CHAPTER EIGHT: OUTPUTS AND OUTCOMES OF THE DEVELOPMENT AND PLANNING PROCESS

8.0 INTRODUCTION

For the tourism development of a destination, a vital role is played by residents who live with tourism and its impacts, enterprises that provide facilities and services to tourists and local authorities that make planning and development decisions on tourism. The aim of this and the next chapter is to present the results of surveys based on personal interviews with 194 residents, 146 tourism entrepreneurs/managers, and 25 local authority officials from Crete. This chapter will explore the findings of the surveys dealing with the outputs and outcomes of the development and planning process in order to see if the tourism development of the island has provided benefits and/or costs for the local community. It does this in five sections covering: an investigation of tourism outcomes; the problems faced by the Cretan tourism industry; the attempts made to overcome these problems; the plans of tourism enterprises for expansion and the local authority activities for tourism development.

In this chapter to identify statistical significant relationships between dependent and independent variables χ^2 tests; Cramer's V; Spearman's ρ; and ANOVA tests were used where appropriate.

8.1 TOURISM OUTCOMES

8.1.1 Outcomes for family and society

As the literature suggests tourism development has various impacts on residents life. Therefore, the household survey asked respondents if their family has been affected by tourism. 38 percent of residents answered positively. The following significant associations were found between respondents' family affected by tourism and three out of the seven independent variables (Table 8.1):

- City (Cramer's V = .336). Not surprisingly, 69 percent of residents from Agios Nikolaos reported their family as being influenced by tourism. Conversely, approximately 73 percent of respondents from Heraklio and Chania considered tourism as not having important impacts on their family.
- Age (Cramer's V = .179). The families of middle-aged residents were mostly affected (47 percent), while the families of young-aged were the least affected (27%).
- Employment reliance (Cramer's V = .148). As was expected, reliant residents' families were mostly affected (44%) compared to non-reliant (30%).

Table 8.1: Family affected by tourism

	Yes %	No %
City:		
Heraklio	27	73
Chania	26	74
Rethymno	38	62
Agios Nikolaos	69	31
Age:		
Young-aged	27	73
Middle-aged	47	53
Old-aged	43	57
***Employment reliance*:**		
Non-reliant	30	70
Reliant	44	56
Total survey	38	62

Respondents were also asked to indicate the ways their family had been affected by tourism. Table 8.2 presents the responses to this question. The figures contained in this table pertain only to respondents who declared that tourism affected their family. Examination of the ways that residents' family have been affected by tourism reveals that economic benefits dominate. In particular, residents indicated that their families were affected through income (47%) and employment (34%). As one female resident from Agios Nikolaos declared:

> In this city, we live on tourism. I've got five children. All of them are involved in tourism activities. Three of my sons have a small ship. They guide tourists around the coast and so they make their living. My husband is a taxi driver. He works only

during the summer with tourists. In the winter there are no employment opportunities and the city is empty. Only a small number of locals stay here.

This confirms what was earlier reported in the literature, that a high share of the islands' population is dependent on tourism for employment and income.

Table 8.2: Ways that respondents' family have been affected by tourism

	No of Responses	%
Income/Financial	33	47
Employment	24	34
Social	18	26
Indirect	5	7
Increase in prices	2	3
Total responses (N = 70)	82	117

Note: responses do not add up to 100%, due to multiple answers.

Consequently, 26 percent of residents suggested that their social life has been affected by tourism, because through tourism expansion there has been an increase in crime, e.g. foreign criminals have been attracted to tourist areas. There is also a laxity in morals, e.g. nudism and an increase in sexual freedom on the part of locals because of contact with tourists. It was mentioned that because of the often immoral behaviour of female tourists, many local men become promiscuous (proceed in sexual fishing - kamaki). However, a few residents found some positive impacts of tourism on society. As one female resident from Agios Nikolaos stated:

> Two of my sons are married to foreign women. Both of my daughters-in-law came first to Agios Nikolaos as tourists. They met my sons and felt in love. They have lived together for several years, they've got children and they are very happy.

However, other residents expressed concern about the demonstration effects of tourism on the local population, with the younger generation adopting foreign habits, identified in the literature as some of the negative social impacts of tourism on the island. Other influences reported (from less than 10% of respondents) included indirect income/employment through tourism and an increase in prices because of tourist demand.

In summary, residents placed more emphasis on the financial and employment benefits of tourism for their family than the social costs, indicating that the economic returns of tourism outnumber the social costs.

8.1.2 Outcomes for employment and income

As mentioned above, employment and income are the two major ways that residents' families have been affected by tourism. Bearing these in mind many governments have attempted to expand the island's tourism industry in order to increase the host population's welfare and to decrease emigration. To investigate the success of governments in doing so, the residents' questionnaire was concerned with the extent to which residents and their families had benefited from employment in tourism. The findings indicate that 26 percent of residents were directly employed in the tourism industry (Table 8.3). A series of cross-tabulations were performed in order to investigate if some groups had received more benefits, because of employment in tourism, than others. Only one quite weak association (Cramer's V = .321) was found with city of residence, as the percentages of residents from the cities of Agios Nikolaos and Rethymno employed in the tourism industry were higher (42% and 41% respectively), compared to residents of the cities of Heraklio and Chania (16% and 11% respectively). This was not unexpected since the cities of Agios Nikolaos and Rethymno are smaller than the other two and their alternatives for employment in any sector other than tourism are limited.

Table 8.3: Organisation employed

	Tourism %	Non-tourism %
City:		
Heraklio	16	84
Chania	11	89
Rethymno	41	59
Agios Nikolaos	42	58
Total survey (N = 194)	26	73

The residents' responses indicate that tourism not only creates jobs in the tourism industry, but since the island has tourism as one of the major sectors of the economy, indirect employment has been generated in other sectors. As a result, some residents employed in non-tourism occupations, but servicing tourists, defined themselves as employed in tourism, for example, a taxi driver and a dry cleaner in the city of Agios Nikolaos, who were engaged in a significant volume of service provision for the tourist industry, declared themselves as being employed in tourism, confirming that tourism creates employment in some other economic sectors.

Since the jobs of some residents not directly employed in tourism are influenced by tourism activity, residents were asked to indicate the way that tourism affects their jobs. This question was addressed only to those individuals who indicated that their job was influenced by tourism. Table 8.4 shows that the four major impacts identified to be income generation (49%), employment (24%), direct influence through sales of services/products to the tourism industry (13%) of the enterprises where respondents were employed/owned and indirect sales in the tourism industry (33%).

Table 8.4: Ways that respondents' job has been affected by tourism

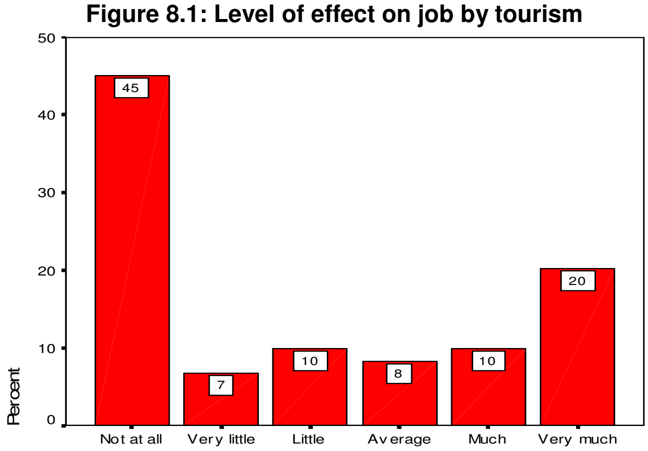
	No of Responses	%
Income/Financial	37	49
Indirect	25	33
Employment	18	24
Direct	10	13
Total responses (N = 75)	90	120

Note: responses do not add up to 100%, due to multiple answers.

In summary, residents' jobs have been affected in similar ways to family (through direct and indirect income and employment), showing the significance of the tourism industry for many of the respondents' families. Besides, although one third of residents did not have any direct employment and did not receive income directly from tourism activities, the enterprises where they worked, or which they owned were providing indirect services/products to tourists or the tourism industry. Thus, the tourism industry has affected directly or indirectly many other sectors of the economy in the cities where the survey was undertaken, confirming its significance for these areas.

Based on the assumption of vested interest, the level of employment reliance in tourism is also recognised as affecting people's views. Therefore, one question of the residents' survey was concerned with the extent to which respondents' job had been affected by tourism. The majority (62% of respondents) stated that their job had been affected by tourism less than average (45% not at all; 7% very little; and 10% little), eight percent on average and 30 percent, much or very much (Figure 8.1).

Figure 8.1: Level of effect on job by tourism



Among the independent variables of the residents' survey, only city and age recorded quite weak significant associations with level of employment reliance on tourism (Table 8.5). Not surprisingly, 72 percent of residents from Agios Nikolaos were reliant on tourism employment, followed by 63 percent of residents from Heraklio (Cramer's V = .251), while the proportion was lower for residents from Rethymno and Chania (50% and 38% respectively). Regarding age (Cramer's V = .256), 72 percent of the middle-aged were reliant on tourism employment, although the percentages were lower for the young and old-aged (52% and 40% respectively).

Table 8.5: Level that job has been affected by tourism

	Non-reliant %	Reliant %
City:		
Heraklio	37	63
Chania	62	38
Rethymno	50	50
Agios Nikolaos	28	72
Age:		
Young-aged	48	52
Middle-aged	28	72
Old-aged	60	40
Total survey	45	55

Apart from personal reliance on tourism employment, 23 percent of residents indicated that one or more family members (spouse, children, or parents) were employed in tourism, mainly in hotels, tourist shops, restaurants, bars, coffee shops, or they considered them as employed in tourism, since they were working in non-tourism organisations, providing services or products to the tourism industry. In total, 34 percent of residents were either employed in tourism or/and had one to three members of their family employed in the tourism industry.

From the literature, it was evident that very often people engaged in tourism activities receive additional income from other activities. Therefore, the business survey questionnaire asked owners/managers if the owner of the business was employed or had interest in any other enterprise. As far as multiple economic activity is concerned, 23 percent of the enterprises' owners had a share in or owned other businesses. The second business of the owners' was related sectorally to their tourism enterprise (46%). Additionally, as Figure 8.2 illustrates, entrepreneurs had diversified interests in other non-tourism businesses, such as retailing/wholesaling (21%), services (12%) and farming (6%). The only quite weak association (Cramer's V = .240) found was between type of business activity and sectors. More specifically, one third of AEs' owners had a second business, followed by 28 percent of travel agencies/car rentals (TA/CRs) owners/managers, although the proportion was lower (14%) for catering establishments (CEs) owners and the lowest (9%) for tourist shops owners (Table 8.6). This links to the literature where Papadaki-Tzedaki (1997) found that in Rethymno, many olive-oil traders had been involved in hoteleria as a second business activity. It is noteworthy that household work was not reported as a second employment because, in Crete, it is regarded as a part of everyday activity rather than work.

Figure 8.2: Type of owners/managers business activity

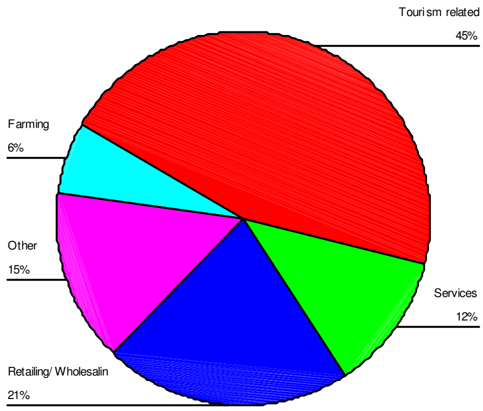
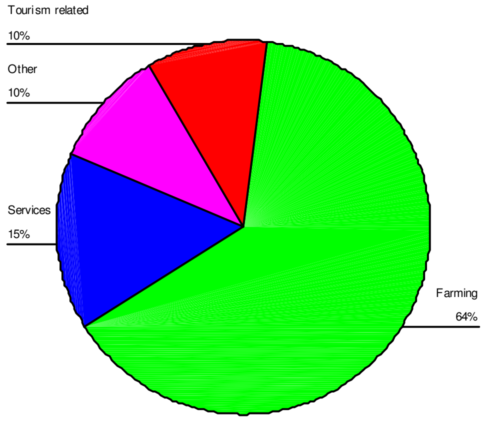


Table 8.6: Owners' multiple business activity

	Yes %	No %
Sectors:		
Accommodation	33	67
TA/CRs	28	72
Catering	14	86
Tourist shops	9	91
Total survey (N = 146)	23	77

Of enterprises' owners, 27 percent received additional income from second employment. Unfortunately, the real percentage of owners with second employment activity may be higher, because as previous studies in Greece found (e.g. Tsartas, 1989; Tsartas et al., 1995), respondents hide this, as second employment is usually unofficial. Those with a second job, worked in services (15%) and tourism (10%). However, as Figure 8.3 illustrates, the vast majority (64%) undertook farming activities during the winter months confirming what was stated earlier in the literature that on the island there is a type of multiple employment between tourism and agriculture. No relationship was discovered between second employment and any of the business survey independent variables.

Figure 8.3: Type of owners/managers second employment



To sum up, approximately one quarter of owners had a second business activity mainly related to tourism and retailing/wholesaling and a further quarter a second employment, mainly in agriculture.

To investigate the employment patterns of the tourism industry on the island, the business survey asked owners/managers to indicate the number of full-time employees in their enterprises (defined as those working more than 30 hours a week); the number of part-time employees (those working less than 30 hours); the number of seasonal employees (those working less than seven months a year); and the number of family members working in their establishments; as well as to distinguish between male and female. The aim was to identify if the criticism identified in the literature that tourism generates part-time and seasonal jobs held mostly by women, is relevant to Crete.

The number of employees within the sample enterprises varied from 1 to 265. In total, the 139 enterprises provided 1,313 jobs, yielding an average workforce size of 9.45 employees for each establishment. From this number, seven large hotels were excluded because they did not give any data on the number of their employees or they could not make any distinction between men and women. This causes problem of representation since data from larger hotels may vary from small and medium sized establishments. As Table 8.7 demonstrates, employment in the Cretan tourism industry is mainly full time (98%) and seasonal (80%). In addition, the majority of employees are non-family members (78%), and more than half (54%) are women. On average every enterprise employs approximately 2.1 family members (1.12 men and 0.94 women).

Table 8.7: Employment in the tourist enterprises

Sector	Male		Female		Total	
	N	%	N	%	N	%
Accommodation						
Seasonal family members		11		7		9
Seasonal non family members		66		74		71
All year family members		4		2		3
All year non family members		19		16		18
Total	421	100	479	100	994	100
Travel Agencies/Car Rentals						
Seasonal family members		36		28		33
Seasonal non family members		49		38		45
All year family members		10		18		13
All year non family members		6		18		10
Total	72	100	40	100	112	100
Catering						
Seasonal family members		34		47		39
Seasonal non family members		46		30		40
All year family members		11		11		11
All year non family members		9		11		10
Total	85	100	53	100	138	100
Tourist Shops						
Seasonal family members		58		55		57
Seasonal non family members		29		26		28
All year family members		13		16		14
All year non family members		0		3		1
Total	31	100	38	100	69	100
Total tourist enterprises						
Seasonal family members		20		14		17
Seasonal non family members		59		66		63
All year family members		6		4		5
All year non family members		15		15		15
Total	608	100	705	100	1313	100

As shown in Table 8.7, within the sample enterprises, AEs had 994 employees in total, the CEs 138, the TA/CRs 112 and the tourist shops 69. Not surprisingly, AEs on average had the highest average number of employees (22.1), ranging from 2 to 265, although the average number for CEs was 4.9, from 2 to 13. On the other hand, the average number of employees for TA/CRs was 3.5, from 1 to 8, although the tourist shops had the lowest average number, with two employees, ranging from 1 to 6. Tourist shops labour is more dominated by seasonal employment (84%), although the other sectors showed a slightly lower percentage of seasonal labour (approximately 79%).

As far as family employment is concerned, the tourist shops had the highest proportion of family employees (71%), followed by CEs (50%) and TA/CRs (46%), while the accommodation sector had the lowest (12%). On the other hand, the accommodation sector had the highest proportion of female employment (58%), together with the tourist shops (55%). This was not unexpected since the accommodation sector in Crete employs a high number of females working as chambermaids (Theodosakis, 1994). Additionally, many tourist shops in Crete have been established by women. For example, Saulnier (1980) remarks that in Anoya, a Cretan village, women working manual looms, opened tourist shops and were selling their products to tourists. TA/CRs had a very high percentage of male employees (74%), used for the maintenance and driving of vehicles. The proportion of part-time employment was very low for all sectors (on average 2.4%) and included mostly family members that were working in the enterprises during their free time.

Regarding the number of family workforce in different size AEs, there is a moderate negative relationship (Spearman's ρ = -.447), with the smaller the accommodation establishment the higher the number of family employees. Usually, as Buhalis (1995) has found, the small AEs in Greece are operated mainly by the owner's family, with the help of a very small number of non-family, salaried employees. The male members of the family are usually responsible for the management, maintenance, supplies, bar, negotiation and signing up of contracts, as well as financial functions, although women are more involved in cleaning, cooking, serving and reception duties (Buhalis, 1995).

The 9,236 beds in the AEs used in the sample created 1,773 jobs, 5.2 beds per job. To calculate the ratio of beds per job, two AEs were excluded because of missing values. Among different size AEs, in the larger establishments, 4.4 beds created one job, the medium AEs created one job per 8.6 beds and the smaller AEs created one job per 7.9 beds. On the other hand, 186,761 incoming tourists created 1050 jobs in the AEs used in the sample (17.8 incoming tourists created one job). It should be noted that for the calculation 19 out of the 52 AEs were excluded because of unavailable data or because owners/managers could not estimate the number of incoming tourists they accommodated. Therefore, no attempt was made to calculate the number of incoming tourists creating one job for different size AEs, since the figure may be biased by non-responses.

8.1.3 Shortage/mobility of labour in the tourism industry

Research undertaken states that the host population often leaves its traditional occupation for tourism employment (Peppelenbosch and Tempelman, 1989; Clancy, 1999). Therefore, officials were asked to identify whether in Crete local residents have abandoned jobs, for work in the tourism industry. As the results indicate, the majority of officials (16 out of 25) claimed that the tourism industry has drawn its workforce, mainly away from agriculture and it was stated that agricultural production in some areas of the island has declined. On the other hand, seven officials claimed that the tourism industry has attracted workforce from the handicraft industry, which has been declined and therefore most shops sell imported manufacturing products. Similarly, some traditional occupations, e.g. fishermen, shepherds, boatmen, hawkers, have been replaced by tourism-related ones, which are considered by locals to be more glamorous, easy-going and high-income (Herzfeld, 1991).

However, seven officials declared that the tourism industry has not attracted workers from other local industry, since when tourism development emerged there was an available unemployed workforce. As a result, the creation of employment opportunities to the tourism industry has reduced unemployment rates and emigration of the local population. Besides, four officials claimed that there is a seasonal balance between tourism and agriculture, with many locals working during the summer season in the tourism industry and the remainder of the year in agriculture, as it emerges from the business survey where a high proportion (64%) of owners with a second employment, was employed in farming.

In summary, tourism has attracted workers from agriculture, although opinions diverge regarding the attraction of employees from other sectors. At first sight, it may be assumed that officials' opinions run counter to the business survey, where most of the owners/managers had a previous occupation in services. However, this might be explained by the fact that the business survey concerned owners/managers, while the tourism industry employs many unskilled staff that might have been attracted from farming.

Since tourism development creates an increase in tourist facilities, and a subsequent demand for qualified staff, it often creates a shortage of local labour (de Kadt, 1979; Tsartas, 1989; Cukier, 1996). Therefore, the local authorities' survey concerned the possibility of labour shortages in the island's tourism industry. 17 out of 25 local authority officials suggested that some labour shortages can be found. 15 of them mentioned shortages of skilled/managerial staff. This was also evident in the business survey where 47 percent of managers had moved to Crete from other places. It can be supposed that local managerial staff was not adequate and therefore labour was imported.

One respondent stated that shortages are evident only for experienced labour in alternative forms of tourism, such as mountaineering and trekking guides. Tourism policy is currently directed towards the promotion of alternative forms of tourism, in an attempt to diversify the tourism product, so it was suggested that attempts should be made to educate and train locals. Eight officials mentioned that over the last decade, the island's tourism industry had not faced any shortages, although one mentioned that existing labour needs further training and that public sector efforts should be focused on upgrading the quality of service provision. Finally, one official argued that there are shortages in all types of labour in the tourism industry.

In summary, the survey findings and the secondary data show that tourism expansion on the island has reduced unemployment rates and increased income for the local population. The employment base of the island has evolved from a traditional agricultural economy to a modern tourism-related economy. As a result, some 'old-fashioned' professions have reduced in size or have been abandoned and replaced by contemporary ones, showing that the island has followed the patterns of development suggested by the diffusion paradigm.

Finally, the island's tourism industry faces some shortages of labour, mainly in qualified staff.

8.1.4 Linkages/Leakages

Many studies have identified concern about the leakages and the low multiplier effects created by the tourism industry. For the development of an economy, one of the most important economic linkages is the geographical location of retailers and wholesalers supplying tourist enterprises. In an attempt to investigate the leakage resulting from tourist expenditure, owners/managers were asked to estimate the proportion of supplies bought within their locality, from other Cretan regions or outside Crete. As many studies have proven (e.g. Loukissas, 1982; Khan et al., 1990), larger economies are able to supply the tourism industry with more of the goods required by tourism enterprises, compared to smaller ones. Therefore, the main hypothesis of this section is that the Prefecture of Heraklio, the largest and most diversified economy of the island will receive the most benefits from the island's tourism development, since many of the enterprises used in the sample will buy their supplies from there. In addition, other large Greek cities such as Athens, the largest economy in Greece, will receive benefits from purchases made by Cretan enterprises.

As Table 8.8 highlights, tourist enterprises made a surprisingly large proportion of purchases on the island. In particular:

- There is a very high degree of linkage with Cretan production for the purchasing of *fresh foods*, with almost all catering and accommodation establishments bought all their fresh food supplies on the island. This was not unexpected, since as Chapter Five suggests, Crete has a very large and high quality agricultural production, sufficient to supply tourist enterprises with all their needs in fresh foods. Within the sample, 85 percent of enterprises purchased all fresh food supplies within their locality and only a minority purchased part or all fresh food supplies from other Cretan regions, with the main beneficiary being the Prefecture of Heraklio.

- Regarding <u>*other food*</u> purchases, more than 90 percent of enterprises purchased from the island, with 77 percent purchasing within their locality. Among other food purchases made out of the locality, Heraklio and Athens received the most benefits.
- 88 percent of enterprises purchased <u>*drinks*</u> from local retailers and wholesalers, although seven percent purchased all and five percent less than half of drink supplies from other Cretan regions, mainly Heraklio.
- 79 percent of owners/managers claimed that they secured all <u>*furniture*</u> supplies from local retailers and wholesalers. An additional seven percent secured less than half, although there was a small number of enterprises, which purchased all or less of their furniture supplies from other Cretan regions (10% from Heraklio and 3% from Chania) and an additional eight percent from Athens.
- Approximately 80 percent of the enterprises purchased all their <u>*linen, kitchenware and china*</u> locally, although approximately 10 percent purchased from other Cretan regions, mainly Heraklio, and approximately eight percent from outside the island, Athens.
- The vast majority (around 85%) of the properties purchased <u>*stationery and building materials*</u> locally and only approximately 11 percent were supplied from other Cretan regions, mainly Heraklio, and approximately three percent from outside the island, Athens.
- 61 percent of TA/CRs purchased <u>*car/bikes*</u> locally and the remainder purchased from outside their locality, 23 percent from Heraklio and 12 percent from Chania. On the other hand, 12 percent of enterprises purchased from outside the island, Athens.
- The highest leakage was found for <u>*supplies purchased by tourist shops*</u> with 47 percent being purchased from other Cretan regions (38% from Heraklio and 9% from Chania). On the other hand, all tourist shops purchased the majority, if not all, of their supplies from outside the island. Specifically, 15 percent of tourist shops purchased all their supplies and an additional 82 percent from 10 to 90 percent, from Athens, although 24 percent purchased 10 to 50 percent of supplies from Thessaloniki and 12 percent of tourist shops imported gold products from Italy.

Table 8.8: Purchase of supplies by enterprises

	Locally %	Elsewhere in Crete %	Outside Crete %
Fresh Food Purchases (N = 63)			
0%	5	85	98
1-50%	5	8	2
51-99%	5	2	
100%	85	5	
Other Food Purchases (N = 62)			
0%	13	87	92
1-50%	7	5	2
51-99%	3		2
100%	77	8	4
Drink Purchases (N = 72)			
0%	7	88	99
1-50%		5	1
51-99%	5		
100%	88	7	
Furniture Purchases (N =108)			
0%	14	87	92
1-50%	7	3	2
51-99%		2	1
100%	79	8	5
Linen Purchases (N = 70)			
0%	18	87	91
1-50%	3	1	1
51-99%		1	
100%	79	10	8
Kitchenware and China Purchases (N = 76)			
0%	16	91	92
1-50%	3		1
51-99%			1
100%	81	8	5
Stationery Purchases (N = 82)			
0%	10	89	98
1-50%	4	1	
51-99%			2
100%	86	10	
Building Materials Purchases (N = 49)			
0%	8	88	96
1-50%	8	2	
51-99%		2	4
100%	84	8	
Car/Bikes Purchases (N = 26)			
0%	12	65	88
1-50%	12	31	8
51-99%	15		4
100%	61	4	
Supplies from Tourist Shops (N = 34)			
0%	53	53	
1-50%	35	38	41
51-99%	12	9	35
100%			24

Note: responses do not add up to 100%, due to rounding.

For the purchases made by different sectors, no significant association was uncovered, although location of enterprise presented one moderate association for the purchase of car/bikes (Cramer's V = .480). Enterprises from Heraklio purchased all their needs within their locality, although 14 percent of enterprises in Chania, 57 percent in Lassithi and 83 percent in Rethymno purchased car/bikes out of their locality (Table 8.9). This was expected since the largest city of the island has a high number of wholesalers that can supply car rentals with vehicles.

Table 8.9: Purchase of car/bikes by location

	CHANIA			HERAKLION			LASSITHI			RETHYMNON		
	Locally %	Else-where in Crete %	Outside Crete %	Locally %	Else-where in Crete %	Outside Crete %	Locally %	Else-where in Crete %	Outside Crete %	Locally %	Else-where in Crete %	Outside Crete %
Car/Bikes (N =26)												
0%		86	100		100	100	14	43	86	33	33	67
1-50%	14	14						57	14	33	50	17
51-99%							43			17		17
100%	86			100			43			17	17	

The most relationships were found between purchase of supplies of different size hotels (Table 8.10). Negative relationships were found for the purchase of other food products (Spearman's ρ = -.535), furniture (Spearman's ρ = -.455), drinks (Spearman's ρ = -.431), linen (Spearman's ρ = -.424), kitchenware and china (Spearman's ρ = -.377), stationery (Spearman's ρ = -.382) and building materials (Spearman's ρ = -.358) showing that the larger the unit the greater the possibility of purchases outside the locality. Indeed, large hotels tend to buy their supplies from outside their locality in order to enjoy economies of scale that are unavailable to their smaller counterparts (Papadaki-Tzedaki 1997). As a result, the findings of this study confirm previous studies (Seward and Spinard, 1982; Rodenburg, 1989) which suggest that smaller AEs are more likely to purchase their supplies locally. Unfortunately no indicator of size was available for the other types of enterprises in order to proceed to comparisons.

Table 8.10: Purchase of supplies by size of AEs

	Small			Medium			Large		
	Within Your Locality %	Other Cretan Region %	Outside Crete %	Within Your Locality %	Other Cretan Region %	Outside Crete %	Within Your Locality %	Other Cretan Region %	Outside Crete %
Other Foods (N = 34)									
0%		100	100	7	93	100	29	79	71
1-50%							21	7	7
51-99%							7		7
100%	100			93	7		43	14	14
Drinks (N = 45)									
0%		100	100	7	93	100	8	70	92
1-50%								23	7
51-99%							31		
100%	100			93	7		61	7	
Furniture (N = 48)									
0%	6	94	100	13	81	100	36	93	50
1-50%				6			21		7
51-99%					6			7	7
100%	94	6		81	13		43		36
Linen (N = 50)									
0%	5	95	100	31	75	88	40	80	67
1-50%					6		13		
51-99%						6		7	
100%	95	5		69	19	6	50	13	33
Kitchenware & China (N = 48)									
0%	6	94	100	19	88	100	33	93	60
1-50%							13		7
51-99%									7
100%	94	6		81	12		53	7	26
Stationary (N = 50)									
0%		100	100	12	88	100	20	80	87
1-50%							13		
51-99%									13
100%	100			88	12		67	20	
Building Materials (N = 49)									
0%	6	94	100		94	100	20	73	87
1-50%				6	6		20		
51-99%								7	13
100%	94	6		94			60	20	

Another question related to linkages asked respondents about services, whether they were in-house, received locally or from other Cretan region (Table 8.11). From the survey the following findings can be summarised:

- The vast majority (75%) of the enterprises purchased *accountancy services* from other businesses within their locality, 23 percent had in-house accountancy services, and two percent received services from businesses located in Heraklio, where their head office was located.
- All the accommodation and catering establishments provided their customers with *meals* produced within the firm.

- The vast majority of enterprises had in-house *cleaning services* and only seven percent received cleaning services from locally-based cleaning enterprises.
- 56 percent of accommodation and catering establishments had in-house *laundry services*, although the remainder received laundry services locally.
- *Maintenance and repair services* were mainly purchased from other businesses (57%), the majority located within the enterprise's locality, with only four percent located in Heraklio and Chania.

Table 8.11: Purchase of services by enterprises

	In-house %	Within Your Locality %	Within Other Cretan Region %
Accountancy Services (N = 146)			
0%	77	24	98
1-50%		1	
51-99%	1		
100%	22	75	2
Catering Services (N = 64)			
0%		100	100
100%	100		
Cleaning Services (N = 145)			
0%	7	93	100
100%	93	7	
Laundry Services (N = 79)			
0%	42	56	100
1-50%	2	1	
51-99%		1	
100%	56	42	
Maintenance & Repair Services (N = 145)			
0%	57	38	96
1-50%	5	9	
51-99%	3		
100%	35	53	4

No significant association was found within sectors and location**.** On the other hand, significant associations were found for different size AEs (Table 8.12). Not surprisingly, a higher proportion of larger AEs tended to have laundry (Spearman's $\rho = .412$), accounting (Spearman's $\rho = .614$), and maintenance services (Spearman's $\rho = .716$) within the firm. This was expected since large AEs have the financial resources to establish more departments within the unit, compared to small establishments.

Table 8.12: Purchase of services by size of AEs

	Small			Medium			Large		
	In-house %	Within your locality %	Elsewhere in Crete %	In-house %	Within your locality %	Elsewhere in Crete %	In-house %	Within your locality %	Elsewhere in Crete %
Laundry (N =51)									
0%	83	11	100	37	63	100	35	59	100
1-50%	6	6					6		
51-99%								6	
100%	11	83		63	37		59	35	
Maintenance & Repair (N =51)									
0%	72	17	100	19	69	100		100	100
1-50%	6	11		12	12				
51-99%	6								
100%	17	72		69	19		100		

Apart from the location where the enterprises purchased their supplies, the leakage of money out of a region's economy depends on the ability of the economy to supply the goods and services that the tourist industry demands. Since there are no data available, officials were asked to estimate the percentage of the island's sufficiency in a variety of products used by tourism enterprises. As Table 8.13 presents, the island is highly sufficient in fresh foods (with 20 out of 23 officials estimating a sufficiency of 100%). Besides, there is a high sufficiency in maintenance/repair services, with slightly less than three-quarters of officials having estimated a sufficiency of 100 percent. On the other hand, the island is totally insufficient in kitchenware and china (for 16 out of 18 officials), linen (for 16 out of 19) and stationary (for 8 out of 12). In addition, half of the officials estimated that the island is sufficient for more than 75 percent of building material required by the local tourism industry, and many of them suggested that the only building materials that should be imported are iron and concrete. For drink products, the vast majority of officials could not make any estimation, declaring that the island is sufficient in local wines and spirits (mainly raki), although it has to import all the other types of drinks consumed by tourists. For other food products, opinions vary making the interpretation quite difficult. Six out of 14 officials said that the island's sufficiency is very low from 0-25 percent, although five suggested that although the tourism industry purchases most other food products from outside the island in order to achieve lower prices, the island has a sufficiency of over 75 percent. Next, for furniture needed by the tourism industry five out of 13 officials estimated that the island is totally sufficient, although 31 percent estimated that the island is 26-50 percent sufficient.

Table 8.13: Sufficiency of the island on selected products/services

	0%		1-25%		26-50%		51-75%		76-99%		100%	
	N	%	N	%	N	%	N	%	N	%	N	%
Fresh foods (N=23)					1	4	1	4	1	4	20	87
Other foods products (N=14)	1	7	5	36	3	22			2	14	3	21
Furniture (N=13)			1	8	4	31	2	15	1	8	5	38
Linen (N=19)	16	79	1	5	2	10						5
Kitchenware & China (N=18)	16	83			2	11						6
Stationery (N=12)	8	67			1	8					3	25
Building materials (N=10)	1	10	2	20	1	10	1	10	2	20	3	30
Maintenance & Repairs (N=15)							1	7	3	20	11	73

Note: responses do not add up to 100%, due to rounding.

Foreign ownership in the tourism industry of a region causes high leakage of money, because as many studies have revealed (Seward and Spinard, 1982; Song and Ahn, 1983; Bennett, 1994), foreign-owned enterprises tend to purchase their supplies out of their locality and to expatriate their profits. Since there are no data available for the extent of foreign ownership on the island, officials were asked to estimate the proportion of Cretan ownership, within different types of enterprises that provide services/products to tourists. As Table 8.14 presents, slightly less than three-quarters of officials estimated that locals own more than 80 percent of the island's tourism enterprises. The proportion of Cretan ownership is higher for hotels where eight out of 14 of officials estimated that more than 90 percent are owned by Cretans and lower for travel agencies and car rentals, with six out of 12 and six out of 14 respectively, estimating Cretan ownership to be between 40-80 percent. For CEs and tourist shops, five out of 14 officials estimated Cretan ownership to be over 90 percent and the remainder between 61-90 percent.

Table 8.14: Extent of Cretan ownership

	40-60%		61-80%		81-90%		91-100%	
	N	%	N	%	N	%	N	%
Hotels (N=14)	1	7	1	7	4	29	8	57
Travel Agencies (N=12)	2	17	4	33	1	8	5	42
Rent a Car (N=14)	2	14	4	29	3	21	5	36
Catering (N=14)			3	21	6	43	5	36
Tourist shops (N=14)			1	7	8	57	5	36
Total enterprises (N=68)	5	7	13	19	22	32	28	41

Note: responses do not add up to 100%, due to rounding.

To sum up, with the exception of the tourist shops, the vast majority of enterprises purchased their supplies within their locality. There is a low degree of leakage out of the island for the purchase of supplies by tourist enterprises with the exception of the tourist shops which purchase most of their supplies from outside. However, according to officials, there is a high reliance on external markets for the supply of many needs of the tourism industry such as stationery, kitchenware and china, linen, other food products, as well as alcoholic drinks and some types of building materials. Although the tourism industry has attracted some outside investors, according to official opinions, the majority of tourism enterprises are still owned by Cretans. This can also be proven by the finding that 98 percent of the tourism enterprises' head office/ownership was based on the island, and only three large AEs' head office were located in Athens. Additionally, only five large AEs had units located outside the island. These characteristics show that a high share of formal control of the economy is local. On the other hand, retailers and wholesalers from Heraklio, the largest economy of the island have seen some but not many benefits from providing Cretan enterprises with various products, consumed by the tourism industry. Besides, Athens has received some benefits from purchases made mainly by tourist shops. In addition, the smaller the accommodation unit the most the purchases are made within the locality. The vast majority of enterprises had catering and cleaning services, and over half of their laundry services from within firm, although the majority of accounting and over half of maintenance and repair services were purchased from local businesses. Thus, there is very small leakage for purchases of services from enterprises' locality.

8.1.5 The effects of tourism on the balance of payments

As mentioned in Chapter Four, Crete has no independent balance of payment accounts, but its foreign trade is aggregated together with the other 12 regions of Greece. Since the effects of tourism on the island's balance of payments are not clear, local authority officials were asked to express their opinion on this theme. Not surprisingly, all officials mentioned tourism's considerable significance for the island's balance of payments, because of the foreign exchange that international tourists bring every year to the island's economy. As one official stated:

> There is an allegation that without tourism the Cretan economy perhaps would have decayed. This is evident today due to the declining agricultural production and the lack of dynamism in manufacturing which would make it very difficult to keep the welfare of the islands residents. Therefore, it can be said that without tourism the unemployment rates would become explosive.

In this effort, one official described a considerable change in his city:

> Thirty years ago, the city of Rethymno was one of the most problematic cities in Greece. Unemployment rates were very high, income was limited and emigration was very high. Today, because of tourism, together with the development of universities, Rethymno is one of the richest cities in Greece.

Similarly, another official remarked:

> The Prefecture of Rethymno was one of the most underdeveloped regions of Greece. Today, it has the higher indexes of development and is the fourth Greek Prefecture regarding per capita income. As a result, in Rethymno, as well as the other three Cretan Prefectures, tourism activity has generated income for the local population and has contributed to an increase of population.

From all the above, it is evident that many officials attribute to tourism many visible economic benefits. However, others noted less visible effects. Since Crete has not heavy industry, tourism, together with agriculture, determine the Cretan balance of payments, with tourism having greater potential than agriculture, since investments are directed mostly towards tourism development (Eurostat, 1994; Tzouvelekas and Mattas, 1995). Another salient feature mentioned was the co-operation of the tourism sector with the primary sector, with emphasis on the linkages created between the tourism industry and agriculture. A high proportion of local agricultural production is consumed by the island's tourism industry. Without this consumption, a high volume of Cretan agricultural production would remain unsold. Similarly, tourism on the island has a prominent position in the balance of payments for the linkages it creates with the construction and small industry. Because of tourist demand many new tourist enterprises are built and handicraft production is sold. Another interviewee pointed out the profound effects of tourism on the island's exports, not only because tourism is an export industry but because, through tourism, foreign demand for Cretan products has been increased, as the thousands of tourists visiting the island each year become aware of the island's agricultural and cattle production, and when they return home, they buy them. As a result, the exportation of agricultural products has multiplied, bringing foreign exchange earnings to the island's economy.

To sum up, respondents attributed three positive effects of tourism on the balance of payments, the most remarkable effect being the foreign exchange earnings brought from the thousands of tourists visiting the island every year. A second effect was the linkages of tourism industry, mainly with local agricultural production, as well as the construction and handicraft industry. A third prominent effect was the increasing exportation of local agricultural and cattle production.

8.2 PROBLEMS FACED BY THE CRETAN TOURISM INDUSTRY

The business and the local authority surveys asked respondents to mention problems faced by the island's tourism industry. The following sections present their opinions in four categories: (i) finance; (ii) seasonality; (iii) dependency on tour operators; and (iv) other problems.

8.2.1 Financial problems of tourism enterprises

As the literature has revealed, a major problem of the islands' tourism industry is the dominance of cheap mass tourism (Richards, 1999), resulting in low profitability for entrepreneurs and the lack of investments to upgrade the tourist product. One important measurement of profitability for an enterprise can be considered the owners' level of satisfaction with the establishment's income. Based on a five-point Likert Scale, ranking from very little (1) to very much (5), one question assessed owners' satisfaction with his enterprise's income. As Table 8.15 indicates, 40 percent of respondents rated owners' satisfaction below average, 47 percent average, and only 13 percent above average (Mean = 2.51, Std. Deviation = 1.00). No significant association was found with location, sector and size of AEs.

Table 8.15: Owners' satisfaction from businesses' income

	No of Respondents	%
Very little	33	23
Little	24	17
Average	68	47
Much	18	12
Very much	1	1
Total survey	144	100

Note: responses do not add up to 100%, due to rounding.

From the above, it seems that satisfaction levels of owners with their enterprises' income are low, the reasons for which are shown in Table 8.16. The most common reason, mentioned by 40 percent of owners/managers, was the low spending power of tourists visiting the island. As a result, the prices charged are low, reducing profit margins. One shopkeeper commented:

> Because of the low spending power of tourists there are days where I do not sell anything. Tourists come in my shop. They look around and most of the time they leave without buying anything. Even when they buy, they ask for high discounts. Therefore, very often I have to markedly reduce my profit margins in order to sell some of my products. As a result, there are some months when I cannot even afford to pay my rent. After 25 years, I am forced to close my shop and look for a job as a shop assistant.

Table 8.16: Reasons for dissatisfaction

	No of Responses	%
Low-spending power tourists	23	40
High competition	17	30
Low prices	13	19
Low demand	11	19
High costs	10	18
Small return on investment	10	18
Dependence on tour operators	4	7
Other	6	10
Total survey (N=36)	**57**	**159**

Note: responses do not add up to 100%, due to multiple answers.

A second reason was the fierce competition (30% of responses). Indeed, as shown in Chapter Four, many new enterprises are established every year, increasing the competition for existing businesses. The informal sector (e.g. parahoteleria) and the emergence of many competitive destinations in the Mediterranean have increased competition. All these contribute to low demand for services/products offered by tourist enterprises, as 19 percent of owners/managers revealed. Other reasons mentioned, contributing roughly equal proportions (18-19% of responses) were financial, such as low prices, high costs and small return on investment.

A small number of owners/managers talked about commissions and corruption within the tourism industry. The tourism market is dominated by people selling purely on commission. As some owners/managers of tourist shops mentioned, tour guides direct the market to enterprises that pay commission to them. Entrepreneurs that refuse to pay commission are unable to attract customers, no matter how good their product is. As one owner of a goldsmith shop declared:

> Corruption in our sector is rampant and there is nothing we can do about it. As we cannot afford to pay a high commission to tour guides, we depend on passing trade and most of the time our products remain unsold. Only some large shopkeepers are able to give commission asked for by tour guides; the rest of us are forced to close our business.

The case was similar for TA/CRs, many of which have to sell tours and/or rent cars through hotel desks. Hoteliers very often ask them high commission in order to keep on selling their products.

In summary, most of the reasons given by respondents for owner dissatisfaction are financial and very often interrelated. For example, low-spending power tourists because of attraction of a mass market, leads to low prices, small return on investments and high costs.

8.2.2 Seasonality

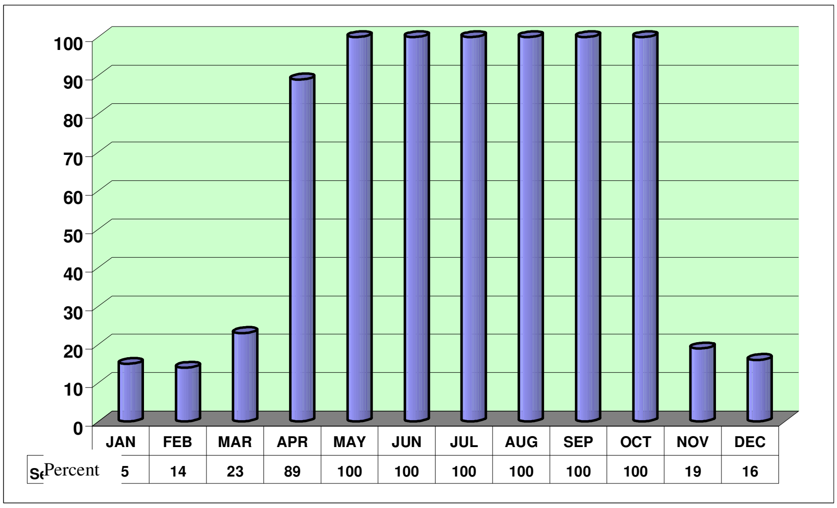
The tourism industry in the Mediterranean faces a high seasonality problem (Jenner and Smith, 1993), regarded as an obstacle to development of many regions (Lundorp et al., 1999). In Crete, seasonality constitutes a major threat to physical and human systems, since during the summer season there is an over-utilisation of resources. Although respondents to the business survey did not mention seasonality as a reason for owners' dissatisfaction with the economic returns from their investments, it is possible that the closure of properties during the winter will create major economic problems for enterprises, such as small return on investment and high operational costs. Therefore, owners/managers were asked if their enterprises face seasonality problems, and officials were asked if they believe that the island's tourism industry has a problem of seasonality. The majority of owners/managers (66%) claimed that their enterprises face a seasonality problem (Table 8.17) which was also recognised by all apart from one official. After a series of crosstabulations between size of AEs, location and sector, only one significant association was found for seasonality problems faced by different sectors (Cramer's V = .290). 47 percent of owners/managers from the accommodation sector gave seasonality as a problem, although the percentage was higher (approximately 75%) for the other sectors. The reason for this is that many owners/managers of AEs recognised their properties as resort seasonal hotels and therefore they had accepted seasonality as a fact of life, and not as a problem.

Table 8.17: Existence of seasonality problem

	Yes %	No %
Sectors:		
Accommodation	47	53
TA/CRs	72	28
Catering	79	21
Tourist shops	76	24
Total survey (N = 145)	66	34

The extent of the seasonality problem can be seen from the finding that only 14 percent of the properties used in the sample were open all year in 1996. These properties were mostly located in cities, working during winter months with locals and businessmen. From May to October, all the properties in the sample were in operation, during April 89 percent, and the remainder months less than 25 percent (Figure 8.4).

Figure 8.4: Opening of tourist enterprises throughout 1996



Seasonality may be determined by geographical location, sector and size of enterprise. However, a series of crosstabulations did not present any statistically significant association.

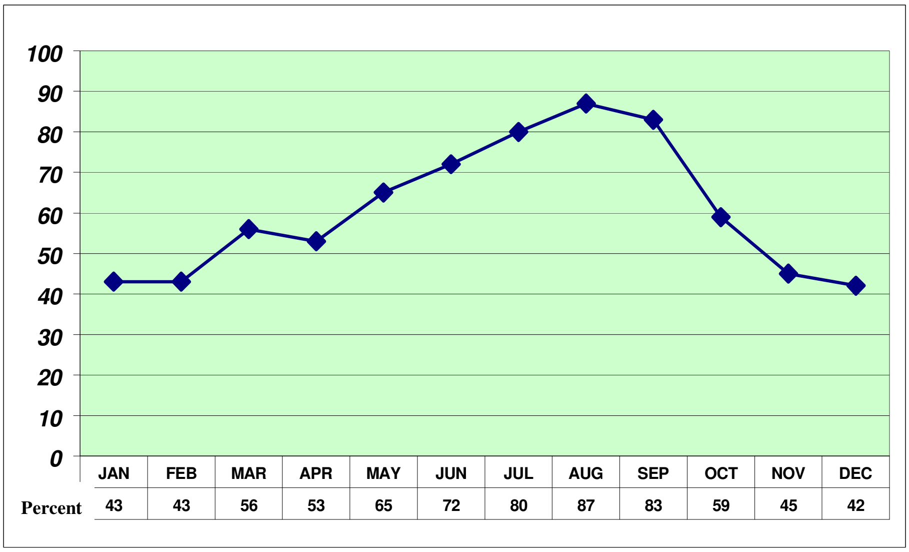
Indicators of the seasonality problem faced by tourism enterprises can be regarded as the level of average monthly occupancy rates for the accommodation sector and the average monthly variance in turnover for the others sectors, as the following sections illustrate.

8.2.2.1 Occupancy rates

The product sold by AEs is perishable. When a hotel room has not been used at the time it is available, it is lost for good (Kotler et al., 1999). Consequently, high occupancy rates can be regarded as one of the major determinants of AEs' profitability. Since 85 percent of AEs remained closed during the winter of 1996, a methodological problem results, in the discussion of occupancy rates achieved by the AEs under review. As a solution to this problem was to base the average monthly occupancy rates to be based on the establishments that remained open for each month of the year. Consequently, if it is assumed that all AEs remain open all year, the occupancy rates for the winter months will be very close to zero.

The average occupancy rates of AEs started from 43 percent in January and February, increased to 56 percent in March and decreased slightly in April to 53 percent (Figure 8.5). After April, occupancy rates increased slowly to 65 percent in May, 72 percent in June and 80 percent in July. August was the peak month with occupancy rates of 87 percent. After August, occupancy rates started to decline gradually to 83 percent in September, 59 percent in October, 45 percent in November and the lowest of the year in December (42%). From the above it is clear that although the occupancy rates are based on the enterprises that remained open for each month, they are still very low, during off-peak. Most enterprises have choose to close down completely for five months of the year, in order to eliminate operating costs in response to the problem of very low occupancy rates.

Figure 8.5: Occupancy rates



Note: Jan, Feb, Mar, Nov & Dec N = 6, Apr N = 35, May, Jun, Jul, Aug, Sep & Oct N = 41

One survey segment explored whether occupancy rates varied by location. However, ANOVA tests did not show any statistical significance. In addition, size was examined to determine whether any relationships existed with occupancy rates. The rationale was that large AEs, which are usually better organised, are linked to chains and have a stronger financial situation to support promotional activities, might have achieved higher occupancy rates compared to their smaller counterparts. However, ANOVA tests did not show any significant difference.

The research went further by asking owners/managers to indicate why the occupancy rates of their establishments varied in this way. Table 8.18 indicates that 45 percent of owners/managers mentioned unstable demand by international tourism as a reason for low occupancy rates, high during the summer and almost non-existent during the winter. Furthermore, 19 percent mentioned the oversupply of beds, attributed to the informal accommodation sector, namely ‘parahoteleria’ and illegally rented rooms, which has resulted in low occupancy rates even during the peak season. 19 percent of owners/managers mentioned a slight increase in occupancy rates in March due to the Catholic Easter. Moreover, 19 percent of AEs (all of them small) attributed their high occupancy rates to the signing of contracts covering the entire property on a “commitment” basis (i.e. an accommodation unit has signed an allotment with a tour operator, for a fixed price and reserves all rooms for tourists sent by him).

Table 8.18: Reasons for variance in occupancy rates

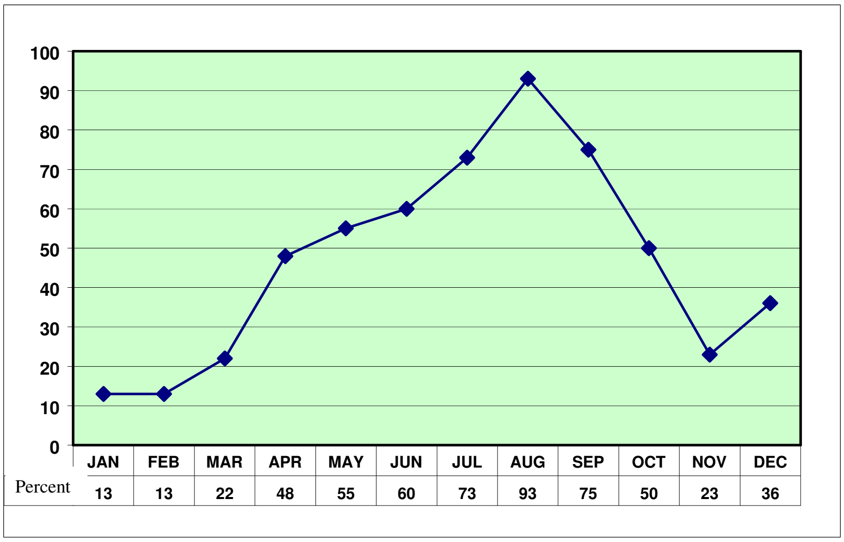
	No of Responses	%
Unstable demand	19	45
Oversupply of beds	8	19
Easter holidays	8	19
Commitment basis	8	19
Other	3	7
Total survey (N = 42)	46	109

Note: responses do not add up to 100%, due to multiple answers.

8.2.2.2 Variance on turnover

In order to investigate the variation in enterprises turnover, owners/managers were asked to indicate the average monthly turnover as an index of 100 percent (with highest month 100). The accommodation sector was excluded from this question since monthly occupancy rates were seen as more representative. As previously for the occupancy rates, the turnover percentages are based on the enterprises that remained open each month. In the first two months of 1996, the average turnover reached the lowest point of around 13 percent, increasing to 22 percent in March and continuing to increase in the following months, with April reaching 48 percent, May 55 percent, June 60 percent, July 73 percent and peaking in August (93%). After August, turnover decreased to 75 percent in September, 50 percent in October, and 23 percent in November (Figure 8.6). In December, there was an increase in turnover to 36 percent.

Figure 8.6: Monthly variance on turnover



Note: Jan & Feb N= 12, Mar N= 20, Apr N= 78, May, Jun, Jul, Aug, Sep & Oct N= 86, Nov N= 15 & Dec N=13

The major reason mentioned for the fluctuations in turnover was unstable demand (87%), high during the summer season and low during the shoulder months and in winter. In addition, 26 percent of owners/managers remarked the reason for a slight increase in turnover in December, to sales to the local population and domestic tourists during Christmas, showing the potential of the domestic market for the island's tourism industry.

ANOVA tests were carried out to identify differences of variance in turnover among different Prefectures and sectors. Only one statistical significance was found among Prefectures and average turnover in March. However, this significance cannot be taken into consideration because only five enterprises were open during this month.

To sum up, based on the monthly variance of AEs' occupancy rates and the variance in turnover of TA/CRs, CEs and tourist shops, it can be concluded that the areas incorporated in the survey have a high seasonal concentration, with the tourist season lasting from April to October, as past surveys undertaken in Crete have found (e.g. Donatos and Zairis, 1990; Tsitouras, 1998), and peaking from July to September. As a result, seasonality of tourism demand can be considered to be one of the challenges faced by the tourism industry in the study areas.

8.2.3 Dependence on tour operators

In Crete, as in most Mediterranean islands, there are two major categories of clients, the independent tourists who make their own arrangements, and the inclusive tourists coming through tour operators. As independent tourists cannot provide sufficient demand, tour operators play an important role in the Cretan tourism industry, mainly for packaging the various elements of the tourism product and distributing it to consumers. There is quite a strong association (Cramer's V = .673) between the enterprises receiving customers direct through tour operators and sectors. In 1996, 96 percent of AEs received customers direct from tour operators compared to only 34 percent of TA/CRs (Table 8.19). However, although TA/CRs did not have contracts with foreign tour operators, most of their customers had arrived through package holidays, as owners/managers revealed. No statistically significant association was found between enterprises receiving customers from tour operators and location or size of AEs.

Table 8.19: Proportion of customers through tour operators

	Yes %	No %
Sectors:		
Accommodation	96	4
TA/CRs	34	66
Total survey (N = 84)	73	27

To reveal the extent of AEs and TA/CRs dependency on tour operators, owners/managers were asked to indicate the proportion of organised tourists served by their enterprises in 1996. The results show that 86 percent of AEs received 71 percent or more of their customers through tour operators, although TA/CRs received a smaller share, with 64 percent having received less than 35 percent (Cramer's V = .644) (Table 8.20). However, although it seems that TA/CRs are less dependent on tour operators, this is not true as their owners/managers stated that most of their customers arrive on the island through tour operators. Location and size of AEs did not present any statistically significant association.

Table 8.20: Percentage of organised tourists within customers

	Less than 35% %	36-70% %	71-95% %	96%+ %
Sectors:				
Accommodation	6	8	43	43
TA/CRs	64	18	18	
Total survey (N = 60)	17	10	38	35

Although tourists coming through tour operators increase enterprises' income, not all managers/owners of AEs and TA/CRs were satisfied with this type of customer, as 25 percent preferred individual tourists, due to the better quality of independent tourists, and their higher spending power (Table 8.21). As stated in Chapter Seven, independent tourists are charged higher room rates in the AEs, increasing the profit margins of hoteliers. Similarly, TA/CRs receive higher profits as they do not have to pay commission to an intermediate to sell their product. The higher profit margins that may be received when selling to individual tourists might enable providers of tourism services to finance higher levels of investment to improve product quality. However, demand from independent tourists is not stable, they can not guarantee high occupancy rates, and on average they stay fewer days (Table 8.22). As a result, the majority (47%) of owners/managers preferred the security of customers generated by tour operators, and only 28 percent did not make any choice between individual and organised tourists, but preferred both, for the reason that although the economic benefits are higher from independent tourists, they cannot guarantee increased sales or high occupancy rates.

Table 8.21: Reasons that entrepreneurs prefer independent tourists

	No of Respondents	%
Better quality	9	53
Spend more/Higher prices	8	47
Total survey	17	100

Table 8.22: Reasons that entrepreneurs do not prefer independent tourists

	No of Respondents	%
No security in sales/ low occupancy rates	19	83
Independent stay less days	3	13
They ask for discounted prices	1	4
Total survey	23	100

The research went further by asking owners/managers if they faced problems in 1996, from tour operators. 28 percent of AEs and 64 percent of TA/CRs faced problems (Cramer's V = .288), mainly related to insolvency, as tour operators very often delay paying entrepreneurs. In addition, although enterprises have an allotment for a specific number of rooms, tour operators often do not send the pre-arranged number of tourists, leaving hotel rooms empty. Other problems include: loss of money because of tour operator bankruptcy and as a result in the past some AEs had to be sold due to lack of payment from a bankrupt tour operator, which meant owners could not afford to pay their debts. Finally, tour operators were blamed for paying low prices or charging high commission for the distribution of enterprise services/products (Table 8.23). The way the tourist trade operates and its commission structure were vexing issues for owners/managers, some were annoyed by the fact that they were obliged to pay high commission to someone else to sell their product and that they were powerless to change this.

Table 8.23: Kind of problems from the co-operation with tour operators

	No of Respondents	%
Insolvency/Delay in payments	11	50
Bankruptcy	7	32
High commission/low prices	4	18
Total survey	22	100

To sum up, the Cretan tourism industry is heavily dependent on tour operators, as they provide their customers with cheap flights and link the island with the major tourism generating Western European countries. Consequently, only a small number of tourists, mainly domestic, arrive on the island independently to visit friends and families, attend conferences, or for business purposes.

8.2.4 Other problems faced by tourist enterprises

Apart from high seasonality and strong dependency on foreign tour operators, the island's tourism industry faces other serious problems. Therefore, owners/managers were asked to indicate problems faced by their enterprises, and officials to relate their own experiences and establish the nature of the problems faced by the tourism enterprises of the island, within their authority. Given the involvement of a wide range of public agencies in the development and planning of tourism in Crete, respondents were also asked to name a public agency that could offer a solution to each problem. The agencies considered were local authorities, Hellenic National Tourism Organisation (HNTO) and Greek Government, each having different responsibilities and activities for the development of the island.

The problems faced by enterprises needing a solution by local authorities are presented in Table 8.24. The most common problem, reported by 43 percent of owners/managers and 38 percent of officials, was the inadequacy/insufficiency of infrastructure. The majority noted the poor conditions of the road network (bad design, potholes and lack of signs), inadequate sewage network and treatment, insufficient water and electricity supply, and lack of car parking spaces and public toilets. As one restaurateur noted:

> The road where my restaurant is located is very narrow. Because of traffic, often the road is blocked. Sometimes it is difficult for me to find a parking space for my car or even to stop my car for a short time in order to unload supplies.

Table 8.24: Owners'/managers' and officials' opinions on the problems faced from tourism enterprise needing attention from local authorities

	Business(N = 44) %	Officials (N = 16) %
Inadequacy/insufficiency infrastructure	43	38
Environmental problems	11	31
Insufficient provision of services	27	13
High municipal taxes	18	6
Insufficient control of enterprises	11	6
Other	7	6
Total	118*	100

Note: responses do not add up to 100%, due to multiple answers.

Bad signposting was mentioned as a problem; better signposting was seen as an essential requirement for spreading tourists towards various locations and attractions. Lack of pedestrianisation was also seen as an obstacle to development. As one tourist shop owner complained:

> Because of heavy traffic, noise from the cars and the narrow pavements, many shoppers and tourists avoid walking through this street … For residents and shop-owners, quality of life is poor in this area.

Pedestrianisation of some parts of the city was considered a traffic management solution and a strategy to attract more shoppers and tourists to tourist businesses. On the other hand, some respondents mentioned completion of the North road network and connection with the South of the island as important for the development of southern Crete. Other problems mentioned were the protection and cleaning-up of the overall environment. Environmental problems mentioned included: insufficient refuse collection and disposal, noise pollution, uncontrolled building, environmental aesthetics, e.g. traditional Cretan materials replaced by concrete structures, and ineffective use of Environmental Impact Assessments (EIAs) in tourist projects. Officials paid more attention to these problems (31%) compared to owners/managers (11%). On the other hand, owners/managers placed more emphasis on the insufficient provision of services by local authorities (27%) than officials (13%). It was suggested that provision of services is inadequate during the peak summer months, namely police control, waste disposal, cleanliness, airport services, and provision of information to tourists. 11 percent of owners/managers believed that there is inadequate legislation for the control of tourism enterprises and that their enterprises pay very high municipal taxes (18%), given the low standards of services provided by their municipalities (27%). Officials reported all these problems, although their percentage was much lower. Other problems reported by a minority of respondents related to low return on investments, bureaucracy and a lack of organisation by local authorities.

From the above responses, it is evident that although both owners/managers and officials reiterated their concern for the same problems, the significance given varies. Owners/managers gave higher attention to the inadequate provision of services and the high municipal taxes. This might be explained because owners/managers live every day with these problems and are more aware of them. On the other hand, officials paid higher attention to the environmental problems of tourism. It may be assumed that owners/managers, due to their dependency on tourism for income and employment, neglect environmental problems under the notion that environmental protection may result in legislation and restrictions to the tourism industry.

From one point of view, it may be assumed that there was an overall satisfaction with the services provided by the HNTO as a substantial number of owners/managers did not mention any problem needing attention by the HNTO. However, many owners/managers suggested that the HNTO is totally controlled by the government, and as a result its power to solve their problems is limited. Of the 14 owners/managers that reported problems to be solved by the HNTO, eight mentioned insufficient control of enterprises, with a demand for control and inspection of tourist enterprises in order to prevent the rise of illegal enterprises and any actions that may tarnish the image of the island as a tourist destination and downgrade the tourist product. Conversely, three owners/managers blamed the HNTO for strict rules on licensing and operation of enterprises. Besides, three owner/managers complained about insufficient promotion and provision of information (Table 8.25), stating that there are limited information centres, the existing ones are staffed by unqualified employees who very often cannot satisfy tourist demand. Similarly, the promotional activities undertaken by the HNTO were criticised for limited co-ordination, low budgets and offhandedness.

Table 8.25: Owners'/managers' opinions on the problems faced from tourism enterprise needing attention from the HNTO

	No of respondents
Insufficient control of enterprises	8
Strict rules for opening and operations	3
Insufficient information and promotion	3
Total	14

The major problems mentioned by four officials included insufficient promotion and provision of information. Three officials blamed the HNTO for insufficient protection of tourism enterprises by foreign tour operators (Table 8.26), and mentioned the necessity for the government to modernise legislation and protect entrepreneurs from tour operators bankruptcy, as well as to enact laws for signing contracts in a stronger currency than the Greek Drachma. A small number of officials complained about delays and poor implementation of tourist plans because of unqualified staff and bureaucracy, confirming previous research by Kufidu et al. (1997); Henry and Nassis (1999), and Jourmard and Mylonas (1999). Other problems of severe importance included: inadequate provision of services, insufficient training and education of tourism employees, a laissez-faire attitude by the HNTO toward licensing of tourism-related enterprises and an inability of entrepreneurs to invest in innovative projects, as well as to modernise their establishments, due to insufficient funding from the HNTO.

Table 8.26: Officials' opinions on the problems faced from tourism enterprise needing attention from the HNTO

	No of Respondents
Insufficient promotion/provision of information	4
Lack of protection from tour operators	3
Unqualified staff/Bureaucracy	2
Other	4
Total	13

In summary, owners/managers and officials put different emphasis on the hierarchy of problems needing a solution by the HNTO. Insufficient control of tourist enterprises by the HNTO suggested by the majority of owners/managers was not mentioned by any officials. Although the number of owners/managers was approximately five times higher than the number of officials, both recorded almost the same number of problems. Is this because officials were more likely to see the problems than the owners/managers? Apparently those mostly involved and co-operating with the HNTO seem more aware of its disadvantages.

The most severe problems were reported for consideration by the Greek Government (Table 8.27). Over one third of owners/managers complained about the high taxes paid to the government, e.g. the airport tax (spatosimo), VAT and income tax. This was also identified as a second major problem by 20 percent of officials. Excessive interest rates from banks were the first priority problem according to 28 percent of officials and third priority for 10 percent of owners/managers. Owners/managers reported as a second priority problem (20%), raised third in line by officials (16%), the difficulties of obtaining funding from the Greek Government. Approximately 15 percent of owners/managers and officials suggested that the Greek Government does not provide the necessary infrastructure for tourism development (problem mentioned above needing solution from local authorities). Infrastructural problems mentioned needing solution by the government included inadequate marinas, ports, hospitals and telecommunications. It was also claimed that the International Airport of Heraklio (although improvements have been undertaken) can not keep up with peak summer demand. Many respondents showed high satisfaction with the improvements to the second largest airport of the island in Chania, which shows that, if there is proper allocation of resources and collaboration between public and private bodies, projects for the improvement of facilities for the island can be successful. 13 percent of officials reported an unstable tourism policy as a problem, resulting in a lack of programming and planning. Some respondents highlighted the government's bureaucratic attitude towards the issuing of tourist visas to ex-Soviet Union citizens as a particular issue, resulting in a high spending market choosing alternative destinations. It was mentioned that although this problem has existed for many years, no significant attempts have been made by the government to overcome it. The same problem was mentioned only by seven percent of owners/managers. In addition, a number of other problems were reported each of which attracted the support of less than 10 percent of respondents, including: high employers' contribution and insufficient provision of services to tourists, such as information, airport services etc., uncontrolled and unplanned building, environmental degradation and dependence on foreign tour operators. There were also complaints about the government's allowing to businesses that fail to comply with legislative requirements (e.g. parahoteleria) to compete with legitimately registered enterprises. In addition, owners/managers of TA/CRs complained about a governmental law that demands enterprises to own more than 25 cars in order to keep or receive a new licence. As it was stated by one car rental owner:

> This measure illustrates the bad intentions of the Greek Government towards small enterprises. Instead of providing them with incentives for their survival, it attempts to obliterate them.

Table 8.27: Opinions on the problems faced from tourism enterprises needing attention from the government

	Business (N = 76) %	Officials (N=25) %
High Taxation	37	20
High compound interest	10	28
Insufficient incentives	20	16
Lack of infrastructure	14	16
Unstable tourism policy and planning/Bureaucracy	7	13
Insufficient provision of services	8	6
High employers' contribution	7	
Other	8	9
Total	111	108

Note: responses do not add up to 100%, due to multiple answers.

In summary, both owners/managers and officials mentioned the same problems to be solved by the government, including high taxation, high compound interest rates, insufficient incentives and lack of infrastructure, albeit with differing priority.

A few owners/managers and officials reported problems that require solution by all public sector bodies, mainly the lack of collaboration among different bodies of the public sector for the planning of tourism development, reflecting limited co-ordination of activities for tourism development and promotion of the island, and resulting many of the aforementioned problems, e.g. financial problems, environmental degradation, seasonality, dependency on tour operators etc.

Overall, owners/managers indicated many problems faced by their enterprises. Officials were aware of most of these problems, although they attributed different significance to them. Officials and owners/managers blamed the public sector for these problems, mainly the government and the local authorities, although not many problems to be solved by the HNTO were mentioned. Owners/managers recognised that the HNTO is not an autonomous organisation that can take independent action, as it is totally controlled by the government. There were calls for more infrastructural investment, environmental protection, better provision of services, more promotional activities and provision of information, more control of tourist enterprises, as well as solutions to various financial problems. After the review of the problems faced by the island's tourism industry, the next step is to investigate the attempts made by enterprises and local authorities to overcome these problems.

8.3 ATTEMPTS TO OVERCOME THE PROBLEMS

Respondents from the business sector and local authorities were asked to specify their attempts to overcome problems faced by enterprises and the island's tourism industry. To a great extent, problems are caused by the concentration of tourist flows in time, as was also evident in the literature. As shown in Table 8.28, among the enterprises having undertaken action to overcome tourism problems, the most common was the provision of new or improvement of existing services/products (93%). This is perhaps not unexpected given the tourism and hospitality industry's predilection for improvement of the tourist product as a competitive tool. The second most competitive tool used by 34 percent of enterprises was price promotion (discounted prices) in an attempt to increase sales. As a result, many enterprises have adopted a cost leadership strategy. However, it should be considered that lower prices lead to a provision of low quality services/products directed to attracting the low spending segments of the tourism market.

On the other hand, some enterprises had made efforts with their trade association (29%), such as the promotion of the island abroad and participation in the plan for the extension of the tourist season. Other actions mentioned by a small number of respondents were co-operation with more tour operators (10%) and remaining open longer or annually (7%).

Table 8.28: Actions taken by enterprises to overcome seasonality problem

	No of Responses	%
Provide new or improve existing services/products	38	93
Offers/lower prices	14	34
Jointly with our association	12	29
Co-operation with more T.O.	4	10
Open all year/longer	3	7
Other	6	15
Total survey (N = 41)	77	188

Note: responses do not add up to 100%, due to multiple answers.

In summary, many of the enterprises used in the survey were aiming mainly at the provision or the improvement of existing services/products and were competing on the basis of price. With the exception of limited promotional activities undertaken jointly with their trade association, none of the owners/managers individually promoted his enterprise, as a strategy to reduce seasonality and dependence on tour operators.

So much for those who reported taking action to overcome seasonality, but the vast majority of owners/managers reported no action. Among the 65 percent of owners/managers having claimed seasonality as a problem for their enterprises, 58 percent have not taken any action, stating that there is no way to overcome seasonality, since their businesses are seasonal and there is no tourist demand during the winter. As a result, they accept the problem and do not do anything about it.

Similarly, despite the importance given by officials to the seasonality problem (all apart from one official suggested that the island faces a high seasonality), 10 out of 25 local authorities did not have any strategy in place, as it was stated seasonality was outside their responsibility. Among the authorities having undertaken steps to reduce seasonality, eight attempted to create mechanisms for co-operation with other bodies (e.g. trade associations have designed promotional campaigns together with public sector bodies) and were involved in the existing plan for the extension of the tourism season (Table 8.29). As a result, there are signs where private and public sector bodies collaborate for the solution of the seasonality problem. Other attempts made by a lower proportion of authorities (four in total) included the elimination of the seasonal distribution of tourists through promotion of alternative forms of tourism (e.g. campaigns abroad and creation of necessary infrastructure). Three authorities attempted to overcome seasonality through provision and/or improvement of outdoor and indoor sport/leisure/entertainment facilities, and three authorities through promotion/advertisement, e.g. participation in exhibitions, production and distribution of promotional material and delivering information through the Internet. Other less significant attempts included promotion of conference trade, elaboration of studies for the extension of tourism season, financing of plans for the extension of the tourism season and improvement of service provision.

Table 8.29: Local authorities' attempts to overcome the seasonality problem

	No of Responses	%
Co-operation/Involvement in a plan	9	60
Alternatives forms of tourism	4	27
Provision/Improvement of facilities	3	20
Promotion/Advertisement	3	20
Other	6	40
Total (N=15)	25	167

Note: responses do not add up to 100%, due to multiple answers.

The island's tourism industry is highly dependent on foreign tour operators for the attraction of foreign tourists. Therefore, owners/managers were asked to report attempts made by their enterprises to overcome the problems faced by the co-operation with tour operators. Of the 21 enterprises that faced problems, 13 had not done anything, as they did not have any power without support from the state. Among the enterprises having taken actions these included: pressure on tour operators for payments (for three) and to provide better quality services (for a further two) (Table 8.30). Other attempts mentioned were improved co-operation, increased share of independent tourists and attracting new markets.

Table 8.30: Attempts made by enterprises to overcome problems faced by their co-operation with tour operators

	No of respondents
Pressure for payments	3
Better quality product	2
Improve co-operation	1
Increase the share of independent tourists	1
Attraction of new markets	1
Total	8

Similarly, although all officials offered the view that dependence on tour operators is one of the major problems faced by the island's tourism industry, the majority of authorities (17 out of 25) had not taken any action to assist in reducing the problem because, it was not their responsibility, and/or there was not sufficient help from the Greek Government. Among the authorities dealing with the problem, included partnerships with other authorities (for five) and participation in exhibitions abroad (for two) (Table 8.31). A variety of other actions undertaken by only one authority, included: increasing competitiveness of the tourist product through the provision/improvement of infrastructure and services, promotion of new forms of tourism, such as alternative, co-operation with tour operators, establishing a charter airline in order to reduce dependency by controlling a share of the air traffic to the island, and advising/informing enterprises and all bodies involved in tourism.

Table 8.31: Local authorities' attempts to overcome the problem of dependence from tour operators

	No of respondents
Partnerships with other authorities	5
Participation in exhibitions abroad	2
Improvement of tourist product	1
Increase the share of independent tourists	1
Co-operation with tour operators	1
Establishing a charter airline	1
Advising/informing of enterprises	1
Total	8

In summary, the findings of the research suggest that many tourism businesses owners/managers and local authority officials recognise that the island's tourism industry faces serious problems but they do not necessarily identify a central role for themselves in their solution. Less than half of the authorities share a common interest in promoting tourism as a year-round activity. The participation of local authorities and enterprises in the plan for the extension of the tourism season shows encouraging signs that something can be done for the elimination of the problem. Nevertheless, the accompanying comments made by most owners/managers and officials for the elimination of the problem of dependence on tour operators indicated that they have not consciously made serious attempts, perhaps because they lack motivation, staff, funding or time. Clearly there is still a critical need to further investigate both problems in order to find an effective means of converting good intentions into appropriate action.

8.4 PLANS BY TOURISM ENTERPRISES FOR EXPANSION

Another question in the business survey asked owners/managers to reveal their future intentions for expansion or changes to their properties, in order to receive useful insights into the potential dynamism of the island's tourism industry. Almost half of the enterprises surveyed had plans for expansion or changes (Table 8.32). Among different sectors, three quarters of AEs had plans for improvements or changes, although the proportion was less than 45 percent for the other three sectors, with the lowest for tourist shops (26%) (Cramer's V = .399). Once again, it is clear that AEs, very often linked to chains, have a stronger financial ability for expansion and/or modernisation, compared to the other types of enterprises. No significant association was found with location and size of AEs.

Table 8.32: Plans of enterprises for expansion

	Yes %	No %
Sectors:		
Accommodation	75	25
TA/CRs	44	56
Catering	36	64
Tourist shops	26	74
Total survey (N = 146)	49	51

The plans by enterprises for expansion have been grouped where possible as follows (Table 8.33): improvement/modernisation of the premises (40%), increase in the number of units (31%) and purchase of more vehicles for TA/CRs or changes in the number of rooms/apartments for AEs (27%). Slightly over half of the enterprises used in the sample did not have any intentions for expansion, mainly for financial reasons, such as lack of capital and profitability (53%), economic recession/insufficient help from the state (28%), extensions and/or changes made the previous years (10%) and low quality of tourists (9%) (Table 8.34).

Table 8.33: Kind of enterprises' expansion

	No of Responses	%
Improvement /modernisation of premises	27	40
Increase in the number of units	21	31
Buy more vehicles/increase number of rooms	18	27
Expansion of activities	5	7
Other	6	9
Total survey (N = 68)	77	114

Note: responses do not add up to 100%, due to multiple answers.

Table 8.34: Reasons for lack of plans for expansion or changes from enterprises

	No of Respondents	%
No profitability/ capital	36	53
Economic recession/no funding from state	19	28
Extension/changes made last year(s)	7	10
Low quality tourism	6	9
Total survey	68	100

To sum up, many of the enterprises under review were facing serious financial problems. Therefore, they did not have any plans for expansion or change to their business. Even those which had plans were mostly concerned with the increase of supply or modernisation of existing, rather than looking ahead through innovatory projects, e.g. the creation of off-season or special interest attractions, something that would add value to the destination's tourism product. Overall there was little evidence of innovative business planning or strategy for development, but most were concerned with the increase in supply or improvement of existing supply. Most plans were reactionary rather than proactive. However, deregulation in the tourism industry has increased competition suggesting the need for more aggressive competitive strategies if enterprises want to continue to prosper in the future.

8.5 LOCAL AUTHORITIES ACTIVITIES FOR TOURISM DEVELOPMENT

The expansion of tourism and fierce competition have spurred various changes in the way destinations are managed (Crouch and Ritchie, 1999), for which a vital role is played by National Tourism Organisations (NTOs), local, regional and national governments, chambers and industry associations. They have a significant contribution to make to tourism development by offering assistance and advising companies on a short- and long-term basis, by encouraging co-operation among industry sectors, co-ordinating marketing strategies and promotional initiatives, providing services and facilities and laying out the overall tourism policy.

To achieve the above aims, authorities have employed staff in tourism activities. A total of 194 employees were engaged directly or indirectly in tourism by the 25 authorities. On average, each local authority had 7.8 employees. Of the 194 employees, 107 (55%) were directly engaged in tourism, 81 full-time and 26 part-time. In addition, 43 employees (22%) were indirectly engaged, 40 full-time and three part-time. Besides, two authorities had in total 44 seasonal employees (23% of total), eight engaged direct part-time and 36 indirect full-time. The range of staff with tourism responsibilities in the authorities varied from zero for three authorities to 60 for one. Two of the authorities had 100 employees involved in tourism, 52 percent of total employees. The most tourism dependent municipality of Agios Nikolaos had 60 (among which 36 seasonal employees) and the HNTO directorate in Heraklio had 40 full time employees directly engaged in tourism.

A distinction can be made among the 25 authorities according to the involvement of their staff in tourism. 15 of the authorities had some staff directly or indirectly engaged in tourism, seven were completely tourism orientated with all their staff involved directly in tourism, and three (two chambers of Commerce and one Technical Chamber) did not have any tourism-engaged staff, although they argued that might some of their members were involved in tourism activities.

The reason for authorities to engage staff in tourism activities is to contribute to the tourism development of the island. Richards (1992) remarks: “tourism is a diverse activity which impinges on many areas of local authorities responsibility” (p.5). Therefore, the remainder of this section investigates the various responsibilities of Cretan authorities in tourism development in order to identify if Cretan local authorities contribute to the development of the local tourism industry. The authorities interviewed can be categorised according to their involvement in tourism development. 22 out of 25 local authorities surveyed undertook specific activities for tourism development and for seven of them tourism was their only responsibility. For a further five authorities, although tourism was not their major activity, they had established a tourism department within the authority, including the four Prefectures of the island, which are required by Law 2160/1993 to establish a Department for Tourist Promotion. In contrast, 10 authorities did not have any department to promote tourism, since their responsibilities were not directly involved in tourism. However, they operated some tourist activities. Of the three authorities that did not run any tourism activities, one was planning to employ skilled staff in order to contribute to the promotion of tourism. To sum up, the importance of tourism for the island is evident, since 22 out of 25 authorities surveyed had a direct or indirect involvement in tourism.

As Table 8.35 indicates, the most common activity of the authorities was: promotion/advertisement for 14 authorities mainly through participation in exhibitions, printing of information pamphlets and booklets, publishing hotel and tourist guides and having established sites in the internet. Other activities are carried out jointly with other administrative bodies at regional or local level for eight authorities. Specifically, the authorities participated in the establishment of the Tourism Company of Crete responsible for a regional tourism policy and the co-ordination of the public sector in tourism matters. The prime concern of six authorities was to develop alternative forms of tourism, and for a further five to promote cultural tourism and/or organise festivals. Therefore, there are some indications that authorities have realised the significance of alternative and cultural tourism and have adopted some strategies in order to distribute benefits to indigenous people in the hinterland and the less-developed areas of the island and increase economic development opportunities for the host community.

Four authorities were responsible for the provision, operation and/or improvement of infrastructure. Other activities adopted by one or two authorities each included: the provision/improvement of services, the protection of coastal zones, the promotion of local products/nutrition through tourism, the participation in conferences and EC programmes, the advising/informing for tourism matters, elaboration of tourism studies and the increase of residents' consciousness towards tourism. Unfortunately, this question did not attempt to weigh the relative importance of the various activities, something that needs further research.

Table 8.35: Activities of local authorities for tourism development

	No of Responses	%
Promotion/Advertisement	14	64
Jointly with other bodies	9	41
Alternative forms of tourist	6	27
Culture/Festivals	5	23
Infrastructure	4	18
Other	10	46
Total (N =22)	48	219

Note: responses do not add up to 100%, due to multiple answers.

On the surface, the number and range of actions is encouraging. However, some of the actions described seem of questionable value. For example, although many authorities are involved in promotion, a situation may arise where many different bodies are involved in the promotion and development of the island and may be in conflict. Within the public sector, tourism is integrated within many organisations. Consequently, actions may be subject to increasing duplication and contradiction. Thus, some co-ordination and sharing of responsibilities with other local authorities, especially in the promotion field, is essential for the whole island.

This has been realised by some of the authorities involved in the establishment of the Tourism Company of Crete.

There was also limited concern for local development issues. The majority of authorities are either concentrated on a larger region or the entire island. Even when local or regional rehabitalisation is attempted, attention seems to be directed more towards advertising and promotional activities, rather than designing policies aimed at ameliorating specific environmental and socio-cultural problems. In short, little emphasis is placed on ensuring that tourism spending flows to other areas, other than the coastal northern strip. As a result, many non-tourism communities are left on their own when it comes to capturing a share of the benefits associated with tourism activity.

There is little evidence of tourism evaluation studies, current tourism efforts suffer from a lack of rigorous evaluation and monitoring efforts and little emphasis has been placed on determining whether tourism, as a development strategy, fits within the socio-economic and environmental structure of the island and its communities. Existing efforts tend to concentrate on promotional activities and programmes primarily focus on ways that the island can improve its ability to attract tourists. Thus, there is a lack of innovation in the strategies of local authorities towards tourism development, and it can be assumed that authorities are concerned with their day-to-day activities, rather than looking ahead.

8.6 CONCLUSION

Based on the research findings, it is clear that tourism is a vital force for the island and the local population’s welfare. Tourism development has increased foreign exchange for the island, income for enterprises and the Greek Government and has created employment opportunities for locals. The tourism industry has drawn its workforce from farming and only a minority of owners has multiple business ownership and employment activity. As a result, the income and prosperity of the majority of entrepreneurs depend on their properties. As far as employment in the Cretan tourism industry is concerned, although this survey confirmed the major pre-conception that tourism employment is seasonal, it did not confirm other pre-conceptions that tourism creates part-time and female employment. However, owners' family members provide a significant number of labour-force for the vast majority of enterprises with exception mostly the large AEs.

With the exception of tourist shops and some of the larger AEs, the other enterprises buy most of their supplies locally. However, many of the products consumed by the tourist enterprises are imported. Exception to this was the supply of fresh foods. As far as services are concerned, they are carried out in-house mostly for the accommodation sector, in particular the large properties, although properties that did not have in-house services are very reliant on local services.

A major problem underlined by most of the respondents was related to seasonality, with job creation and return on investment limited to the summer season of less than seven months a year, and peak turnovers and occupancy rates severely restricted to the months of July, August and September. Consequently, the vast majority of enterprises are forced to close during winter, something that has been accepted by most respondents. Thus, emphasis is mostly placed on exploiting the tourism season rather than attempting to extend it. Besides, entrepreneurs were not satisfied enough with their enterprises' income and plans for expansion of enterprises are limited and are mostly incremental rather than innovatory.

A further issue emerging from the survey is the dependence of Cretan tourism industry on foreign tour operators. Although tour operators provide the island with mass tourism, these tourists tend to be cost - rather than quality - orientated. Therefore, tour operators demand and achieve massive discounts on services and enterprises have low profit margins leaving most entrepreneurs incapable of investing in extension or modernisation of their properties. Other problems expressed were related to insufficient provision of infrastructure, inadequate services, limited financial help from the state, high taxes paid to the government and the municipalities, low profitability, lack of capital, low-spending power tourism, as well as environmental degradation.

Whilst all these problems have long been recognised by many of the respondents, there was little evidence of significant actions taken to reduce them. An exception was the existing plan for the extension of the tourism season and the establishment of the Tourism Company of Crete, where many Cretans have concentrated their expectations on better development of tourism in the island.

After analysis of the outputs and outcomes of development in the sample areas, the next chapter goes further with the investigation of community groups' opinions on the development and planning process.