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# An Empirical Study on Establishing Sustainable Destination Management by Creating Shared Value and 7S Framework

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## Introduction

United Nations World Tourism Organization (UNWTO) suggests that sustainable tourism has a major effect on five substantial sectors as follows: (a) strengthening sustainable economic growth; (b) creating employment opportunities and reducing poverty; (c) ensuring resource efficiency and responding to the climate change; (d) conserving the culture value and heritage; and (e) enhancing the public mutual understanding (UNWTO, 2016). Proposed by Global Sustainable Tourism Council (GSTC) in 2016, the Global Sustainable Tourism Council's Criteria for Destinations (GSTC-D) outlines the world's most accepted criteria of sustainable tourism destination. This study believes that it is viable to apply GSTC-D when evaluating the development of a national tourism destination. Scholars further suggest that national scenic areas have the legitimacy of becoming an important area of sustainable destinations (Bieger et al., 2009; Bornhorst et al., 2010; Dredge, 1999).

Due to its narrow population, limited natural resources, frequent natural disasters and special international status, Taiwan urges and is determined to keep pace with UNWTO to promote the sustainable tourism development (National Sustainable Development Network, 2016). Because of its panoramic national scenery, Dapeng Bay National Scenic Area located in southern Taiwan possesses not only rich lagoon ecology, but also land, ocean, airspace sightseeing and recreation experience. Dapeng Bay National Scenic Area is an ideal area for the study of sustainable tourism destination management (Dapeng Bay Scenic Area Administration, 2017). Based on GSTC-D, Creating Shared Value (CSV), McKinsey's 7S Framework (7S), and two-round Fuzzy Delphi technique; this study reviews the literature on responsible tourism, low-carbon and eco-tourism and analyses 15 expert's questionnaires. This study further constructs the indicators of sustainable tourism destination management in national scenic areas in Taiwan and aims to create significant value by applying the result of this study in national scenic areas.

## Literature Reviews

### Development of Sustainable Tourism

According to the report released by United Nations Framework Conversation on Climate Change (UNFCCC) in 2016, the tourism industry accounts for 5% of global carbon dioxide emissions or 14% if diffusion effect such as the warming effect caused by greenhouse gas was aggregated. If we don't take any concrete actions, the estimated carbon dioxide emission of tourism industry in 2035 will increase three-fold. Centre for Responsible Travel (CREST) further stated that countries around the world should strive to promote responsible tourism. Scholars suggest that responsible tourism is defined as minimizing negative impacts to the environment and society while maximizing business profits to help local residents preserve the culture and biological habitats or species. Therefore, effective destination management will improve its long-term development (CREST, 2016). This research deems both low-carbon tourism and responsible tourism as important issues for sustainable tourism.

### McKinsey's 7S Framework (7S) and Creating Shared Value (CSV)

The 7S Framework (Strategy, Structure, Systems, Style, Staff, Skills, Shared values) was proposed by the McKinsey company in 1970

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and modified by Tom Peters, Robert Waterman, and Richard Pascale. To meet the intended objectives through understanding about how things are interrelated, these seven elements need to be aligned with local resources systematically (Spaho, 2014). The principle of 7S believes that a successful organization should pursue the integration of the seven hardware and software elements (Shiri, Anvari, & Soltani, 2015). To ensure the effectiveness and harmony of an organization, 7S can be applied to assess and improve the existing operation, transform people's thoughts and pinpoint and adjust the gaps (Lusa & Sensuse, 2011; Mehdi Ravanfar, 2015).

Incorporating 7S, this study adopts the concept of shared value as a theoretical basis for strategic analysis. Established by Michael Porter in 2011, CSV pursues to expand the total value of the economy and society and it aims not only to create business value, but also to generate social value while meeting social needs and solving problems (Porter & Kramer, 2011). This study tends to explore how government operations and management of the national landscape accelerates the shared value chain among local shareholder, industry, and tourists with strategic thinking of CSV to expand the total social value of low-carbon tourism, responsible tourism and sustainable tourism.

## Dapeng Bay National Scenic Area and Destination Management Organization (DMO)

Established by the Tourism Bureau of the Ministry of Communications in 1997, the total 2,762.2 hectares of Dapeng Bay National Scenic Area is the 4th national scenic area in Taiwan, which manages both Dapeng Bay and Little Liuqiu national scenic areas (Dapeng Bay Scenic Area Administration, 2017). Dapeng Bay was constructed with a diverse tourism environment and is one of only 13 national scenic areas in Taiwan that has been transformed from the traditional aquaculture industry and combined with local fish farming aquaculture, Dapeng Bay lagoon ecology, mangrove ecosystem and the wetland system (Dapeng Bay Scenic Area Administration, 2017).

The mission of the Destination Management Organization (DMO) is to increase the competitive advantages and effective management of destinations, and eventually to enable the development of community-based tourism destinations (Volgger & Pechlaner, 2014). DMO plays a dual role of both initiator and mediator to ensure its flexibility and to stimulate the motivation of self-responsibility, self-autonomy and self-regulation. Therefore, it is necessary to examine and discuss the management method of DMO in national scenic areas, because an effective and comprehensive destination management will improve its long-term development of an area.

## Method

To ensure the reliability and validity of the results, this research adopted two stages of analysis, exploration and demonstration. A content validity examination was performed to review the relevant literature studies and reports. 21 preliminary indicators of constructing the sustainable tourism destination were collected by scrutinizing a collection of literature documents about low-carbon tourism, sustainable tourism and destination management in the past four years. A two-round Fuzzy Delphi expert survey was sent to the same group of 15 experts between October and December 2017, and the response rate was 100% on the first round and 93% on the second round. The results of the survey proved that 24 indicators collected as opinions of a group of experts were consistent. In addition, 13 indicators were screened with the arithmetic mean at 6.929 to construct a precise and accurate scoring system for the empirical research questionnaire design.

Furthermore, 13 indicators were used and blended in the literature review to achieve four critical empirical variables. These variables were Environment-Friendly (EF), Responsible Tourism (RT), Green Trust (GNT), and Destination Revisiting Intension (DRI). An empirical research questionnaire was conducted on visitors of Dapeng National Scenic Area from January to March 2018 and applied a Likert scale of 1-5 as a measurement: 5=totally agree, 4=agree, 3=fair, 2=disagree, 1=totally disagree. A total of 207 questionnaires were collected with a 95.65% effective response rate. Research hypotheses states as follows:

- H1: EF has a significantly positive impact on tourists GNT
- H2: RT has a significantly positive impact on tourists GNT
- H3: GNT has a significantly positive impact on tourists DRI
- H4: EF has a significantly positive impact on tourists DRI
- H5: RT has a significantly positive impact on tourists DRI

The research structure is shown in Figure 1 below.

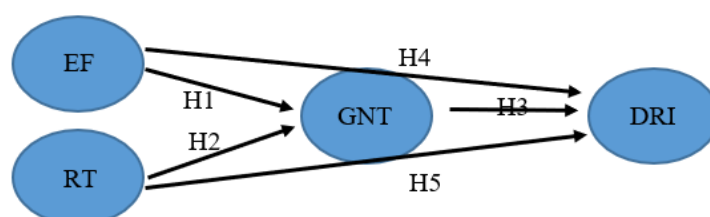


Figure 1. Research structure

## Results

### Analysis of Tourists Empirical Questionnaire

This survey was conducted on visitors of Dapeng National Scenic Area from January to March 2018. Out of 207 questionnaires collected, 198 copies were validated which led to a 95.85% effective response rate. Descriptive statistical analysis of respondents' gender, age, education and location is shown in Table 1.

Table 1. Descriptive statistics

Category	Item	Figure	Percentage	Accumulated percentage
Gender	Male	84	42.4	42.4
	Female	114	57.6	100
Education	Junior high or less	9	4.5	4.5
	Senior high or equivalent	83	41.9	46.5
	Associates/Bachelors	99	50	96.5
	Graduate and above	7	35.5	100
Age	Below 20	1	0.5	0.5
	21-35	54	27.3	27.8
	31-40	51	25.8	53.5
	41-50	45	22.7	76.3
	Above 51	47	23.7	100
Location	North Area	39	19.7	19.7
	Central Area	88	44.4	64.1
	South Area	61	30.8	94.9
	East Coast	9	4.5	99.5
	Others	1	0.5	100

The result of this study suggests that a comprehensive set of relevant policies should be established such as water quality and water resource management, the process of land development, preserving local tradition and culture, and maintaining natural landscape and scenery. It would also be beneficial for government to establish sustainable tourism related policies. The independent sample t-test shown in Table 2 was used to investigate if there is significant evidence in gender on the scores of the following issues: business in different industries that should be integrated in a destination, companies that need their own plan or development progress regarding sustainable development, and the willingness of visitors' intention to revisit.

Table 2. Independent sample t-test: gender

		F	Sig.	t	df	Sig.(2-tailed)
1	Equal variances assumed	0.585	0.44	-3.358	196	0.001
	Equal variances not assumed					
2	Equal variances assumed	0.129	0.72	-2.128	196	0.035
	Equal variances not assumed					
3	Equal variances assumed	0.002	0.96	-2.086	196	0.038
	Equal variances not assumed					

The result of one-way Anova proved that there was a significant difference between education level on whether the development and deployment of sustainable tourism destination should be regulated. After applying both Tukey and Bonferroni's post hoc test, the results showed a strong belief that the development and deployment of sustainable tourism destination should be regulated. People who receive a graduate and above degree feel stronger than those that receive an associate's or bachelor's degree; and those who receive an associate's or bachelor's degree feel stronger than those who receive a high school diploma. However, there is no significant difference between people that received a high school diploma and those that did not.

## Structural Model Analysis

Structural Model (also known as the Inner Model) was used to analyze the hypotheses proposed in this research, and the explanatory powers of each construct is shown in Figure 2. The confidence interval of correlation coefficient between each latent variable does not include the value of 1, which tells the discriminant validity does exist.

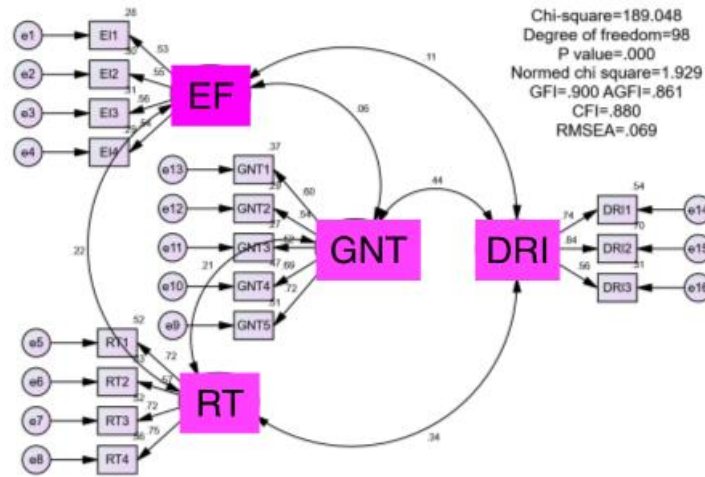


Figure 2. Result of the structural model analysis

The above Figure 2 demonstrates the results of the structural model by Amos 22 software. The Normed Chi-square ( $NC = \chi^2 / df$ ) requires a value between 1 to 3 to be considered an ideal fit index and the results of this study was considered acceptable with the value at 1.929. The RMSEA requires a value of 0.05 and 0.08 and the results of this study was 0.069 proving that it is a good fit. The result discovered the confidence interval of EF including 0 which was not significant; therefore, re-analysis was initiated after excluding the item. The re-analysis result showed the mediating effect exists as the total effect of both the confidence interval of Bootstrap; and the indirect effect between 0.015-0.082 did not include 0. Furthermore, because the confidence interval of direct effect also did not include 0, the indirect mediating effect was confirmed. The summary results of research hypotheses of this study is shown in Table 3 below.

Table 3. Result summary of research hypotheses

Symbol	Hypothesis	Result
H1	EF has a significantly positive impact on tourists GNT	Not support
H2	RT has a significantly positive impact on tourists GNT	Support
H3	GNT has a significantly positive impact on tourists DRI	Support
H4	EF has a significantly positive impact on tourists DRI	Not Support
H5	RT has a significantly positive impact on tourists DRI	Support

## Conclusion and Discussion

Through the calculation of the statistics of both conservative cognitive value and optimistic cognitive value, the consensus significant values of each indicator remained between five and eight. "Greenhouse Gas Emissions" with a value of 5.7 (GSTC, 2016) is less significant because national scenic areas are not located in industrial neighbourhoods. Energy-saving and carbon reduction policies have been implemented as a necessity for promoting sustainable tourism development. The most significant value at 7.93 is "Respecting Local Culture and Tradition", showing tourists behaviour has gained more serious concerns in public, and anticipating the government to establish policies to protect the local culture and custom. In addition, 13 final indicators were recommended to comply with sustainable tourism development. These indicators are as follows; (a) from a policy aspect five indicators were prioritized as natural landscape and scenic maintenance, local tradition and culture preservation, water quality and water resource management, community participation policy and land use situation, (b) four prioritized indicators were selected from the supply aspect including local communities participation in discussion, flexible tour options despite seasonality, employment opportunities provided by companies and traffic flow planning, (c) four prioritized indicators were collected from the demand aspect including tourist experiences, detailed information of an attraction in a scenic area, respecting local culture and tradition and the security of tourists health and safety.

The compelling findings in this empirical research are as follows. First, the GSTC certification index supplemented by the 7S framework can be constructed as an important reference for the development of sustainable tourism destination management in the national-level scenic areas. Second, constructing the marketing strategies for DMO with a system thinking perspective allows to identify the outcome of possible solutions and to reduce the risk of making wrong decisions. Third, the position of development strategy of CSV in a national scenic area depends on the design and composition of elements in each value chain; including industry, government, academic, local stakeholder, local residences and visitors. Finally, Disseminating the responsible tourism will enhance the green trust of sustainable tourism destination and augment visitors' revisiting intention.

The literature review illustrates that the research topic of sustainable tourism has become the mainstream of policy development both internationally and domestically (UNWTO, 2016; National Sustainable Development Network, 2016). Therefore, further long-term researches on each construct will be recommended to investigate the comprehensive 13 indicators elaborated by this study. Even though issues such as Sustainability, Responsible Tourism and Green Tourism have been extensively discussed, more attention incorporating CSV must be given to promote sustainable tourism destination by government sectors. Finally, the result of this research can be applied to develop a knowledge-based system of sustainable tourism destination management; and with the cooperation of domestic authorities, the knowledge can be disseminated to the entrusted destination operators, tourism operators, service providers, local residences, stakeholders and visitors.

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