff in the sales department is highly educated and well trained. Staff is selected by the European Inbound Manager and all staff is capable to speak and write English. The majority of staff has a bachelor degree and key staff holds Master degrees.

➤ *The tourism product*

Royal Tours has gained a 'Pioneer' reputation by promoting unseen tourist attractions through innovative tours and programs, distributed both in Thailand and other countries. They are among the very few Thai travel groups trying to highlight unknown aspects of Thai culture, through cultural excursions, cultural home stay experiences and discovering real 'Unseen Thailand' places. Royal Tours offers a very wide range of services: Excursions ½ day and

full day, hotels, spa and wellness products and CBT. Packages featuring: cruises, adventure, culture, beaches, islands. Tailor made tours, group tours, MICE. Transportation, car rental.

➤ *Local competition*

As Royal Tours does not offer regional specific products, competition has to be seen in a nationwide context. However, in general it must be stated that competition amongst tour operators based in Bangkok, covering the whole of Thailand is fierce.

Thai Journey

➤ *The establishment of Thai Journey*

Thai Journey was established in 1976 and has since evolved to being a leading inbound tour operator and wholesaler specialising in adventure, activity, special interest, eco-tourism and community-based holidays in Thailand. Thai Journey is targeting primarily Europe, North America and Australia/New Zealand.

➤ *The destination*

No specific destination, offer products in the whole of Thailand, as well as Cambodia, Laos, Vietnam and Myanmar.

➤ *The office*

Thai Journey operates from a central office building in the centre of Bangkok. The four story high building is located within a business centre district, conveniently located close to the Bangkok Sky Train. The office gives space to all 45 employees and offer modern office equipment. Different company departments are located on each floor.

➤ *Staff*

The staff of Thai Journey is of very high standard. All staff holds higher education degrees and is fully trained and experienced in their field of expertise. The sales team is led by the international experienced Mr. L.. All office staff speaks good English, tour guides speak English, French and Italian.

➤ *The tourism product*

Thai Journey speciality is “off-the-beaten-track” arrangements: soft adventure, activity holidays and any special interest packages. During the years Thai Journey has built a range of products that can cater to almost any special interest, whether it is trekking in remote regions, rafting or scuba diving, bird watching, an agricultural study tour or a spa and meditation course. Tour programmes that are conducted in national parks or other environmentally sensitive areas are done so with great care. Parties are kept small in number, routes constantly varied, all refuse disposed of correctly and responsibly and the use of local guides who are knowledgeable about and sensitive to the needs of the habitat and peoples of their region. In addition to this Thai Journey provides volunteers for various environmental protection projects.

Community-based programmes are constructed and operated with the fullest cooperation of the local communities. The number of participants is kept small and the communities visited are rotated to prevent excessive exposure to and reliance upon foreign visitors.

➤ *Local competition*

As Thai Journey does not offer regional specific products, competition has to be seen in a nationwide context. However, in general it must be stated that competition amongst tour operators based in Bangkok, covering the whole of Thailand is fierce.

Source: CBI; 2010 and all inbound tour operators

Appendix 7: Design of the CBI Business-to-Business Cooperation Programme

It is recommended that the CBI initiates and further facilitates the development of Business-to-Business Cooperation between inbound tour operators and European outbound tour operators. It is strongly recommended that always only one inbound tour operator is paired with one outbound tour operator.

Phase one – Matchmaking of business partners

The CBI, through their extensive network of tourism experts, possesses over a complete directory of outbound tour operators per main target market. In these directories, not only contact details of outbound tour operators are listed, but also a description of the operator, what kind of tourism products are offered, to which destinations and what target market they aim at. In the selection of potential Business-to-Business Cooperation partners it is recommended to match inbound and outbound tour operators as close as possible. As an example, a small-scale Thai inbound tour operator, specialised in CBT products and with the identified main target market Germany, it would be ideal if that operator would be paired with a German small or medium sized tour operator specialised in culture travel, wanting to enlarge his portfolio in Asia. Although it is expected that not in all cases it will be possible to fully match Thai inbound and European outbound tour operator according to both stakeholders' characteristics and needs, it is strongly recommended to try to match them as closely as possible.

It is recommended to hold in-depth interviews with Thai inbound tour operators and interested European outbound tour operators. Based on the information gathered during the interviews, a database can be established, upon which best possible matches can be identified. After having identified matching inbound and outbound tour operators it is recommended to introduce these to another. It is advised against introducing multiple inbound and outbound tour operators to another, since this might lead towards possible conflicts. If the two stakeholders should agree to cooperate with another it shall be proceeded to phase two. If the stakeholders should not come to an agreement of cooperation, it is advised to introduce both parties to other identified matches.

Phase two – Mutual information and knowledge exchange

In phase one, one Thai inbound tour operator and one European outbound tour operator agreed to commit to a Business-to-Business Cooperation. In phase two, the two operators will get to know each other's businesses and identify mutual information and knowledge exchange goals. It is expected that inbound and outbound tour operator will not share the same weaknesses and strengths. As an example, the analysis showed that often outbound tour operators lack insight into and knowledge of the destination. This was observed to create potential weaknesses in their tour programs. Thai inbound tour operators on the other hand have extensive knowledge of the various destinations and their tourism offer. Thus, the outbound tour operator could identify the need to get acquainted with the various tourist destinations in Thailand and their tourism offers. The inbound tour operator could hence identify the need to get a better insight into his target market and their demands and characteristics. After having exchanged knowledge on the identified weaknesses, both operators would be capable of matching target market requirements with destination characteristics and thus design a tour that matches the requirements of the potential tourist.

The above outlined example refers to information and knowledge exchange between product development departments. However, inbound and outbound tour operators should be allowed to identify information and knowledge exchange goals according to their needs. In order to facilitate and ultimately monitor the Business-to-

Business Cooperation, partnering inbound and outbound tour operator should be requested to formulate an action plan, identifying clear learning goals, involved departments and staff and timeframes. The action plan should at least cover a timeframe of two years.

For some Thai inbound tour operators the implementation of phase one and two will be sufficient to improve their supply chain management, especially for those inbound tour operators that already perform satisfactory or well in the management of the supply chain and have good intercultural knowledge, skills and capabilities. However, for other inbound tour operators, especially those with weak supply chain management and lacking intercultural knowledge, skills and capabilities, it is recommended to also implement phase three.

Phase three - Physical business exchange

Phase three is recommended for those inbound tour operators with no or very limited international experiences, or those businesses in which key staff lacks international experience.

After having implemented phase one for an extended period of time, inbound and outbound tour operator have gotten to know each other's business reasonably well. It is expected that some weaknesses the inbound and outbound tour operator identified are already improved. However, as it was found, core culture related knowledge, skills and capabilities cannot simply be transferred from one person to the other, but demand a person's to deeply immerge in the foreign culture. Therefore, it is recommended that the entrepreneur or a key staff member will move for a defined period of time (a minimum of three months are recommended) to the country in which the outbound tour operator is located. During the time abroad the entrepreneur or key staff member is asked to dedicate a certain percentage of his time on work tasks of the outbound tour operator. It is recommended to require that the entrepreneur or key staff member will be accommodated during the working week in the outbound tour operator's office and engages for at least 20 hours per week in the daily activities of the outbound tour operator. The remaining time of the week, the entrepreneur or key staff member should still be available for his own business management. However, the exact planning is depending on the inbound and outbound tour operators needs and restrictions, such as available time.

It would enhance the business exchange, if the outbound tour operator should also be willing and able to send a key staff member to work for a restricted period of time the inbound tour operator. It is recommended that this is set up similar to the work exchange of the inbound tour operator as described above, however it is recommended that the training program is flexible in this and phase three can be designed to the needs and restrictions of the inbound and outbound tour operator.

Costs

In principle phase one and two are very cost efficient, as these only require staff costs from CBI employees and CBI experts. Phase one will be relatively staff and time consuming, as the matchmaking of inbound and outbound tour operators is expected to require considerable efforts. On the contrary, phase two it expected to consume relatively little time of CBI employees and CBI experts. During this phase the CBI solely acts as a facilitator of the established Business-to-Business Cooperations and if required from the inbound or outbound tour operator provides guidance and support, additionally during this phase the CBI will have the monitor and evaluate the program's process.

Phase three however is expected to require substantial finance. In Table 35 an estimation of basic costs is given. It is estimated that a work exchange of the Thai inbound tour operator to Europe will most likely at a minimum costs around 3000 Euro for three months and a work exchange from the European outbound tour operator to Thailand will approximately costs around 2000 Euro for three months. When Thai inbound tour operators are ask whether they are willing and able to fully finance the work exchange this is often denied. The majority, especially financially weaker inbound tour operators, state that they are not able to cover the full costs. However, the majority of inbound tour operators state to be willing and able to financially contribute to the work exchange. For the potential European outbound tour operator it is unknown whether they will be able and willing to financially contribute to the work exchange. In any case, it is highly recommended those inbound and outbound tour operators are required to financially contribute towards the work exchange to ensure full dedication towards the activity.

Table 35: Expected costs of the Business-to-Business Cooperation Programme

	Business exchange to EU		Business exchange to Thailand	
	Per month/ per staff in €	For 3 months/ per staff in €	Per month/ per staff in €	For 3 months/ per staff in €
Monthly costs				
Rent (furnished room)	400	1200	200	600
Groceries	200	600	100	300
Insurance	90	270	90	270
Public transportation	50	150	50	150
Total monthly costs	740	2220	440	1320
One-off expenses				
Flight (return)	600		600	
Visa	60		50	
Total one-off expenses	660		650	
Total for three months		2880		1970