

[Article]

A Functional Study on Tourism Associations in Japan

Masahide YAMAMOTO

Faculty of Foreign Studies
Nagoya Gakuin University

Abstract

This study examines Japanese tourism associations and the roles and functions they serve in their local regions. A tourism association is a membership organization consisting of members who engage in the regional tourism industry. Its principal purpose is to attract visitors to the region. I considered the function of the organization through past studies and documents published by tourism associations in Japan. Tourist associations have three functions—economic, political, and social—and play an instrumental role in the tourism industry.

Keywords: Tourism Association, Function, Social System, Interest Group

我が国の観光協会に関する機能論的考察

山 本 真 嗣

名古屋学院大学外国語学部

発行日 2017年1月31日

1. Introduction

1.1 The aim of this study

Recently, many people have come to recognize the importance of promoting tourism in order to stimulate regional economies in Japan. The tourism industry is labor intensive and is expected to absorb some of the labor force in Japan's regions. Therefore, various economic enterprises and local governments are attempting to promote the tourism industry, and many TAs (tourism associations) have been established. Although TAs are involved in the promotion of tourism on many levels, we do not fully understand their role and function. Thus, I intend to clarify this issue.

1.2 Methodology

Research in the field is quite limited, as discussed below. I obtained documents concerning 47 prefectural TAs such as balance of payments statements, business reports, and business plans.

2. What is the Tourism Association?

2.1 Definition of "tourism association"

A Tourism Association is an organization that fulfills the conditions below:

- ① It is a membership organization that consists of members who engage in the tourism industry in the region.
- ② The principal purpose of the organization is to attract visitors to the region.
- ③ Members engage primarily in promoting tourism in the region and other related activities.

2.2 Organization of the tourism association

Broadly, then, TAs are organizations established in the region to help develop the regional economy by promoting tourism. However, this definition is not necessarily clear, and the organizational forms involved are diverse. For example, while many TAs have been formed as voluntary organizations and lack legal status, some are limited companies, incorporated associations, foundations, and NPOs with legal status.

Corresponding to Japan's jurisdictional organization, TAs comprise a three-layer hierarchy consisting of national, prefectural, and municipal TAs. At the prefectural level, many of TAs have adopted the form of incorporated association. According to the membership list of the Japan Travel and Tourism Association, 37 of the 47 TAs that have enrolled in the association are incorporated associations (*shadan houjin*), and the remaining 10 are foundations (*zaidan houjin*). In municipalities (i.e., cities, towns, and villages), TAs are usually voluntary organizations without legal status. The Niseko Resort Tourist Association Co., Ltd. is an exception; it formed as a corporation organization.

A survey conducted by Shimojima (2006) on 71 TAs in Nagasaki Prefecture (the number of respondents was 39), incorporated associations represented 5% and foundations 2.6% of the total, while about half were voluntary organizations without legal status (the survey was conducted from October 2003 to January 2004). They also had diverse names, such as “convention & tourist bureau,” “tourist bureau,” and “tourist federation.”

The governance structure of the TA is quite similar to that of a company. The general meeting of members corresponds to the general meeting of company shareholders. The TAs also have their own Board of Directors and auditors.

2.3 Overview of the TA

Below, I discuss the governance and finance structure of the prefectural TA. I focus on prefectural TAs for several reasons. First, they are larger than municipal TAs and thus implement many different kinds of activities. Also, the organization of municipal TAs varies, from forms comparable to prefectural TAs to small organizations without legal status.

Second, prefectural TAs are more likely to disclose their information to the public, making it easier to obtain information from them.

Table 1 : Number of Board Members in Prefectural TAs

| | | | |
|---------------|------------------|---------------|-----------------|
| From 11 to 20 | 2 organizations | From 41 to 50 | 6 organizations |
| From 21 to 30 | 22 organizations | From 51 | 1 organizations |
| From 31 to 40 | 10 organizations | Unknown | 6 organizations |

Source: Prepared by the author using public documentation from each prefectural TA

Table 1 presents the number of Board of Directors members in the rosters of each prefectural TA. They usually number from 21 to 40 people. As shown later, the average association budget is only about 400 million yen. The number of TA board members would thus seem excessive for such small organizations.

Two reasons could be proposed for this situation. First, most of the board members in ordinary TAs work part-time. Thus, the cost of their salaries is not great.

Second, the tourism sector includes many elements, such as travel agents, hotels, and bus companies. Therefore, the number of board members inevitably increases when the representatives of all the elements are incorporated as stakeholders into the boards.

Each TA’s budget is likely to be small. I obtained a balance statement for 38 organizations out of the 47 prefectural TAs and documentation on annual revenue for one TA.

Their average annual revenue was 377.8 million yen. Figure 1 illustrates the distribution of each TA’s financial scale. Most organizations have annual revenue of between 100 to 300 million yen. With the exception of metropolitan areas and popular tourist destinations, many associations are

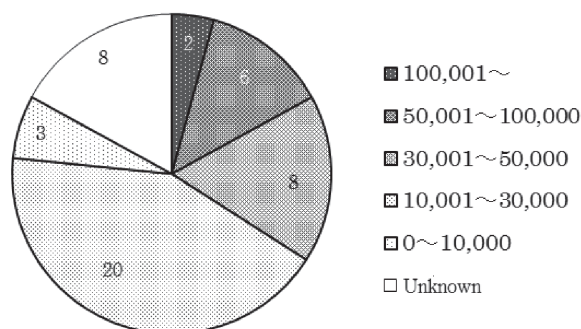


Figure 1 : Annual Revenue of Prefectural TAs (ten thousand yen)

Source: Prepared by the author with public documentation from each prefectural TA

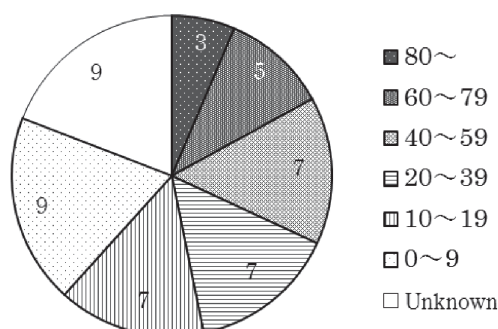


Figure 2 : Ratio of Subsidies to Annual Revenue of Each TA (%)

Source: Prepared by the author with public documentation from each prefectural TA

getting by on small budgets and operating as micro-enterprises.

Table 2 : Subsidy Income of Prefectural TAs (ten thousand yen)

| 0~3,000 | 3,001~5,000 | 5,001~10,000 | 10,001~30,000 | 30,001~50,000 | 50,001~ | Unknown |
|------------------|-----------------|------------------|-----------------|-----------------|----------------|-----------------|
| 10 organizations | 6 organizations | 10 organizations | 8 organizations | 3 organizations | 1 organization | 9 organizations |

Source: Prepared by the author with public documentation from each prefectural TA

Not a few associations rely heavily on subsidies granted by local governments. The names of local government leaders can be found on association rosters, suggesting a close relationship between the two. The financial situation of each association also reflects this link.

Table 2 and Figure 2 show the subsidy income and the ratio of subsidies to annual income of each prefectural TA. The ratio represents the magnitude of their dependence on local governments. Some organizations have a very high ratio, exceeding 80 %.

3. Previous Research

The few studies on TAs can be classified into two categories: functional studies and institutional studies.

3.1 Functional Studies

Functional studies on the TA tend to focus on the function and role of regional associations. Shimojima (2006) attempted to clarify the “real state” of the TAs in Nagasaki Prefecture. He postulated that the major role of the TAs is the execution of a “communication strategy” and tried to categorize them. According to Shimojima, TAs in Nagasaki Prefecture can be classified into two types: “stand-alone” and “regional cooperation” types. The former correspond to TAs in the Sasebo area and the latter to TAs in Shimabara Peninsula.

Narusawa (2002) discussed the TA’s role and the transition in France from the historical point of view. He discussed the tourist office (*Syndicat d’initiative*) and Tourism Association (*Office de tourisme*), which have become the center of tourism policy for French municipalities. He claimed that a new role, engagement in regional tourism policies, was added to the TAs in addition to their traditional roles (e.g., providing information, various events, and promotional activities). His research focused on discussing the current situation of French tourism associations rather than discussing Japan’s TAs.

Shikida and Morishige (2007) defined the tourism association as a “platform” for managing the relationship between the regional tourism system and the extra-regional tourism system. They divided the tourism system into two categories: the “*outer-regional tourism system*” comprising stakeholders of departure locations (tourism officials and related businesses, tourists) and the “*regional tourism system*” comprising the regional stakeholders of tourist destinations (e.g., tourism officials and government, residents). They proposed an approach by which regional tourism stakeholders could build and manage an autonomous relationship with the outer regional tourism. According to them, tourist destinations are so dependent on the large outer tourism system that regional stakeholders should manage and build such a relationship.

3.2 Institutional Studies

Institutional research analyzes the TA by focusing on the influential institutions that affect it. Yamauchi (2007), Matsuzono (2009), and Nobu (2009) discussed the impact of institutional changes such as laws and covenants on TAs.

Yamauchi described the roles of NPOs and their cooperation with governments and companies, referring to specific cases of NPO activities related to tourism. Since the Act on the Promotion of Specified Non-profit Activities was enacted in 1998, the granting of legal status to TAs as NPO

corporations has increased.

Matsuzono (2009) argued that the amendment of the Enforcement Regulations on the Travel Agency Act in 2007 made TAs a new major player in regional tourism. Since the late 1990s, a long-term recession has exacerbated the finance of municipalities in Japan, and TAs suffered from reductions in municipal subsidies.

Other institutional research includes Nobe (2009) and Hasegawa (2010), who discussed the impact of institutions on TAs. However, they discussed only specific institutions and TAs rather than provide an overview of the relationship between institutions and TAs as a whole.

4. Function of TAs

As mentioned, there are two approaches to TAs; functional studies and institutional studies. I discuss TAs from a functional point of view. Any social system consists, in the narrow sense, of three sub-systems; economic, political, and social (see Figure 3).

The TA could be regarded as an entity that pursues economic value in the economic system (economic function) and aims to realize the public interest in the social system in the narrow sense (social function). When problems occur in the course of those activities, TAs require a redistribution of values within the political system (political function).

4.1 Economic Function

The economic function consists of transactions of goods and services in the market. TAs implement various kind of business related to tourism in a region. Principally, they publish journals on regional tourism and hold related events. These activities can be described as follows:

- ① Planning and sales of travel products

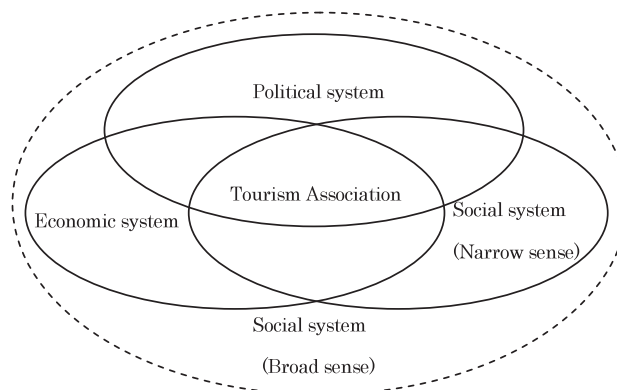


Figure 3 : Social System and TAs

Source: Prepared by the author

- ② Holding tourist events and conventions
- ③ Publication of regional tourism magazines and brochures

4.2 Political Function

The political function consists of interactions for the re-distribution within the political system in the region. According to the definition of Easton (1965), politics is the “authoritative allocation of values to society.” TAs have been playing an instrumental role in the political system as interest groups.

Almond (1970) has pointed out that the interest group had the following functions:

- ① Political socialization and recruitment
- ② Interest articulation
- ③ Interest aggregation
- ④ Political communication

According to the Articles of Incorporation of the Japan Travel and Tourism Association, the business of the association consists of the following activities:

- Advice, petitions, and proposals on institutions related to tourism to the government and relevant organizations
- Building partnerships with tourism organizations and members

The political activities of prefectural TAs could be seen as successful if measured by the amounts and proportions of the subsidies described above.

4.3 Social Function

According to the articles of incorporation of Japan’s national TA, the social functions of the TA are reciprocal, educational, and public interest.

First, the reciprocal function is as follows:

- Development and promotion of tourist destinations and tourist routes
- Maintenance of tourism-related facilities
- Raising funds to promote tourism in the region

Second, the educational function can be described as follows:

- Guidance on the management of tourist facilities
- Improvement of the quality of tourism employees
- Improvement of tourist hospitality

Finally, the public interest function is as follows:

- Development and protection of tourism resources in the region
- Beautification of tourist destinations
- Surveys and research on tourism

- Gleaning and providing tourist information

5. Conclusion

In this study, I discussed TAs in order to clarify their role from a functional point of view. The research often discussed TAs in the context of local economic development or tourism promotion, centering on their functional aspects. Thus, theories on TAs in Japan can be considered to be underdeveloped.

In this paper, I considered the TA as a component of economic, political, and social systems, in a narrow sense. I also defined the functions in each system as economic, political, and social, thus articulating the role of TAs from a functional perspective. The TA has greatly contributed to regional tourism in Japan through these three functions, which explains their nationwide expansion.

On the other hand, their function as pressure groups is manifest in their excessive lobbying of the political system. A proper evaluation of TAs must include the admission that their activities have this negative aspect..

References

- Almond, G. A. (1970): *Political Development*, Little, Brown and Company Inc, pp. 96–115.
- Easton, D (1965): *A Framework for Political Analysis*, Prentice-Hall, Inc, pp. 110–112.
- Hasegawa, C (2010) Ryokougyou No Business [Travel Industry Business], Taniguchi, T (Ed.) *Kankou Business Ron*, Minerva Shobo, pp. 29–30.
- Hashimoto, T. (Ed.) (2013) *Kankou Koudou Ron* [Sightseeing Behavior Studies], Tokyo, Japan: Hara Shobo
- Matsuzono, S (2009) Chiiki Keizai Wo Ninau Atarashii Chouryuu [The New Trends in Regional Tourism], *Unyu To Keizai*, 69(6), pp. 53–57.
- Narusaza, H (2005) France No Kankou Kyoukai No Genjou To Sono Kadai [Current Status of the Tourism Association of France and Its Issues], *The Journal of Economics*, 13(2), pp. 183–187.
- Nobe, Y (2009) Chihou Kankou Kyoukai No Ryokougyou Shikaku Shutoku Ni Tsuite [About Acquisition of Tourism Qualifications by Regional Tourism Associations], *Nagasaki Keizai*, 594, pp. 19–22.
- North, D, C (1990): *Institutions, Institutional Change and Economic Performance*, Cambridge University Press, p. 79.
- Shikida, A, and Morishige, M. (2007) Jizoku Kanouna Kankou Ni Muketa Chiikigai Kankou System Tono Kankeisei Kouchiku To Sono Management [Relationship Management with Extra-regional Tourism System for Tourism Destinations], *Proceedings of JITR Annual Conference 2007*, pp. 359–360.
- Shimajima, Y (2006) Kankou Kyoukai No Arikata Ni Kansuru Ichikousatsu [A Study on Tourism Association], *Japan Journal of Leisure Studies*, 9, pp. 27–33.
- Yamauchi, N (2007) Kankou Wo Tsujita Chiiki Shinkou To NPO No Yakuwari [The Regional Promotion through Tourism and the Role of NPO], *Kankou*, 487, p. 20.