



Rosa dos Ventos  
ISSN: 2178-9061  
rrvucs@gmail.com  
Universidade de Caxias do Sul  
Brasil

# Coordination and Governance among Tour Agencies and Tourist Attractions: An Analysis of Tourism Production Systems in Brazil

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Rosa dos Ventos, vol. 8, no. 1, 2016

Universidade de Caxias do Sul, Brasil

**Available in:** <https://www.redalyc.org/articulo.oa?id=473550284005>

**DOI:** <https://doi.org/http://dx.doi.org/10.18226/21789061.v8e002>

## Coordination and Governance among Tour Agencies and Tourist Attractions: An Analysis of Tourism Production Systems in Brazil

Coordenação e Governança entre Agências de Turismo e Atrações Turísticas: Uma análise de Turismo Sistemas de Produção no Brasil

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DOI: <https://doi.org/http://dx.doi.org/10.18226/21789061.v8e002>  
Redalyc: <https://www.redalyc.org/articulo.oa?id=473550284005>

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Received: 03 March 2015

Revised: 15 April 2015

Accepted: 20 March 2016

### ABSTRACT:

The successful planning and development of tourism requires systemic coordination and participation of agents from various economic sectors. This study analyzes the coordination and governance among tourist attractions and tour agencies in the city of Bonito, State of Mato Grosso do Sul, Brazil, a leading ecotourism destination in that country. Transaction cost economic theoretical framework is used in this paper, taking transactions as the unit of analysis. Four tour agencies, three tourist attractions managers, and five representatives of institutional environment were surveyed in the city of Bonito. A semi-structured questionnaire was administered to tour agencies and tourist attractions managers, and personal interviews were conducted with institutional and organizational agents. Research results suggest predominance of hybrid forms of governance among tour agencies and tourist attractions. Moreover, the institutional environment in the analyzed tourism system is highly significant with respect to the coordination and structural configuration of the tourism system, minimizing potential uncertainties and opportunistic behavior of agents in the analyzed tourism system.

**KEYWORDS:** Tourism, Governance Structure, Tourism Production Systems, Bonito, MS, Brazil.

### RESUMO:

O sucesso do planejamento e o desenvolvimento do Turismo requerem uma coordenação sistêmica e a participação dos agentes de vários setores econômicos. Este estudo analisa a coordenação e governança entre as atrações turísticas e agências de turismo da cidade de Bonito, Estado de Mato Grosso do Sul, Brasil, um destino de ecoturismo líder no país. É usado um quadro teórico [framework] custo de transação econômica, tendo como unidade de análise as transações. Foram pesquisados, na cidade de Bonito, quatro agências de turismo, três gerentes de atrações turísticas e cinco representantes do ambiente institucional. Um questionário semiestruturado foi aplicado nas agências de turismo e com os gestores de atrações turísticas, e entrevistas pessoais foram realizadas com agentes institucionais e organizacionais. Os resultados da pesquisa sugerem predominância de formas híbridas de governança entre agências de turismo e atrações turísticas. Além disso, o ambiente institucional analisado é altamente significativo no que diz respeito à coordenação e configuração estrutural do sistema de turismo, minimizando potenciais incertezas e comportamento oportunista dos agentes no sistema de turismo analisados.

**PALAVRAS-CHAVE:** Turismo, Estrutura de Governança, Sistema de Produção Turística, Bonito, MS, Brasil.

## COORDINATION AND GOVERNANCE AMONG TOUR AGENCIES AND TOURIST ATTRACTIONS: AN ANALYSIS OF TOURISM PRODUCTION SYSTEMS IN BRAZIL

### INTRODUCTION

The contemporary growing desire of people to travel and discover new cultures and locations are the basis for the economic and social importance of tourism. According to the World Travel and Tourism Council (WTCC, 2015a), travel and tourism sector contributed with 9.8% of the global Gross Domestic Product (GDP) in 2014, which represents 7.5 trillion US dollars, in monetary terms, and more than 276 million direct and indirect jobs. These economic contributions indicate the direct and indirect economic impacts of tourism activity (including e.g. accommodation services and transportation services). The economic contribution of travel and tourism sector in Brazil, specifically, was 9.6% of the national GDP in 2014. This sector, in the same period, generated 8.8 million direct and indirect jobs [totaling 8.8% of total direct and indirect jobs in the country] (WTCC, 2015b).

The organizational and operational structure of tourism activity is not based on a single economic segment but in a set of productive sectors that function systemically (Beni, 2003). In summary, tourism products require a combination of the following social and economic actors: tourist suppliers [such as lodging, tourist attractions, transportation companies, bars, and restaurants], tourism operators, and tour agencies. These agents comprise a tourism supply chain in a micro-analytical analysis (Kaukal et al, 2000). Nevertheless, diverse governmental and non-governmental organizations [e.g. World Tourism Organization – UNWTO; and World Travel and Tourism Council – WTTC] form the institutional environment in the tourism systems. Such agents, in a macro-analytical analysis, play a significant role in the definition of rules, standards and other dynamics that determine the configuration of tourism products that will be offered to consumers.

Tomelin (2010) researched the structural configurations of tourism systems and found that tour agencies are fundamental to tourism destinations. As tour agencies reduce visitors' decision time and risk, they are becoming increasingly important in the consumption of tourism products (Tian-Cole & Crompton, 2003). Tourist attractions are also a key economic player to tourism systems (Leiper, 1990; Richards, 2002; Leask, 2010). Richards (2002) remarks that tourist attractions "are often the reason for visiting a particular destination, providing activities and experiences and a means of collecting the signs of consumption" (p. 1048). Tomelin (2011) points that for the tourist attractions and tour agencies adequately fulfill their role in the tourism systems and, thus, act synergistically in the offering of tourism products to visitors, it is essential to establish coordination processes and governance structures between these two agents.

In summary, the coordination process is related to the search for mechanisms that contribute to a more efficient organization and management between the agents that are inserted in a production system (Farina, 1999). Governance, in turn, reflects power relations, that is, the rules and mechanisms that make the agents act in a coordinated and synergistic way in production systems (Zylbersztajn, 1995). However, based on the inter-relationships between tour agencies and tourist attractions, an important research question is posed: What are the coordination and governance structures' dynamics which are adopted between tour agencies and tourist attractions within a tourism production system? This question is significant for tourism research, since efficient and competitive planning of tourism destinations depends on effective understanding of the coordination and governance relationships among key actors for these tourism destinations (such as tour agencies and tourist attractions). Furthermore, the investigation of tourism systems lacks an integrated and coordinated framework for efficient tourism planning to ensure that tourism is an economically viable, socially just, and environmentally balanced activity (Ruschmann, 2002).

Therefore, this paper evaluates the relationship between tourist attractions and tour agencies in the tourism system in Bonito, Brazil, focusing on the transaction as the unit of analysis, from the Transaction Cost Economic (TCE) theoretical framework. Bonito is an important tourism destination in the Brazilian

Central-West Region. This paper provides a detailed map of the coordination and governance structures that characterize the Bonito tourism system. In summary, this study is divided into six parts, for beyond this introduction. In the first part we discuss the characteristics of coordination and governance structures in production systems, based on the theoretical framework of Transaction Cost Economics [TCE]. In the second part, we present elements of coordination and governance specifically in tourist systems. In the third part, we describe the methodological procedures adopted in the development of this study. In the fourth part we present a history of Bonito tourism, and the operation of the local tourism system [mainly from the 'single voucher']. In the fifth part, we debate the coordination and governance structures in Bonito tourism system. Finally, in the sixth and final part, we present key findings and implications of this study.

## COORDINATION AND GOVERNANCE STRUCTURES IN PRODUCTION SYSTEMS: A BRIEF REVIEW

The evolution of an increasingly complex world economy, characterized by systemic relations among agents, suggests the development of holistic conceptual frameworks to explain the dynamics which define the behavior and performance of economic agents within the various supply chains of goods and services. In the first half of the 20th century, Davis and Goldberg (1957) and Goldberg (1968) conducted specific investigations concerning the relationships established by economic agents in rural and non-rural environments. These investigations indicated a significant interdependence between sectors that comprise agribusiness and the complex processes of production, processing, and marketing of agro-industrial goods. This interdependence indicates a concern with governance and coordination efforts between agents in the production systems (Zylbersztajn, 1995).

In summary, a production system is a set of firms and agents who organize themselves in a systemic way, in the all steps of the production process of goods and services, passing through obtaining raw materials, manufacture goods and services, distribution of such goods and services, until the sale of the products to the final consumer (Batalha et al, 2007). The importance of analyzing production systems is based on the perspective that the economic agents, to do your works and make goods and services to attend the consumers, depend of others economic agents, in a systemic way. To evaluate the relationships between economic agents in the context of production systems, Coase (1937) suggests elements to justify the genesis and influence of the firms and production systems in the economy. In summary, Coase (1937) argues that firms and production systems must be perceived as endogenous entities in an economic system, and their existence is only justified by the presence of transaction costs in the economy.

The transaction costs are the costs of moving and operationalizing the economic system, in addition to production costs, and include the costs inherent to price definitions and the elaboration, structuring, and management of contracts (Arrow, 1969). Therefore, Transaction Cost Economics establishes the assumption that markets have costs associated with their operation, and that the existence of firms and production systems presents a strategy to minimize transaction costs in the economy (Zylbersztajn, 2000). The goal of minimizing transaction costs constitutes the basis of relationships between organizations within production systems, focusing on the transaction is an analytical unit. Williamson (1985) suggests formatting governance structures, both within and between firms, to minimize the transaction costs in operationalizing the economic system, and maximize their efficiency. Therefore, the 'raison d'être' of production systems is justified by the need to minimize transaction costs between economic agents.

Mechanisms of governance introduce design incentives and agent monitoring mechanisms to encourage certain behavior and minimize the problem of informational asymmetries in production systems (Farina, 1999). Heide, Kumar and Wathne (2014) point out that the governance structures aim to maximize the efficiency of production systems, defining criteria from which the agents will behave, minimizing opportunistic behaviors of these agents, and increasing the levels of collaboration and synergy between

them. Governance structures can be achieved through price mechanisms (via markets), vertical integration, contracts and other hybrid forms of governance (Zylbersztajn, 1995; Ménard, 1996 and 2004). The governance structure model depends on the following: (a) the transaction attributes; (b) the behavioral assumptions applied to agents involved in a transaction, and (c) the institutional environments surrounding the interaction between organizations (Williamson, 1985 and 1996). The investigation of these elements represents the formation of a theoretical social science framework that is summarized in transaction cost economics [TCE], a theoretical and analytical model of new institutional economics [NEI].

There are three key transaction attributes: frequency, uncertainty and asset specificity. Frequency denotes the number of times that a transaction occurs between two or more agents, and transaction repetition determines an agent's reputation level [the greater the repetition of the transaction, the greater the level of reputation among agents]. Uncertainty refers to unforeseen events according to a probability function and within the scope of a particular transaction (Knight, 1921). Finally, asset specificity refers to the likelihood of asset value dissipation if certain transactions are not executed. Williamson (1985) considered six different typologies of asset specificity to be of particular relevance: location specificity (place), physical specificity, human capital specificity, temporal specificity, brand specificity, and dedicated asset specificity.

Locational asset specificity is associated with transactions that are effective only in determined locations. Certain asset types will lose or enhance value depending their location, such as agricultural products that must be produced within a specified distance from a processing unit. Physical asset specificity refers to the physical design features that can reduce the asset value if used for an alternative application, such as customized equipment. Human capital specificity refers to the knowledge accumulated by individuals, typically employees (who are also considered human assets according to organizational management) whose applicability to alternative functions is limited. Temporal specificity is characterized by transaction requirements in terms of time [such as perishable goods, for example, that must be distributed and sold quickly to they do not lose value]. Brand asset specificity refers to organization branding strategy efforts, such as franchise enterprises. Finally, dedicated asset specificity relates to efforts in the supply of goods or services to other specific agents, which concedes high dependency levels to these agents (Zylbersztajn, 2000; Pohlmann et al, 2004).

We assumed that human behavior influences transactions. Economic agents are opportunistic and possess bounded rationality. The opportunism assumes that agents consistently strive to maximize their own profits in their relation to other agents. Additionally, opportunistic behavior arises from information asymmetries between agents, which results in problems of moral hazard and adverse selection. These issues can cause the incorporation of quasi-rents by a single agent that is involved in the transaction (Pindick & Rubinfeld, 2005). However, bounded rationality is concerned with the difficulties in predicting all aspects and characteristics of transactions. For example, the optimal price of goods and services that maximize the satisfaction of all agents in transactions is difficult to be determined, especially in markets with few suppliers. Therefore, agents are rational, but only partially

The institutional environment, finally, refers to a set of political, social, and legal norms that prescribe the ground rules for production, exchange, and distribution of goods and services, and are determined exogenously to the action performed by organizations (Mizumoto & Zylbersztajn, 2006). It is noticeable that institutions, present outside the companies involved in transactions, matters and are decisive in defining governance structures among economic agents (North, 1991). The organizational environment represents the social and regulatory scenario in which economic agents are embedded. Based on transaction attributes, behavioral assumptions and characteristics of institutional environments, is possible to determine the governance structures in a given production system. Governance structures, as mentioned in previous paragraphs, may present three types: (a) via market; (b) hierarchical and; (c) hybrid forms.

The governance via market is one in which agents retain its autonomy, and establish transactions of goods and services that are poorly differentiated. At the other end, the hierarchical governance (or vertical

integration) is one in which an agent coordinates the action of the other, that does not have autonomy to decide the transaction criteria of goods, that are normally very singular and differentiated. Furthermore, in hierarchical governance is possible that an agent incorporates all stages of production of a certain good, verticalizing the productive process of the good. Finally, between these two forms of governance, there are hybrid forms of governance, in which the agents, while maintaining their autonomy, try to establish lasting relationships with each other, usually through contracts, that determine the characteristics of goods and services that normally differentiated. Figure 1 summarizes the features of the analytical framework studied in this article

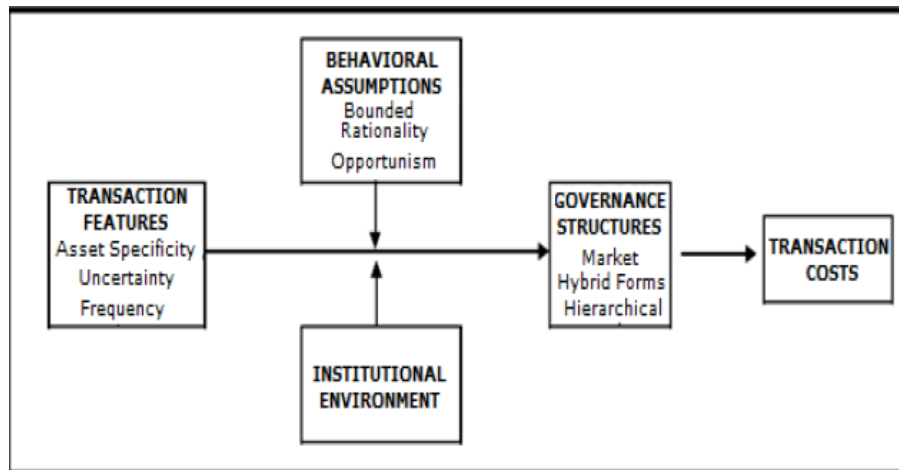


FIGURE 1  
Analytical Framework for Governance Structures Assessment  
Source: Adapted from Machado (2002)

The lower the level of uncertainty and asset specificity in a transaction, the more likely it is that agents will coordinate themselves according to the price mechanism [via market]. However, the higher the level of uncertainty and asset specificity in a transaction, coordination is more likely to take place via vertical integration [hierarchical governance structure]. In the continuum between market governance and hierarchical governance, agents may establish safeguard mechanisms among themselves, such as contracts or other hybrid forms of coordination (Zylbersztajn, 2000). Institutional environment, as well as individuals' behavioral assumptions may be considered as exogenous to the decision rule concerning the efficiency of governance. Table 1 summarizes the feasible forms of governance structures based on uncertainty and asset specificity present in a given transaction. Both variables (uncertainty and asset specificity) are widely used and formalized in TCE studies.

ASSET SPECIFICITY	UNCERTAINTY		
	Low	Medium	High
Low	Market (governance through price mechanism)	Market (governance through price mechanism)	Market (governance through price mechanism)
Medium	Hybrid Forms (governance through contracts)	Vertical integration or hybrid forms (governance through contracts)	Vertical integration or hybrid forms (governance through contracts)
High	Hybrid Forms (governance through contracts)	Vertical integration or hybrid forms (governance through contracts)	Vertical Integration

TABLE 1  
Forms of Governance - Uncertainty versus Asset Specificity  
Source: Brickley, Smith, & Zimmerman apud Zylbersztajn (2000)



Zylbersztajn and Mizumoto (2006), as well as Ménard (1996 and 2004), do not consider the choice of governance structures to be mutually exclusive: multiple forms of governance structures exist in organizations, depending on strategic plans. Moreover, Farina (1999, p. 158) notes that “discrepancies between governance structures expected and observed may indicate an important source of coordination problems” that enable inferences concerning the effectiveness of the organization’s strategy.

## COORDINATION AND GOVERNANCE STRUCTURES IN TOURISM SYSTEMS

There is a gap in tourism research concerning investigations into the dynamics of how tourist products are formulated (Tremblay, 1998; Theobald, 1994; Sinclair & Stabler, 1997). Therefore, a thorough analysis of the economic relationships among tourist attractions, lodgings, transportation companies, event planners, tour operators, and travel agents is rare in academic or industry literature. Buckley (1987) notes that coordination and governance structures theory is an important aspect in tourism systems investigations. Moreover, according to the author, the description and planning of interrelationships that result in tourism products may be operationalized using transactions as unit of analysis. We can infer from this perspective that the minimization of transaction costs is the basis of the coordination and governance structures in tourism systems that pursue efficiency.

Tourism products are intangible goods. They depend on consumer ability to interpret and experience tourism activities. For example, the sense of ‘feel in the field’ during a farm visit which promotes rural tourism is an element that requires coordination capacity in the transmission of information between all agents in tourism systems. Zhang, Song and Huang (2009) argue that tourism products comprise six basic characteristics: (a) existence of a range of actors from various economic sectors requiring coordination intensity among them; (b) perishability, which precludes tourism product storage for future consumption; (c) information intensity; (d) complexity, mainly because of the heterogeneous nature of tourism products; (e) demand uncertainties that are difficult to predict and monitor, and (f) dynamic factors, mainly because products can be influenced by forces exogenous to tourism [such as the exchange rate and consumer income levels] (Scott & Laws, 2005).

There are strong incentives for organizations in tourism systems to adopt vertical integration as a governance structure given the immateriality, complexity, and uncertainty in the formation of tourism products. Lane (1972) notes that, globally, during the 1960s, airline companies started a process of vertical integration and stretched their business strategy to include hotel activities and tour agencies in order to exploit economies of scale and expand coordination power in tourism systems. However, Tremblay (1998) points that, in the 1980s, such vertical integration trend in tourism systems proved to be inefficient because diseconomy of scope within organizations. Therefore, the agents belonging to various economic sectors that comprise tourism systems gradually began to coordinate themselves as governing structures through contracts and hybrid forms of arrangements (Baggio, Scott & Cooper, 2010).

Recently, there has been an increasing need for coordination in order to reduce transaction costs in tourism systems. The increasing competition among tourism destinations, the growing use of public facilities as tourist attractions, and purchasing channels proliferation (consumers are able to purchase tourism products from travel agencies, tourism operators, directly from suppliers or through the internet) are forcing tourism systems to better coordinate and establish efficient governance structures. This coordination is facilitating the availability of high-quality products that combine competitive prices and the constant minimization of negative externalities that arise from the practice of tourism.

## METHODOLOGICAL PROCEDURES

The research question of this paper required an exploratory study because few studies were found that addressing the dynamics of coordination and governance structures applied to tourism systems, in general, and tourism systems in Brazil, particularly. A case study was used in this work, in order to examine coordination and governance structures in a specific tourism system (Bonito tourism system). Nevertheless, the results of this paper may reveal dynamics and insights that can be applied in the structure of other tourism systems, in a deductive way, revealing the general importance of this paper (Yin, 2005; Vergara, 2007; Denzin & Lincoln, 2006). In the case study conducted in this article, the following agents in the Bonito tourism system were surveyed: tour agencies operating in receptive tourism, tourist attractions, and the organizations that represent the institutional environment in Bonito tourism system.

Semi-structured questionnaires were administered to managers of tour agencies and tourist attractions, with the aim to characterize the transaction attributes, the frequency and the uncertainty situations in both agents' behaviors. Based specifically on the configuration of the asset specificity and the uncertainty of transactions between tour agencies and tourist attractions, is possible to compare the apparent governance structures of such agents in the tourism system in analysis, in relation to governance structures predicted by the theoretical model developed by Brickley, Smith and Zimmerman apud Zylbersztajn (2000), as shown in table 01 above built in this article.

The questions that composed the semi-structured questionnaire were based in the works of Zylbersztajn (1995) and Farina (1999), which systematized protocols for the study the governance structures in production systems. In summary, tour agencies and tourist attractions were asked about the following issues: (a) the recurrence of transactions between tour agencies and tourist attractions, and the possibility of the existence of positive reputation among them; (b) the asset specificity involved in the transaction between the two agents, according to the typology proposed by Williamson (1985); (c) the possible uncertainties in the behavior of tour agencies and tourist attractions, in the established transaction between them and; (d) the role of the institutional environment in maximize the efficiency of the transaction under analysis in this work, and the efficiency of the whole Bonito tourism system.

Furthermore, we conducted in-depth interviews with organizations that compose the institutional environment of the Bonito tourism system. In summary, the purpose of the in-depth interviews was reveal the history and the importance of agents that make up the Bonito tourism system, and the role of institutional environment in the tourism system configuration, and in the governance structures in transactions between tour agencies and tourist attractions. The questions that composed the protocol for in-depth interviews were based in the works of North (1991) and Zylbersztajn (1995), which emphasized the importance of analyzing the role of institutions in the efficiency of transactions between agents on production systems.

Seven semi-structured questionnaires and five in-depth interviews were administered and conducted during September and October 2012. The following agents were investigated:

- Four tour agencies in Bonito that operate in local receptive tourism.
- Three tourist attractions located at the Bonito region.
- Five members of the local tourism institutional environment: two members of the Tourism Foundation of the State of Mato Grosso do Sul/Brazil (FUNDTUR/MS/Brazil); one member of the Department of Tourism, Industry and Commerce of Bonito; one member of Bonito Association of Tour Agencies (ABAETUR); and one member of Bonito Association of Tourist Attractions (ATRATUR).

The selection of tour agencies and tourist attractions investigated in this study was based on the significance of these agents in terms of the average number of tourists that they attend per year. Since there



were no official data about the number of tourists served by each tour agencies and tourist attractions in Bonito city, a preliminary survey was conducted with key actors in the tourism system, such as hotels and restaurants in Bonito tourism system, to uncover the most popular and important attractions and tour agencies operating in the region. An indicator of perceived importance was developed from this survey, and ensured that the main tour agents and tourist attractions were included in this case study.

In order to prove the possible influence of rules, customs, and other general factors in the transaction between tour agencies and tourist attractions, representatives of institutional and organizational environments in Bonito were also investigated. These agents were chosen from of their importance in shaping and regulating the tourism system under analysis in this article. Finally, the framework and assumptions from transaction cost economics (TCE) were used to analyze the characteristics of coordination and governance structures between tour agencies and tourist attractions in Bonito municipality.

## THE STRUCTURE OF THE TOURISM SYSTEM IN BONITO, BRAZIL

The organization of economic agents that compose the Bonito tourism system is quite complex. Tourists, to visit any tourist attraction in Bonito, are required to interact with a local tour agency to consume certain local tourism products. The tourist who wishes to visit one of the fifty tourist attractions located in Bonito and surrounding, must negotiate the conditions with one of the 47 tour agencies registered and located in the municipality. Therefore, tour agencies were able to stablish strict coordination relationships with local tourist attractions, in a systemic way (Seprotur, 2011).

The growth of the tourism industry in Bonito was a gradual process that began in the early 1970s, primarily owing to the natural resources and scenic regional landscape that exist in the region. Moreover, the recurrence of crises in the local agricultural sector [historically the main economic activity in Bonito municipality] induced rural owners to establish diversification strategies in their business, which included the development of rural tourism activities (Barbosa & Zamboni, 2000; Thomaz, Mariani & Moretti, 2012). During the 1980s, tourism activity in Bonito underwent drastic changes mainly because of: (a) an increased flow of tourists to the city; (b) growth in the number of tourist attractions; c) an increased environmental concerns that stimulated research on tourism management and the load capacity of local tourist attractions and; (d) an increasing focus on the professionalization of the local tourism industry, which led to investment in tour agencies, and training of tour employees (Mariani, 2003).

In 1995, Bonito's Municipal Tourism Council [COMTUR] was created for advisory purposes, as an attempt to coordinate and regulate efficiently the tourism in Bonito. The COMTUR encompassed the main segments who were directly or indirectly included in the scope of local tourism [such as tour agencies, hotels, tour guides, tourist attractions, and members of local and regional government]. Still in 1995, COMTUR members created the named 'Single Voucher', one of the most efficient mechanisms for control and planning the tourism activity (Vieira, 2003). The single voucher originally represented a method to ensure the provision of hired tourism services and, indirectly, supported the production of primary information concerning the local tourism, mainly because the single voucher was composed of information regarding visitor's basic profile.

Since 2003, the single voucher has been printed [with a tracking number] by the local government of Bonito and delivered systematically to tour agencies in the municipality. The voucher is offered to five parties: to tourist attractions, to the tour guide responsible for a given tour [ensuring them the right to receive payment for the service], to tourists [or groups of tourists] as a warranty for the provision of tourism services; to the tour agency that booked a single tour or a tourism package; and to the sector of municipal taxes ensuring payment of the tourism service tax.

Tour agencies, tourist attractions, and tour guides must be registered with the Bonito Tourism Office with the consensus of COMTUR to be included in the single voucher program. This system represents the

emergence and gradual consolidation of a management system especially keen to government as it prevents tax evasion by local tourism service providers. Moreover, it is clear that the single voucher management mechanism has promoted efficient capacity control and the appropriate use of tourist attractions, preserving the fragile local environment that makes Bonito such unparalleled destination. Additionally, such system establishes service guarantees and fair compensation for all agents involved in Bonito tourism.

Finally, in 2010, COMTUR established the digital single voucher using information technology as a clearing-house mechanism. This technology increases the agility and savings of technical and economic resources that are required to operationalize the tourism system. The figure below illustrates the systematic functioning of the single voucher system and the central role of tour agencies in the operation of tourism activity in Bonito.

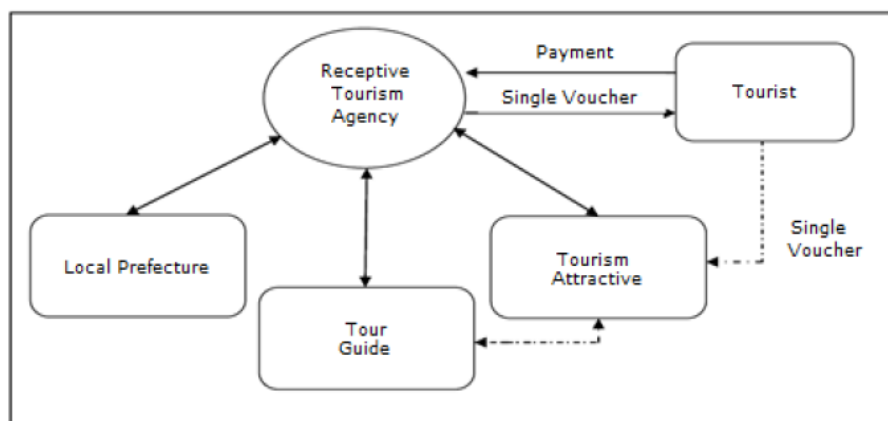


FIGURE 2  
The Functioning of the Digital Single Voucher  
Source: Adapted from Almeida (2010).

To understand more fully the operation of the single voucher, let's imagine the case of a tourist who wish to know some tourist attraction in Bonito. First, the tourist should seek some tour agency that operates in inbound tourism in Bonito and markets the tourist attractions located in the region. Both (agency and tourist attractions) must be registered by COMTUR, which regulates the local tourism and allows to the local government releases to tour agencies the access of the software that controls the emission the single voucher. Only with the voucher, therefore, the tourist finally can access the local tourist attractions. Travel agencies that have some debt stay unable to access the single voucher system, and market the local tourist attractions. The same goes for the tourist attractions. Furthermore, the single voucher system has been programmed to respect the load capacity of local tourist attractions, i.e., to the extent that the load capacity of tourist attractions is completed, tour agencies are unable to sell more visits to such attractive.

In the moment that tourist pay in the tour agency for the visit to a tourist attraction, he automatically gets three voucher copies: one that guarantees him the contracted service; a second that should be delivered in the tourist attraction, in the visit moment; and the last that should be delivered to the tour guide that accompanying the visit. The vouchers given for the tourist attraction and for the tour guide ensure that they will receive for their services, by tour agencies (that in the early of the process received the money from sale of the visit to tourist attractions). In addition, the travel agency at the time of sale of a particular visit to local attractions gets two copies of the voucher: one that proves the sale; and another, which should be delivered in local government, with the payment of legal taxes levied by the practice of tourism in Bonito.

Therefore, tourism activity in Bonito has achieved a territorial and systemic level of organization that coordinates tour agency, tour guide, tourist attraction, and public agent activities. We observed that tour agencies are an important agent of the Bonito tourism system, as can be seen in figure 02 above. In summary, they will receive the money of tourists, and will pay the other agents directly involved in the practice

of local tourism - tourist attractions and tour guides. In the topic below, we analyzed specifically the transaction characteristics between tour agencies and tourist attractions, based on the theoretical framework of Transaction Cost Economics (TCE).

## THE ANALYSIS OF THE TRANSACTIONS BETWEEN AGENCIES AND TOURIST ATTRACTIONS

Tourist attractions and tour agencies conduct daily transactions because the flow of tourists to Bonito happens all year long, although there are substantial seasonal effects. Therefore, transaction frequency is high and enables the development of a positive reputation by both agents. The building of a positive reputation depends on a belief by tour agencies that a particular tour package will be adequately performed by a tourist attraction to ensure high satisfaction levels for consumers. Agents are concerned with the responsible environmental performance by tourist attractions. Ecotourism and, consequently, sustainability are two significant concerns in tourist marketing in Bonito and its surroundings. Moreover, the fostering of a positive reputation can also be considered from the tourist attractive perspective. Tour agencies must negotiate tour packages ethically and offer all of the necessary information to enable consumers to make an informed decision concerning the choice of tourist destinations to visit.

These factors represent the informal and tacit elements concerning the behavior of tour agencies and tourist attractions. We observed that reputation levels are often the result of long-term relationships between agency owners and tourist attractions. These relationships reflect a level of friendship and reciprocity and denote elements such as proximity and territorial aspects that may influence coordination between economic agents. Tour packages pricing in Bonito is a point of uncertainty and potential conflict between tour agencies and tourist attractions. The price of a visit to any of the tourist attractions registered with COMTUR of Bonito is standard. Therefore, regardless of the choice in tour agency, the price to be paid for a tourist attraction visit will always be the same.

This implies perfect competition among the tour agencies in the Bonito market and a dynamic where tour agencies are price takers. As such, the agencies are compelled to attract customers by methods other than price that are especially related to the quality of the service provided.

The investigation on price formation for tourist attractions revealed that prices are defined annually by the tourist attraction management. The discretionary price is apportioned in the following way: 70% is directed to the tourist attraction; 20% stays with the tour agency, and the remaining 10% is destined for the tour guides. Moreover, all aspects relating to the quality of tourist attraction practices (with the exception of environmental standards) are also defined by the owners of tourist attractions. Therefore, both factors highlight the level of coordinating power held by the tourist attractions within the dynamics of the Bonito tourism system transaction.

Tour agencies are compelled to work with narrow profit margins in the face of uncertainty caused by the pricing strategy of tourist attractions. As highlighted earlier, tour agencies have no influence on the pricings of tourist attractions. The issue of the pricing of tourist attractions has significant implications for the competitiveness of tourism in Bonito mainly because of the following factors (a) the obvious budget constraints of actual and potential tourists from other regions and other countries; (b) the recurrence of economic crisis in recent years, which is associated with price and inhibits international demand for Bonito tourism; and (c) the emergence of other competitive ecotourism destinations in Brazil [such as Brotas and Nobres in the States of São Paulo and Mato Grosso, respectively] and other regions of the world.

Comparatively to other tourism destinations, Bonito is relatively expensive and is becoming increasingly so. The tour agencies and tourist attractions cite two distinct perspectives concerning the causes and consequences of this perception, which creates an additional point of conflict and uncertainty. The tour agencies consider that prices should be lower, especially to attract tourists from the cities of Mato Grosso

do Sul, other Brazilian States, and from surrounding countries in South America. We perceive a need by owners of tour agencies for a flexible pricing policy of national tourist destinations and the funding of tourism initiatives that could cater to potentially profitable consumer groups [such as seniors and retired people]. However, the tourist attraction owners argue that prices are consistent with the strategic positioning intended for tourism activity in Bonito. According to these stakeholders, an aggressive pricing policy encourages mass tourism to the region and damages the premium aspect of tourism in Bonito. Moreover, our analysis identified a high level of asset specificity in the performance of each of the agents in the tourism system.

The analysis of the performance of tour agencies revealed that these firms invest in the skills of their employees, most of who are bilingual and with minimal technical background in the tourism industry [which denotes human asset specificity]. The tour agencies are significantly concerned with the dissemination of scenic landscape materials that portray the beauty of the Bonito city as a whole through printed materials and digital media. These activities denote the presence of brand asset specificity, although other agents and local and regional institutions also contribute to brand awareness and the tourism of Bonito. Finally, despite the significance bestowed upon the tourist attractions of Bonito, the performance of the agencies depends crucially on the existence and activity of these tourist attractions, which implies a level of dedicated asset specificity.

The tourist attractions invest in infrastructure to receive tourists [for example, the construction of adequate access and other support equipment for tourist accommodation at the attractions], which denotes the existence of physical asset specificity. Trained professionals are required at tourist attractions with bilingual skills and technical tourism training. This implies the existence of human capital specificity. The operation of tourist attractions in Bonito requires the presence of scenic and beautiful landscapes, aspects that reveal levels of dedicated asset specificity. The single voucher system implies levels of place asset specificity by the regional tour agencies and tourist attractions.

Table 2 summarizes the main characteristics of the transactions between tourist attractions and tour agencies:

ECT VARIABLES	TOURISM AGENCY PERSPECTIVE	TOURIST ATTRACTION PERSPECTIVE
<i>Frequency</i>	Recurring transactions, daily	Recurring transactions, daily
<i>Uncertainty</i>	High uncertainty concerning the prices to be charged by tourist attractions, especially in subsequent years	None
<i>Asset Specificity</i>	Specificity of place, human assets, brand, and dedicated assets	Specificity of place, physical assets, human assets, and dedicated assets
<i>Expected Governance Structure, based in Brickley, Smith, &amp; Zimmerman apud Zylbersztajn (2000) framework, showed in Table 01</i>	Backward vertical integration	Forward vertical integration

TABLE 2  
A Summary of Transactions

Source: Done by the authors.

Table 2 shows that the expected governance structure (prior to the presence of high levels of asset specificity, and significant levels of uncertainty) would represent vertical integration within the scope of the transaction, upstream vertical integration for tourism agencies, and downstream vertical integration for the tourist attractions. However, the governance structure that is evident in the Bonito tourism system is characterized by hybrid forms of governance with a mechanism of minimum guarantees among agents only, represented by the single voucher system, whose characteristics were described in the preceding topic.

Theoretically, the evidence of hybrid forms of governance, associated with high levels of asset specificity and uncertainty, can induce opportunistic behavior by agents. We observed that this opportunistic behavior does not occur in an obvious way because the presence of institutional environment is consolidated in Bonito tourism city. The institutional and organizational environment of Bonito tourism significantly influences the tourism activity in the region analyzed. The COMTUR, which brings together the key players in the tourism system, has its premise in the discussion and planning of the main elements for the operation of local tourism, although COMTUR does not discuss or define clear rules on issues that may result in potential conflicts in the tourism system, such as the pricing of tour packages and the quality of tourism service provision.

## FINAL CONSIDERATIONS

The analytical tools applied in this study reveal that the transactions between tourist attractions and tour agencies in the Bonito tourism system are characterized by high levels of asset specificity and significant levels of uncertainty experienced by tourism agencies. This uncertainty surrounds the prices to be charged by tourist attractions. There is a prevalence of hybrid governance forms of transactions between tour agencies and tourist attractions that are typified by tacit agreements between both agents and a single explicit contract of guarantees (the single voucher). This voucher grants holder rights to tourist attractions and guarantees tour agencies that tourist attractions will perform all contracted services.

The opportunistic behavior by both agents in transactions is inhibited by the existence of an institutional environment [which dictates certain dynamics to the functioning and management of the tourism system] and the single voucher mechanism. The single voucher mechanism provides minimal guarantees that a transaction will take place under certain parameters. Unilaterally, we observed that the significant coordinating role played by tourist attractions inhibits the potential opportunistic behavior of tour agencies (although the logic of tourism in Bonito is permeated by a coordinated relationship between tourist attractions and tour agencies).

With respect to a hybrid form of coordination evident in the transaction, the literature foresees the drafting of long-term contracts between tourist attractions and tour agencies that stipulate criteria for price setting by tourist attractions. Possible sanctions could be introduced in cases of opportunistic behavior, and minimum quality of service requirements could be enforced for both agents. These aspects, in addition to the single voucher mechanism, could improve the coordination between tourist attractions and tour agencies and reflect improvements in strategic planning in the Bonito tourism system.

This analysis is not conclusive. Further studies must analyze other types of transactions in tourism systems because of the contemporary use of TCE as the methodological framework for the investigation of tourism systems. Additionally, this study had certain limitations pertaining to sample selection. Therefore, we suggest additional research with statistically calculated samples and those that employ quantitative methods of analysis of other tourist destinations in Brazil and other countries. This would facilitate a comparison of the results and conclusions of the various studies.

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