

The Experience Economy: Domino or Dynamo?

How the Experience Economy can develop sustainable destinations

*“Treat the Earth well. It was not given to you by your parents;
it was loaned to you by your children. “ – Kenyan Proverb*

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Preface

I don't believe in the saying: "It's every man for himself." Living in a society with so many abundant resources, I believe it is only fair that we – the people who are able and willing – stretch out a hand and help those in need of it. This paper has brought me through many memories from my childhood in East Africa, where I was fortunate enough to live with my family until I was 18 years old. During this time I saw the cruel reality of many people on a day to day basis, and thought to myself – where can I even start to help?

This paper is my contribution to making this world a better place. You always have to start somewhere, and by picking the minds of several key stakeholders in a country like Indonesia, I learned a whole lot. By doing little, you can reach many. By doing more, your possibilities are endless.

Telunas Beach is a perfect example of where to start, and how to do it. I am grateful that I could visit twice while I was in Indonesia. Thank you Eric, Brad and Mike for giving me so many good answers to work with and thank you for letting me use Telunas Beach as my case study! Without you I wouldn't be here today! I also want to extend my gratitude to the women in the kitchen, the boat drivers, the cleaners and every single person employed by ICI: you are the true Experience Producers! Keep up the good work.

I want to thank Caroline Stenbacka Nordström (*Assistant Professor in Experience Production, Luleå Technological University, Sweden*) for giving priceless help and feedback during the first phases of this paper. I also want to thank Krister Efverström (*Lecturer in Experience Production, Luleå Technological University, Sweden*) for taking on the assignment of assisting me while sitting on the other side of the world. Your advice helped me see the greater picture, and it made all the difference!

I want to thank Veslemøy Rydland (*Post.Doc at the University of Oslo, Norway*) for providing valuable feedback and a thorough proofreading in the final phase of this paper. Last but certainly not least, I want to thank all of my wonderful friends for every encouraging word they've given me since I started this project 6 months ago.

However, the biggest thank you goes out to my family. Thank you for believing in me, thank you for all of your wise comments when I thought I'd never finish, and most of all, thank you for telling me "Course work stinks, thesis' thinks".

It is with my proudest and loudest voice I hereby present my thesis paper, and rejoice – I made it!

Yours sincerely,
Christina Mathilde Rydland
Oslo, Norway 21.05.2009

Abstract

The title of this paper is The Experience Economy: Domino or Dynamo. A symbiosis not commonly used, but the author means to explain the experience economy like a dynamo (similar to one on a bike) which generates power to an implemented area, in this case destination development.

In many countries of the world where there are creative industries, the economy that emerges from these industries has developed into an experience economy. Typical for the experience economy is that it depends on several actors with different skills and the environment in which it exists. The author wishes to raise awareness of this fast-growing economy, which is an integral part in the operations of many international companies. Hence, this paper argues that there is a link between the creative industries, experience production and a vibrant experience economy. In this quest, the author will lean on a case study developed in Indonesia.

Developing countries frequently lack the necessary infrastructure for a successful tourism industry. Furthermore, many of these countries lack the tools to develop organizational strategies for sustainable use of tourism for national development: As this study shows, the experience economy has the potential to help developing countries generate economic growth.

This is a qualitative study – based on a case study in Indonesia, conducted at place called Telunas Beach. Through first hand experiences, interviews, literature review and research done at the location – the author has gathered data about strategies from the private and public sector, and will present findings. This will hopefully inspire and encourage further research into the fascinating topic of the experience economies role within destination development.

The case study presented in this paper will provide the reader with insights from a producer's perspective that can trigger new thinking and create an interest in exploring this issue from additional angles.

Sammanfattning

Titeln på detta dokument är The Experience Economy: Domino eller Dynamo. Med detta menar författaren en symbios där upplevelseekonomin är en dynamo (liknande den på en cykel) som ger kraft för åt ett område, i detta fall destinations utveckling.

I många länder i världen där det finns kreativa industrier, är ekonomin som framträder ur denna bransch något som har utvecklats till en upplevelseekonomi. Typiska drag för upplevelseekonomin är att den är beroende av flera aktörer med olika kunskaper och den miljö i vilken den existerar. Författaren vill öka medvetenheten om denna snabbväxande ekonomi som ingår i många internationella företag. Därför hävdas det i detta dokument att det finns en koppling mellan kreativa industrier, upplevelseproduktion och upplevelseekonomi. Det är med stöd av denna tes som författaren genomfört en fallstudie som utvecklats i Indonesien

Utvecklingsländerna saknar ofta den infrastruktur som behövs för en framgångsrik turistnäring. Dessutom saknar många av dessa länder verktyg för att utveckla organisatoriska strategier för hållbar användning och utveckling av turism för nationell utveckling; dock kan, i det långa loppet, turismen hjälpa utvecklingsländerna att generera ekonomisk tillväxt.

Detta är en kvalitativ studie, baserad på en fallstudie från Indonesien och en plats som heter Telunas Beach. Genom förstahandsupplevelser, intervjuer, litteraturstudier och forskning som görs på plats – i en strävan efter att samla in uppgifter om dessa strategier, och att presentera resultaten - i syfte att inspirera och uppmuntra till ytterligare forskning kring det fascinerande ämnet om hur upplevelse ekonomin kan bidra till destinationsutveckling.

Fallstudien som presenteras i detta dokument kommer förhoppningsvis att ge läsaren insikter från en producents perspektiv som kan leda till nytänkande och eventuellt skapa ett intresse att titta på frågan ur andra vinklar.

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1. Introduction

"It is a utopia to believe that poverty can be eradicated without the active participation of businesses and industries."

UN Secretary - General Kofi A. Annan

These wise words spoken by Kofi A. Annan, the UN Secretary – General encourages us to rethink how we relate to growth in developing countries and how private sector expansion can bring changes to developing societies. Not only is it important that we act in ways which will help the coming generations to live the comfortable life we enjoy today, it is equally important that we act responsibly when supporting non-public initiatives within the experience economy.

Developing countries all strive after economic growth because this increases a country's per capita output, and thereby it can bring improved living conditions to its population. Economic development leads to improvement in the economic welfare of the poorest segments of the population; it increases the agricultural output and stimulates technology changes (Nafziger, 1997). One of the most positive effects of economic growth is that it can aid newly independent countries in establishing and mobilizing resources in order to increase its global competitiveness.

One way of embracing businesses in the alleviation of poverty is by including Corporate Social Responsibility (CSR) as a core business function. CSR's prime premise is that companies should justify their operations by providing services to own staff and family members at the affected destination, as an alternative to repatriation of profit to own coffers only. CSR as a concept has been subject to much debate – both on which services to provide and for how many of the stakeholders. The author will return to this concern later in this paper.

However, there are many issues to bring to the table when considering both how to change business strategies and what matters to concentrate on. It is the author's personal opinion that the question of how to create destinations with sustainable tourism development, in which travelers want to explore and experience, is of utmost importance in today's tourism inquiries.

1.1. *A dynamic process*

Tourism is now becoming the largest journey performed by more than 10% of the world's population yearly (Budeanu, 2007; Font and Ahjem, 1999). People seek what is beyond their own boundaries and comfort zones and frequently travel to discover; experience and enjoy. Within the next 15 years tourism is predicted to double its value

in terms of generating income and economic growth (WTTC, 2007). Tourism brings an advantage some countries know how to use because of its rapid increase in developing countries (George & Henthorne, 2007) – but still there are several countries without surplus resources necessary to develop their tourism industry into a sustainable source of income. The opportunities these countries can offer will, unfortunately, remain unexplored and frequently lost if nothing is done. Knowing what advantages tourism can offer to economic development, it appears important to challenge and encourage these nations to use tourism to grow and prosper.

One might think that there is only one form of tourism – but policy-makers, planners and investors will learn along the way that there are different forms within the tourism industry (Economic and Social Commission, 2001). And they vary according to location, interest from the tourists and the resources which are available.

All forms of tourism should strive to be sustainable, but unfortunately – in today's market, people think that only limited agencies and operators are able to provide sustainable tourism opportunities (UNEP & WTO, 2005). Sustainable tourism development creates the opportunity for governments and other stakeholders in the tourism sector to aim at ensuring long-term prosperity and quality of life for future generations (Coccosis & Nijkamp, 1995).

Sustainable development is a dynamic process which enables people to realize their potential, and to improve their quality of life, in ways which simultaneously protect and enhance the Earth's life support systems. Colin Powell, the former U.S Secretary of State once said: "*Sustainable development*" is a "*compelling moral and humanitarian issue*". That statement has a greater relevance today than ever before.

The author did a search on the Internet for "sustainable development" and it gave her a result of 22,600,000 hits. This tells us that the understanding of this term is widely spread out across cultures and social groups around the world (Copper, Wanhill, Fletcher, & Gilbert, 2005). The term "sustainable development" was first presented and defined in the UN report: *Our Common Future* (1987), also known as the Brundtland Report after the Norwegian Prime Minister at the time, Gro Harlem Brundtland. The report suggests the following definition of the term: "*Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*" (WCED, 1987: 43) The report placed the term sustainability firmly on the agenda – and it has remained there up to today.

However, as understanding of the concept sustainable development has evolved it has also, later been contested. There are those who believe it is not sufficiently precise, but rather too vague, as it does not consider the specific needs of developing countries. Some believe the focus is on what developed countries need and therefore developing countries will never be able to meet those standards (Giddens, 2001). Despite dissimilar

stance about the report, it built a valuable ground for what was to come: the thriving understanding and acknowledgment of the problem. Only five years after the Bruntland Report the Earth Summit was held in Rio de Janeiro (1992), and the outcome of this meeting was Agenda 21, “*putting down a landmark for sustainability in the form of broad action strategy*” (Copper, Wanhill, Fletcher, & Gilbert, 2005: 261).

Despite tourism being only one activity within a region which can bring up the life quality for its inhabitants, it has raised the notion that it deserves special attention because of its many opportunities (Coccosis & Nijkamp, 1995).

1.2. Indonesia: An Asian Tiger

Indonesia is according to Fagence (1998) a developing country, and its emerging economy has experienced speedy growth in tourism, which has earned them the nickname the “Asian Tigers”. The term “Asian Tigers” refers to Indonesia, Philippines, Singapore, Thailand, Malaysia and Brunei, because these countries came out of poverty in rather short time, and have managed to sustain economic growth over time that sets them apart from many other countries of the world. (Sugiyarto, Blake, & Sinclair, 2003) Being the fourth largest country in terms of its population, Indonesia has 237 million inhabitants and consists of 17,508 islands of which about 6,000 are inhabited (World Fact book, 2008).

With its wide range of attractions and natural resources, foreign tourism is a vital part of the Indonesian economy. By 2007 it was estimated that 1 out of every 11 jobs would originate from tourism (Sugiyarto, Blake, & Sinclair, 2003). The Indonesian government’s efforts to promote more international investment in the tourism industry is increasing the countries confidence, and welcomes foreign professional workers in related fields (Sugiyarto, Blake, & Sinclair, 2003).

This increased tourism brings expatriate human resources to the country, with the desire to establish a prosperous private sector initiative in Indonesia. One of the major drivers for this is the countries wonderful natural habitat and resources which are just waiting to be utilized.

The reason the author chose to focus on Indonesia is because it is a fascinating country with vast assets which promote great experiences within its borders. Like the secret history of Java, the mangroves of Lombok or the cosmic coastal line of Sumatra, just to name a few. Indonesia’s tourism industry can generate accelerated growth, which in turn leads to the development of destinations and places worth preserving for tourists from all over the world. A case study will be presented from Indonesia which aims at describing one approach to how destination development can be of value for others.

Not many years ago Indonesia was primarily an industrial country with its close connection to Singapore and Malaysia. Bali was the most common place for tourists to visit, and the population of Bali knew how to sell experiences people wanted to buy. Unfortunately after the Bali bombings of 2002, the flow of tourists has declined – but it is now on the increase, albeit slowly, returning to the lively, thriving paradise it once was.

Indonesia is a great example of how our society has changed over time – from an agricultural standard to an industrial one with strong elements of an experience based industry.

2. Development of our time

There was a time when people's most important task was to survive. The families' main priority each day was settlement and farming. This was the society of organized agriculture and was the first great transition in human society. Instead of gathering wild fruits and grains, we grew crops. And rather than hunting wild animals, we tamed them, breed them and slaughtered as needed (Florida, 2002). Cities were built around these small settlements and the cattle not used by the family itself could be traded or sold to others. This early establishment of trade made it possible for people to stay at one place for a longer period, compared to the nomadic lifestyle many had before (Boswijk, Thijssen, & Peelen, 2007).

Following the Agriculture Society the Industrial Society arose. Compared to the agriculture society, this change made life much easier with machines helping the people who earlier used man-power to do everything. The idea to gather workers in a factory, who would together produce goods efficiently was revolutionary. And proved to be very successful. This was called the factory system (Florida, 2002; Boswijk, Thijssen, & Peelen, 2007) and offered heavy labor which was performed by the so-called blue collar workers. Suddenly there was a distinction between people, the blue collar workers and white collar office workers (Florida, 2002; Boswijk, Thijssen, & Peelen, 2007). This distinction became very clear as the factories grew and the merchants, who were former craftsmen, focused on buying and selling rather than doing the hard work at the carpenter's bench themselves (Florida, 2002). With the new industrial society many changes came, not only with the factory system, but also in the former farmer's everyday life and structures how things were done and how resources were prioritized. It became common to work in a different location from one's origin, and those who earlier had endured labor on farms or in shops, now worked in factories mass-producing goods.

There is no clear definition of what follows the Industrial Society, even though many authors have speculated in what they think is the next society. O'Dell (2005) names more than a few as The Information Society, The Knowledge Society, The Experience

Economy, The Attention Society, The Post-Industrial Society and many more. All of these names proves that we are going through a change into the modern day society of today. The author of this paper has reason to believe that the succeeding society is called the Postmodern Society after Giddens (2001). This society builds upon a further development of the community we live in today – and how it affects us, as Postmodern People. We are knowledgeable people with unlimited access to information, technology and ways to fulfill our wants and needs.

There are parallels to be drawn between people from the Postmodern Society and Postmodern Travelers with endless possibilities to travel anywhere we want, whenever we want. The Postmodern Traveler is eco-conscious and is willing to pay for authentic, untouched experiences in natural settings (George & Henthorne, 2007). In Pine & Gilmore's book they state that: "*Commodities are fungible, goods tangible, and services intangible, experiences are memorable.*" (1999: 12). People seek to experience rather than simply buying a travel service.

2.1. *Postmodern tourism*

Most travelers mature over time, and many are now seeking new experiences. They do not want the 5 star hotels with the great pool, good food and cheap cigars and alcohol. They are looking for something more and that brings us to the era of the postmodern travelers. They seek knowledge, experience, learning and exploring (Budeanu, 2007).

The new type of travelers are flexible, they demonstrate new values and emphasize sustainability in the activities in which they attend. These new values encourage an ethical consumption of tourism, and often this will be a critical factor in their choice of destinations and companies. The values are environmentally oriented and reflect the desired, changed lifestyle (Carley & Christie, 2000, Urry, 2002). They have opinions on the development of destinations and products, especially in terms of promoting sustainable activities, straying away from passive, mass tourism.

This new type of traveler needs to be approached differently since they know the workings of the travel sector – and will not buy traditional trips because they are motivated by wanderlust. They will travel out of curiosity and seek cultural understanding and are not content with 14 days on a beach. Their behavior is not consistent and usually does not fit the stereotypes (Bareham, 2004) that segmentation strategies try to make us believe.

If tourism destinations are able to create an atmosphere that presents education and the chance to see the real place – and not a manufactured holiday resort for sun seekers - they will gain much appreciation from the postmodern travelers. The aspects of traditional marketing theories do not appeal to these travelers, and by providing variety and change could hospitality organizations give the traveler the choice of consuming

“whatever they wish and without the reference to a standardized expectation” (Bareham, 2004: 163). The postmodern traveler wishes to find activities and adventures bring them close to the locals, without significantly harming or disturbing the everyday life. The most important trait of the post modern traveler is the constant search for authentic and natural experiences of the destination (Carley & Christie, 2000; Bareham, 2004; George & Henthorne, 2007, Urry 2002).

3. Pivotal terms

There are several central terms used in this paper, and the author will present her understanding and the context in which they are used, one-by-one. According to Pforr (2001) definitions differ depending on perspective, interests and values – and therefore lead to distinct and maybe conflicting perceptions of complex and dynamic concepts, like the ones used in this paper.

3.1. *The Experience Economy*

Across the world, this new industry has many names; in America it is the Cultural Creative's, in the UK it's the Creative Industry – but there are still disagreements around this name and after some discussion the author has chosen to call it the experience economy. Like the one Pine & Gilmore (1999) expresses in their book *The Experience economy*. The author concurs with Pine & Gilmore that it is an Economy, because of the effect it has on the world today – as a spawning income source. One very clear example from Sweden; in 2008, the most popular Christmas gift was “an experience” (Handelens Utredningsinstitut, 2008). Often in form of an investment involving money, which in its turn support the economic development at micro level in the society. This leads people to give away meaningful experiences and intangible things instead of tangibles like the years before.

Despite many names, there is a common ground for all involved in the experience economy, Paul H. Ray and Sherry Ruth Anderson, both involved say: *“We call them Cultural Creatives because, innovation by innovation, they are shaping a new kind of American culture for the twenty-first century.”*

The experience economy engages what Richard Florida (2002) has named the “Creative Class” in his book, *The Rise of the Creative Class*. The number of people having creative jobs has increased over the last century and a noticeable change has especially happened over the last two decades. Florida defines the Creative Class core by being not only the musicians and artists who perform what was earlier know as creative work – nowadays it also includes scientists, engineers, designers, architects, teachers and knowledge-based professionals whose job it is to come up with new ideas, new

technology and new creative substance. Surrounding the core is what Florida defines as the Creative Professionals, those working with business and finance, law and health care – who engage in intricate problem solving which requires independent judgment and high levels of education. But, common for all professions are the creative ethos; creativity, individuality, difference and merit (Florida, 2002).

While the creative workplace may vary from other traditional workplaces, working in the experience economy and by being a part of the Creative Class, one's ability to come up with new ideas and ways of doing things are exposed. This raises productivity and the individuals' living standard since they are encouraged to live out their creative nature (Florida, 2002). Since every human is creative in one way or the other, it is a limitless resource many more should take advantage of in their businesses. Unfortunately, the difference between the Creative Class and other classes are obvious. While the Working and Service class typically execute according to a set plan – the Creative Class assumes the freedom to create and execute a more flexible plan. This differentiation still seems to strike at the heart of the experience economy: The industry lives and thrives by a flexibility dictated by the interests and curiosity of its customers.

Alvin Toffler criticized how economists could not imagine any alternatives to communism and capitalism and in his book *Future Shock* (1971)- he goes on saying that they only predict a economy in terms of scarcity of resources. He mentioned the approaching “experience industry” and predicted that people in the “future” would be willing to use a big amount of their incomes on staged experiences. (Boswijk, Thijssen, & Peelen, 2007; Pine & Gilmore, 1999)

In this paper, the experience economy is used to describe the environment in which the experience takes place, its strengths and areas of growth, seen from the perspective of the experience producer.

3.2. Experience Production

“It is a broad term for people and businesses with a creative approach, which has as its main mission to create and or deliver experiences of any kind.” (The Knowledge Foundation, 2003)

Experience production is the act of creating experiences in which people chose to take part, most of the time in connection with events which can be either spontaneous or planned. This could be something as simple as a birthday party at McDonalds or a music festival – or as in the case study of this paper: experiences planned and executed in relationship with tourism activities on one of the 17 000 remote islands in Indonesia.

In experience production, every event has a purpose and significance –bringing meaningful experiences (Boswijk, Thijssen, & Peelen, 2007) to the guests who spend time there. Either being a home stay with a local family in a tiny village or hiking through a jungle for the first time, the value of the experience is the essential part.

Experiences have become the hottest commodity the market has to offer and are randomly occurring as phenomena located entirely in the minds of individuals. Experiences are intrinsic in every form of consumption and behavior – but are not exclusively for those who have the money to spend (Boswijk & Thijssen, 2007). Experiences are personal, intangible and continuously ongoing, which makes the market ever more challenged to meet those needs (O’Dell, 2005). Some might say that experiences only occur in specific places where they are well planned and staged for a reason, while others argue that experiences are not limited to a place or time planning.

The authors’ perception of experiences is that they can be both planned and spontaneous – the importance is that they are remarkable in a way that makes them memorable to the person who experienced it. Equally important however the broader perspective experience production it brings with it. Being able to be holistic in the making of experiences gives the producer an advantage over others.

Florida (2002) writes about the Creative Class lifestyle as “a passionate quest for experience” (2002: 166) – where their lives are packed with intensive, high quality, multidimensional experiences and in living that way, the demands increases as their identities reinforce as creative people. The Creative Class, like the postmodern traveler - favors active over passive experiences, the consumption of experiences over traditional goods and services – and in doing so they crave active, authentic and participatory experiences where they can have a hand in creating (Florida, 2002; George & Henthorne, 2007).

In this study, experience production is meant to describe the act of producing an experience, and where it takes place, and which positive/negative effects it may have on the larger communal setting.

3.3. Destination Development

Every destination has the potential to grow into a vibrant, healthy, economically thriving area, either done by the public sector, in a public private partnership (PPP) or/and between stakeholders of the local tourism industry as a community effort, with thoughtful planning and a willingness to change. This is called destination development and is a combination of tourism products, facilities and services that together compose the total tourism proficiency under one brand name (Copper, Wanhill, Fletcher, & Gilbert, 2005). Ideally, the destination offers a mixture of activities that allows an

individual to choose after his or her preferences – which culminate in experiences they will remember after leaving the destination (Boswijk, Thijssen, & Peelen, 2007).

Destinations can be national, regional or local – and are called Tanzania, Moshi or Kilimanjaro, all capable of being a relevant destination. Destinations rely on tourism as a major tool in the creation of economic development and support for the indigenous population (Copper, Wanhill, Fletcher, & Gilbert, 2005).

However, successful destination development within the experience economy consists of several different building blocks. In this context, the author focuses on three major building blocks: destination development, sustainable tourism development and experience production. Some factors contribute to the realization of this troika at a given destination. One of the major one is a coherent application of Corporate Social Responsibility (CSR).

In an ideal world, a government would use coordinated policies to achieve control over the national economic objectives to reduce poverty or accelerate economic growth. And by setting into motion plans for anti-poverty programs, family planning, employment policies, and investment programs there is a chance that the country would prosper (Nafziger, 1997). But there are other issues at hand too, such as utilizing what the nation already has which can generate jobs and income, namely their destinations.

Destination development, seen from the producers' perspective, describes in this study what takes place in the ground. On many ways it is both describing the process of change and its manifestation.

3.4. Sustainable Tourism Development

Development has to be sustainable to be classified as development at all; otherwise it's just short-term growth (Copper, Wanhill, Fletcher, & Gilbert, 2005). There are several definitions of what sustainable tourism development is – the author has chosen to use the World Tourism Organization's definition, which is:

“A model form of economic development that is designed to:

- Improve the quality of life for the host community,
- Provide a high quality of experience for the visitor, and
- Maintain the quality of the environment on which both the host community and visitor depend” (WTO, 1993)

By utilizing areas for the greater good and creating work opportunities – the less privileged also benefit from it in the long run and communities may prosper from this development (Copper, Wanhill, Fletcher, & Gilbert, 2005). Problems arise when development is rushed, with little or no consideration given to the environment and population surrounding the destination (Gavin & Jorge, 1996). It is therefore important

that the process of developing a tourism product is done in harmony with the inhabitants. In this way, they will also feel it is “theirs” and that will encourage them to support and continue working for the various products and projects.

Sustainability, can in many ways, be seen as a fundamental requirement for countries attempting to develop their tourism industry, and during the process of developing, a tourism product is present, planners must ensure harmony with the local environment. (Gavin & Jorge, 1996)

Given the fact that tourism is becoming increasingly important source of revenue also for developed nations, studies often focuses on locations in Europe and North America (Fagence, 1998) – and findings are therefore not easily applicable to the needs of developing countries. The result is that when trying to apply traditional tourism planning to developed countries, the chances of taking into account and capitalizing the developing countries own special conditions and comparative advantage can be lost, as these studies frequently do not consider the local social, cultural and political systems and structures which are present. (Fagence, 1998)

Furthermore, when pursuing sustainable tourism, both the industry and the public sector development must share the challenge of providing incentives for tourists to adapt sustainable behavior (Budeanu, 2007). Through effective planning, sustainability can be reached with guidelines on the breadth and depth of development (Gavin & Jorge, 1996).

These four concepts need fuel to move, and in this study, one of the major moves is the adaption of CSR.

3.5. *Corporate Social Responsibility*

Companies who incorporate CSR act socially and ethically toward their employees, the surrounding community and the environment in which they function. However, Gyves & O'Higgins (2008) argue that it should not be used as an additional way of complementing the existing business activity. It needs to be part of the backbone of the firm, the “*fabric of the firm, incorporated into the value system and value chain for the company*” (Gyves & O'Higgins, 2008: 218). They go on stating that this could help develop “*a personality in a world of faceless corporations.*”

There are several reasons for why a company should incorporate CSR in its business. CSR increases profit, it gives access to capital from socially responsible investment, could reduce operation costs and increase operational efficiency, enhances brand image and reputation, increase sales and customer loyalty, increase productivity amongst the workers, increase the ability to attract and retain employees and make a clearer distinction from other competitors (Gyves & O'Higgins, 2008).

CSR is easily applicable to companies all over the world with CSR-centered initiatives and CSR as the centerpiece of their business model. Studies show that innovative practices improve productivity (Osterman, 2000) – employees who are satisfied with their jobs are more likely to do a good job, and those who are committed less likely to leave.

CSR is a mutual beneficial relationship between employees and employer. In practical terms, CSR implementation will assist the destination to grow while promoting mutually valuable development activities, such as environmental sustainability. Companies are not pushed to relate to CSR, but are encouraged to act respectfully, ethically and as good corporate citizens who take responsibility both for the community and the surrounding environment. (Bohdanowicz & Zientara, 2008) A company who is committed to a business strategy that generates profits, while contributing to the well-being of the planet and its people are therefore acting within the CSR core value system.

However, on the other side there are those who believe that companies who have implemented CSR in their business strategy are doing it more to improve their own company image and reputation – than authentically helping others (Bohdanowicz & Zientara, 2008). In that case, it is more about the brand management rather than true commitment to good causes. It is important to see both sides of the story, and the author presents both in order to strengthen her beliefs that Telunas Beach is truly implementing CSR because they have a strong desire to help their destination through resources feed through the CSR model the resort management pursues. However, we need to be reminded that CSR is a concept that is also both attractive and possible to replicate in a modern European business environment. The author will therefore briefly present the case study of Scandic hotels to demonstrate the global relevance of CSR.

3.5.1. Scandic, the case study of CSR implementation

A great example of CSR in action is Scandic – a major hotel chain with more than 140 hotels across Scandinavia. Scandic already has a strong and well-known brand in Scandinavia and is through this reputation working on expanding its operations into the rest of Europe (Bohdanowicz & Zientara, 2008).

In 1998, Scandic decided to entrench CSR into the core of its operations, and presented a program the named: *Omtanke*. Its translation: “caring for our guests and each other while caring for the environment and the society around us.” (Scandic, 2007)

The initiatives work by the assumption of “caring-of-employees” because it reinforces integration and commitment. In 2001, an initiative called “Scandic in Society” was launched (Bohdanowicz & Zientara, 2008) and since then, more than a 1000 activities have been executed. Donation of hotel linen and furniture, serving lunch to the

homeless, sponsoring local sports teams and events, offering part-time jobs to people with disabilities to keep them within the society, blood donation and coaching youths with problems are only to mention a few initiatives taken in 2001. The initiatives' reinforced the feeling of unity and shared values between the hotel team members and the residents of the host community.

Scandic's bonus is that it also boosts her image as an attractive employer for local inhabitants and a reliable partner in business deal. *"(...) They contribute - by demonstrating that the company does care for the generally understood well-being of others - to increasing employees' organizational commitment."* (Bohdanowicz & Zientara, 2008: 283)

Scandic tries to meet the needs their staff has by educating them, by assisting them in everyday choices (savings accounts) and to help them improve their job performances. Scandic has gone to great lengths to implement CSR – and proved that CSR is not only an instrument for brand management, but also a centerpiece of an organizational business model. (Bohdanowicz & Zientara, 2008)

3.6. *The connection between the terms*

This paper argues that experience production, sustainable tourism development and destination development are deeply interrelated and that the interaction between them can establish a functional platform for the experience economy. The study will come back to this relationship when discussing the analytical model.

As the terms are not commonly used together, the need for some elaboration is in order to avoid misunderstandings of the findings of this study. The interdependence between the three terms makes them complementary to each other – something the author will look into in this study.

Sustainable tourism developments are in this study understood as the provisions brought into the community to initiate change. This could be schools and clinics that are enriched by the capital and knowledge brought to the destination by a company and the tourists who visit, and more importantly offers the residence new opportunities. Hence, a company could contribute to destination development through CSR commitments to implementing projects supported by the local population and financially sponsored by the company.

The projects, building of schools etc, is the actual staging of experiences in which the guests take part. As the author has mentioned earlier, these experiences are personal and intangible – as one is taking part in concrete projects. This approach represents an important step between sustainable tourism development and destination development, where the experiences are produced.

This paper will argue that this leads to destination development, which is seen as the consequences of all of the provisions brought into the community. Just to take two examples, through schools, people are educated and given new opportunities. Through education, the locals can understand the importance of preserving the products that are offering those better living standards and longer livelihoods (Gavin & Jorge, 1996). Through clinics, people learn about health and health care. These things are implemented in the everyday life of the destination and bring higher value to the life of the people.

Further, the experience economy, from the producers' perspective, could be interpreted in this setting as the effect of all the provisions and what they create in the community. In a functional state, a predictable tax system will emerge. A tax system is depending on the wage system rising from destination development. A predictable wage system offers people choices. This offers people the privilege to prioritize. Because the experience economy affects the fundamentals of people's life, this arc of the circle affects the greater surroundings more than the previous two.

However, common for the terms mentioned above, are that they all in one way or the other create work opportunities and generate income for the individual worker. Tourism is a "business transaction, a commodity for sale on the world market" (George & Henthorne, 2007: 137). Given the global potential, the market has only just begun to understand how to translate generic marketing approaches to destinations. The result is the creation of a specific brand image (Copper, Wanhill, Fletcher, & Gilbert, 2005). With a strong brand, a destination can easier differentiate themselves from competitors and hence be perceived as more attractive and rewarding for tourists.

All aspects related to planning, implementing and follow up engineered by the experience economy, must be part of a holistic understanding (Pine & Gilmore, 1999) of how tourism can support sustainable development at a given destination.

4. Problem statement

The need for new knowledge in this field seems important. Tourism prays on natural resources and it is only fair to assume that these resources should be used in a more fruitful way to establish steady incomes for families living in these areas. This goes in particular for rural sites, which have received much attention when new tourist attractions are being developed, much because tourism planning is moving away from resort development to alternative forms and locations (Fagence, 1998). Furthermore, in a long-term perspective, the ownership of the natural resource base must rest with the nation in which it exists. Looking into how (or if) private tourism companies interacts with public offices to develop strategies leads to sustainable tourism, therefore makes sense.

There are numerous issues at hand: The author's research has showed that there has been limited field work carried out on the role destination development can play in the experience economy, and vice versa. There can be several reasons for this. One reason may be that the typical characteristics for the experience economy are not commonly identified in developing countries as an essential actor. Therefore, people and authorities may be unaware of the synergies between destination development and experience economy and therefore may not know how to utilize these resources.

Another reason may be that in developing countries the needs are so immense that whatever revenue and other income can be generated, is absorbed into the larger economy to cater for those needs. Hence, the experience economy is a kind of silent partner in the larger setting, and in the same vein – experience production when it appears, is seen as one of many ways of generating income.

This paper will look into one private tourism company operating in a rural destination in a developing country, Indonesia. Furthermore, it will look into the importance CSR can have on a company's business strategy and in what ways CSR can be implemented. One of the purposes of the study is therefore to take a closer look at which choices that are essential in the process of developing strategies that can work as catalysts for changes beyond the immediate sphere of the tourism company, within the experience economy.

4.1. Purpose

The purpose is to explore what the experience economy can offer to a given destination in terms of sustainable tourism development, in this case: Telunas Beach.

As it is a vast topic, in order to seize this study to a manageable task the author wants to develop, it is useful to look at the purpose through some pointed research questions that can guide the field work. As the author to visit Telunas Beach as a potential producer - these questions are formulated from a producer's perspective.

4.2. Research Questions

The following research questions will be used to explore this issue:

- What are the characteristics of an experience economy that focuses on sustainable destination development?
- What kind of deliberate efforts can be deployed to develop a destination?
- Which driving forces determine promotion of sustainable tourism development?
- Are there any choices that are essential in the process of developing strategies that could work as catalysts for sustainability?

4.3. Demarcation

This paper does not attempt to respond to all aspects of destination development, not even in Indonesia. Nor does this paper attempt to give one correct way of how to go about developing sustainable destinations – it will simply explore and consider how others have done it successfully. The results emerging from this study are limited to Indonesia and the people whom the author met there, and are therefore not applicable to other countries without considering the particular country context. The observations done by the author are subject to her own understanding of the case and may not be perceived in identical manners, should others build a case study at a similar site.

Nevertheless, the author hopes that it will generate an interest in the theme that will spur further research into the challenges related to how the experience economy can make sensible contributions to a local, regional and national development that is both equitable and sustainable.

5. Methodology

Methodology is a way of thinking about and studying social reality, while method is a set of procedures and techniques for gathering and analyzing data. In this chapter the author will present the different methods used during the field work and reasons why. A case study will be presented, the informants discussed and the methods for collecting data presented.

This is a qualitative study. The author's theoretical knowledge is complemented by in-depth interviews and some direct observations. Based on the information and data gathered, the author has drawn conclusions that are relevant to the problem statement guiding this study. The application of inductive research was, in the view of the author, preferable over a more deductive approach, which largely has as its purpose to confirm a thesis developed as a basis for the entire study. Since this is a qualitative study, it has the intention to interpret and understand reality. The problems connected are exploratory and therefore seeks adaptable empirical work (Bryman, 2002).

5.1. The Scientific Approach

Positivism and hermeneutics are two different theories within science. Positivism strives to achieve absolute and secure knowledge that comes from observations gathered through empirical work, our five senses and the logic we create through performed calculations. Positivism believes that knowledge can be treated statistically and tested so that facts can be collateral with a high probability (Thurén, 2007). In short, positivism states that what can be measured is true.

The kind of research that seeks to achieve understanding of a studied phenomenon is known as hermeneutics (Johansson, 2003). According to Thurén (2007) interpretation of human behavior, both verbal and non-verbal (body language), is required in order to understand how people perceive the world. In contrast to positivism knowledge, the interpreted knowledge in hermeneutics is to create an understanding of human beliefs and life images (Thurén, 2007). When the author conducted her interviews, it was important that this was done face to face in order to capture everything said so that answers given through both body-language and words could be interpreted into the understanding of the results.

In applying the basics of hermeneutics, the researcher was prone to use her own pre-understanding of the problem statement without this influencing the results in a negative way. Within hermeneutics, it is highly encouraged to be personal and therefore the author got to know the informants prior to the interviews. However, the author kept the personal and professional interactions apart. Hermeneutic researchers are to be open, subjective and committed in order to reach desirable results (Patel & Davidson, 2003). Keeping in mind that hermeneutics strive to view the problem area with a holistic manner, in which it attempts to embrace all vital aspects. A researcher who is capable of using her own empathy or sympathy while conducting the study will hold an advantage over other researchers. The author believes that she incorporated this successfully. The goal was not always to achieve or confirm one theory, but to present a diversity of interpretations of the world as it is (Patel & Davidson, 2003) and therefore multiple people from the same company where interviewed.

5.2. The Research Approach

In order to relate theory and empirical work are there three ways to draw conclusions; induction and deduction (Thurén, 2007) and abduction (Patel & Davidson, 2003).

Induction is based on empirical work, similar to what the author gathered for this paper (Thurén, 2000) and origins from the reality, individual cases or phenomena, which also formulates a theory (Patel & Davidson, 2003). The theory is the result of research (Bryman, 2002) whereby the result can never be 100 % accurate, but have a greater or lesser likelihood for being relevant to the issue researched (Thurén 2007).

Deductive reasoning is based on logic (Thurén, 2000) and origins from theories on which the researcher draws conclusions from a hypothesis tested in reality, with variable results (DePoy & Gitlin, 1999; Bryman, 2002; Patel & Davidson, 2003). Deductive research therefore frequently tends to confirm or reject a theoretical assumption (hypothesis).

Abduction is a combination of induction and deduction. From an individual case, a theory is created similar to an inductive approach, based on this individual case. The researcher tries to formulate a hypothetical pattern that explains the selected case. By subsequently testing the theory developed in reality, the hypothesis is tested in cases and becomes more generalized (Patel & Davidson, 2003); however this was not appropriate for the purpose of this paper.

A researcher working with an inductive process, as the author has been doing, uses the alternative conclusions from empirical work. This results in the development of concepts based in recurring patterns (DePoy & Gitlin, 1999). The author sees this approach as the most suited one since it relays on origins from reality and the author conducted a case study.

By using a qualitative research approach, the findings are not produced by statistical procedures like those that quantitative research would generate. Unlike quantitative, qualitative research provides the researcher with raw data that needs to be interpreted in order to understand the value of findings. A qualitative approach seeks to research both personal and organizational phenomena, and it includes lived experiences, emotions and feelings as well as social movements and interactions between nations (Strauss & Corbin, 1998). This approach suits the purpose of this paper since a case study and personal in-depth interviews have been conducted. Qualitative methods can with great success be used to explore how the problem statement or purpose of the study can be informed by the reality being observed.

A qualitative analysis is applied to this paper and it intends to interpret and understand reality. Focusing on values that are not measured in numbers but instead interpreted and analyzed on the basis of facts, observations, perceptions, interviews and statements – Patel & Davidson (2003), state that the method involves questions such as where, how and what. A qualitative research has mainly an inductive approach (Bryman, 2002). According to Patel & Davidson (2003) theories based on the conclusions and generalizations emerging from empirical observation lead to the knowledge of theoretical orientation and relates to an interpretive approach.

6. Methods for gathering data

The author has chosen to relay mainly on interviews for this case study. Because the author physically travelled to Indonesia, these interviews could be done face to face. The author was also able to conduct direct observations. This was helpful in providing supplementary information about the case study, and was done by making a field visit to the destination in question (Yin, 2003). By following behavior and environmental conditions the author could draw conclusions helpful for the analysis. The author did

not assume a specific role while observing, the employees were informed about her presence and she was a part of a group who stayed at the location two times. This way the participant observation provided opportunities to collect first-hand experienced data. This was helpful when understanding the context of the interviews and in order to explain the case study.

The material presented is based on the author's interviews with key stakeholders, observations made after several trips to the case study and articles written about the experience economy, both general and specifically in Indonesia. The text makes it clear whether the information is from the interviews, observations or from the other literature.

6.1. *Case studies*

Case studies are good when a holistic, in-depth investigation is sought. Case studies are designed to bring out the details from the viewpoint of the participants by using multiple sources of data (Yin, 2003). At the same time, the case studies provide a lateral perspective on a situation that can have bearing on more general issues derived from the analytical parts.

Yin (2003) has identified three specific types of case studies: *Exploratory*, *Explanatory*, and *Descriptive*. In all of the above types, there can be single-case or multiple-case applications. Case studies tend to be selective, focusing on one or two issues that are fundamental to understanding the system being examined. The results presented in this paper will be descriptive.

Collecting data for case studies origin from different sources, Yin (2003) mentions the main six as: documentation, archival records, interviews, direct observation, participant observation and physical artifacts. The main source of evidence which will be used in this paper is interviews, and is therefore explained lengthier than the remaining five sources. The different sources are highly complementary, and a good case study might therefore include as many sources as possible (Yin, 2003).

6.2. *Selecting the case*

The only way to explain how the author happened to fall upon the abundant country of Indonesia and Telunas Beach, is that when she was researching for possible ideas; a simple hit on www.google.com with the search words "sustainable tourism + batam + Indonesia" lead her directly to the website of Island Connection International and the paradise of Telunas Beach.

This is a resort located on one of many islands in Indonesia, in the South China Sea. It is owned, run and operated by three American guys and their national staff employed from Indonesia. Their main target groups are university and college students from the US and international schools and Free Independent Travelers (FIT's) from South East Asia.

Having very little knowledge about Asia, the author conducted a lengthy surveillance over the area, the people and the company and understood that this would be a suitable place to visit and to develop a case study for this paper. The company's readiness to contribute to the destinations development was clearly stated as their primary mission – and having found few other resorts with a similar on-target mission, the author chose to focus the field work on Telunas Beach.

After establishing contact with the owners, an agreement was made to meet and discuss the matter further upon arrival in Indonesia. The owners have consented to the idea of exposing their resort for the purpose of this paper.

6.3. Interviews

The interviews were conducted through personal meetings and were guided conversations rather than structured queries (Yin, 2003). The author chose this approach because she wanted an informal setting, which still could produce relevant information. Before all of the interviews, the author explained her background and the reason for her research. Personal meetings allowed her to read the visual expressions such as body language, to interpret what was said by the informant while conducting the interview (Kvale, 1997). All of the interviews were done in the informant's natural environment, for him or her to feel at home and not feel that the interview contributed to any practical problems (Jacobsen, 1993). The interviews took 30 to 45 minutes. The interviews were recorded and these recordings allowed the interviewer to return to the reasoning if something was unclear.

After the interviews the author transcribed them in their full length, and then chose to take out the most relevant and important information in the end. The author's focus was on the information generated, rather than trying to read between the lines. Therefore there were no recordings of surrounding noises transcribed, nor were pauses and body-language added to the final transcription.

When transcribing the interviews, two questions were central to the author: "*What are they saying about their company's operations?*" and "*Are they really working towards sustainability?*" It was the researcher's challenge to be impartial and objective and be able to reproduce the exact quotation (Troost, 1997), and the main gist of the conversation, when summarizing. The author did this by using open-end questions which did not lead the informant on.

All of the informants agreed upon letting the author use their real names and professions, and therefore they are all presented with their full names.

After transcribing the interviews, the author started to categorize the answers into the four terms which have been presented as the main building blocks of this paper; destination development, sustainable tourism development, experience production and experience economy. Although some of the answers have been placed into one category, they can still be applicable to the others and no strict lines are drawn.

6.4. Selection the informants

This qualitative study draws its observations and findings from in-depth interviews with six key informants, all with extensive knowledge to the tourism sector in Indonesia. The author established contact with the six informants upon arrival to Indonesia, which form the fundamental base for this study. Three of whom are the founders and owners of the case study; another was interviewed because of his extensive participation in trips to Telunas Beach, another because of his knowledge and experience from working within the hospitality sector for many years, both in Indonesia and abroad. The last informant turned out to be less relevant for the specific purpose of this study, but nevertheless provided a useful and complimentary insight.

It is also important to keep in mind that the people interviewed were also chosen specifically for this purpose. No group interviews or discussions were held since the author did not see the purpose of this. Since the findings are deeply connected with the persons' personality and reason, the author had no motive to question the answers compared to others.

6.4.1. The informants

Eric Baldwin, Bradley Jonswald and Michael Schubert (referred to as Baldwin, Jonswald and Schubert later in this paper) are the founders and owners of Island Connection International (ICI) and Telunas Beach. They are all Americans and have degrees within business management and leadership from Wheaton College, Illinois, Chicago. They have been in Indonesia for the last six to seven years establishing and running the company. For school and other purposes (interaction with contacts, logistics etc.) they live with their families on the little island of Batam. Batam is one of the biggest islands in the Riau Province and is just South East of Singapore. Jonswald is the President Director of ICI, Schubert acts as an advisor and co-owner, while Baldwin is the business manager of Telunas Beach. The interviews with these three were done separately. Some of the same questions were asked in order to secure comparability of answers.

Jim Diebley (referred to as Diebley) was recommended by Baldwin for an interview, and he turned out to be a very important person in the process of gathering substantive information about Telunas Beach. He lives in Singapore with his family, but has frequently visited Telunas Beach since their opening in 2004. Some of the trips have been with school groups (both teachers and students) from Singapore American School, where Diebley teaches – other trips have been personal trips.

Freddy Sim (referred to as Sim) was the fifth informant, a hotel manager from Singapore – based on Batam. He was reluctant to calling it an interview and therefore asked the author to simply call it an “informal talk”. This talk gave the author many helpful insights on how things work in South East Asia in the hospitality sector, both with regards to mentality, cultural diversity and work ethics, as he perceived it.

Mette Kottman (referred to as Kottman) was the last informant was from the Royal Norwegian Embassy in Jakarta, Indonesia. It proved that the Embassy staff was relatively unknown to the concept of destination development. However, this interview did give the author insight in other aspects – one being that the seemingly important issue of destination development in rural areas is not at all considered important by the Embassy’s programming in Indonesia. The majority of the Norwegian money goes to development projects, only remotely related to tourism. Despite this, the interview provided insight into allocation policies of the Norwegian government in Indonesia. In this policy, the focus is mainly on poverty alleviation through traditional measures such as education, health and protection of natural resources (Kottman, 2009). Thus, while the instruments for creating change do not, as this study shows, differ much from that of sustainable destination development within the experience economy, the source of finances and approach mostly through government partners are fundamentally different.

6.4.2. Conducting the interviews

According to Ryan (2004), an interview is a conversation with a purpose. There are both qualitative and quantitative interviews. The qualitative interview, which has been used for this paper is characterized by simple and sharp questions that generate complex and full answers (Trost, 1997). Based on the reasoning of Stenbacka (2001) the author has here applied the name “informant” instead of “respondent” and “the generation of material” instead of “collecting data”, because it would be more suited to a qualitative study.

There are three types of case study interviews (Yin, 2003); those with an open-ended nature (also called semi-structured interviews), focused interviews and formal surveys. To begin with the most commonly used, open-ended interviews allow the interviewer to ask the informant about the facts of a matter, as well as their personal opinions about

the inquiry. This form gives the interviewer the opportunity to be more flexible, with more general issues as well as further supplementary questions (Bryman, 2002). The second type of interview is a focused interview, and even though it might remain open-ended – the duration of the interview is usually not more than one hour. Different from the open-ended interview, this form generally follows an interview guide and gives the interviewer more room for the informants depict perspective. Informants are more spontaneous and active participators when an interview guide is used (Ryen, 2004). The third form entails more structured questions, and is a formal survey (Yin, 2003).

Before contacting the possible informants, the author made several rough drafts of questions for her interviews. Keeping in mind the three types of interviews (Yin 2003), were some of the questions open-ended and others were closer to the focused interview form. During the interview, the authors selectively chose to disregard questions which were less relevant or even add others which come to mind. The author has attached two examples of her interview guides.

7. Methods for analyzing data

“Your objective should be to start modestly, work thoroughly and introspectively, and build your own analytic repertoire over time. The reward will eventually emerge in the form of compelling case study analyses and, ultimately, compelling case studies.” (Yin, 2003:116)

Although many researchers chose to use case studies as a means of collecting data, analysis based on the application of this instrument is one of the least developed, possibly because it is considered being the most difficult aspects of doing case studies. (Yin, 2003) However, the author did realize that the material she had gathered from both the interviews and the observations turned out to be very useful and therefore chose to continue the research based on her case study. After collecting available data, the author attempted to examine, categorize, tabulate and test the data against the initial propositions of this study.

While researching appropriate literature, the author came across useful analytic manipulations, which turned out to be helpful when processing the gathered material. Yin (2003) suggests several analytical approaches. The author found the following useful for data analysis:

- Putting information into different arrays
- Making a matrix of categories and placing the evidence within such categories
- Creating data displays – flowcharts and other graphics – for examining the data
- Tabulating the frequency of different events
- Putting information in chronological order or using some other temporal scheme

The author realized that the best preparation for conducting her case study analysis was by applying a general analytic strategy (Yin, 2003), either relying on theoretical propositions such as reflective research questions, review of literature, or reflecting on rival explanations which tries to define the results further, or by developing a case description and ways to organize the case study. Without such strategies, case study analysis will only advance with some degrees of difficulty.

Consistent with Yin’s approach, and during the process of gathering, examining, tabulating, categorizing and testing the material generated through interviews, the author assembled an explanatory model to analyze the results. This model will be presented below.

7.1. An analytical model

The analytical model that the author designed was a helpful approach when managing the thoughts and ideas emerging from the field work research. The author chose to call this model “The trilogy of the Experience Economy”, with the presumption that a trilogy consists of these parts that together form a holistic perspective, in this case – of the experience economy.



Figure # 1: The trilogy of the Experience Economy
Source: Rydland, 2009

In this model, the three categories are placed in an interdependent relationship to each other. This means that one of the boxes will be affected by events and results in any of the two other boxes. The essence of each box is further described earlier in this paper.

Sustainable tourism development represents what is actually taking place in order to create change – establishing a lasting footprint in the local community, so to say.

Experience production is the actual staging of experiences for the tourists, either at Telunas Beach or in the villages. All of the employees at Telunas Beach are therefore the experience producers. All of the different experiences which the tourists have during the stay, are the effects of what the company wishes to show them.

Destination development is the consequence or sum of the work of ICI. By building schools, offering better health care and providing training within useful areas, the population will prosper into people with better knowledge of how to take care of their surroundings.

Experience Economy is the framework within which the company is operating and where the effects of the three categories appear.

This model helps explain how the categories relate and influence each other. Every choice made at the destination affects how the tourist experiences his or her stay at the resort. The purpose is to bring the best possible experience to the tourists, so, in this case, the memory of Telunas Beach can contribute to build a brand name that carries a positive value. Through this approach, Telunas Beach may secure a strong resource base at home (mainly in the US). At the same time, it helps secure a steady flow of tourists to Telunas Beach – who through their visits leaves resources behind such as money, labor on projects among local population that can be converted into assets benefitting the local population. Within experience production it is common to speak of “meaningful experiences” (Boswijk, Thijssen, & Peelen, 2007; Pine & Gilmore, 1999). With the insight of the field work, the author strongly believes that is what makes Telunas Beach so special. The kind of experiences one goes through, being a village stay or simply a little trek in the jungle behind the resort – is a simple but potent dynamo for new perspectives, and opportunities for discoveries.

Even though this model could be used in any context, it is not limited to Telunas Beach or even the tourism industry; it has been particularly helpful in understanding the Telunas Beach experience. It helped the author see the experience economy from more than one angle. Rather than limit the experience economy to generation of income possibilities – the author now realizes that the clue is to recognize the connection between the terms. Together, this sways the postmodern traveler to return, to further explore. They are all indeed incorporated in the staging of meaningful experiences for the tourist (Boswijk, Thijssen, & Peelen, 2007).

After going through all of the gathered data, and having processed it and placed it into categories – the author believes that it is possible to answer all of the four research questions. These questions have provided a base upon which the authors interview guide have been made – and therefore hopefully offer an analysis and answers sufficient to the purpose of this paper.

8. The Backdrop

Indonesia not only is the largest country archipelago – it also has next to Canada, the second longest coastline in the world (Economic and Social Commission, 2001). The resources of this country include a rich and diverse natural environment with a strong potential for tourism development. It is only recently that the Indonesian people have understood the commercial benefits the coasts and seas can offer when used properly. Indonesian beaches are among the best in the world, both for those who seek perfect beaches – but also for those who hunger for surfing opportunities. The beachfronts are also suited for coastal and marine tourism, a relatively new industry which lead cruise ship tourism to many islands in Indonesia (Economic and Social Commission, 2001). The cruise ship tourism is rapidly growing and constantly seeks new destinations. It allows people to become aware of the stunning scenery in Indonesia, by environmentally friendly means.

After the terrorist attack on a night club in Bali in October 2002, the number of tourists and other visitors (students and businesses) dropped dramatically by 60% (Bareham, 2004). Talking to locals in Bali, the author was told that many have suffered under this drop – and hope to see it turn to what Bali was prior the attacks. The drop of 60%, primarily affected the small-scale shopkeepers and guesthouse owners (Sim, 2009) – while the bigger scale places experienced less impact. Furthermore, the tourism sector has in general suffered under the impacts of war and 9/11 – making people reconsider if they really want to leave the safe haven of their homes. The number of visitors to Indonesia in 2002, prior the bombings in Bali was 5, 033 400 (Ministry of Culture and Tourism, 2009). The following years it declined, bottoming out in 2003. By 2005 the number rebounded to more than 5, 002 101. Statistics form 2007 displayed the highest figure ever with 5,505 759 people visiting Indonesia (Ministry of Culture and Tourism, 2009).

8.1. *The choice*

Situated in the South China Sea, Telunas Beach found on the island of Sugie, in the Riau Province of Indonesia (see map page 54). The inhabitants are the Riau Melayus – a group of people that have assimilated both nomadic and migrating people into their culture.

This includes the Banjarese, Minangkabau, Javansese, Mandailing and Bugis (ICI, 2009). By estimation there are 2, 2 million Riau Melayus today – spread out on a land mass area of 94, 000 km² and 3, 214 islands.

According to ICI (2009), having lived with many different traditions and cultures through times, the Riau people see their strongest qualities to be open, friendly and accepting of visitors. The Riau people are also very proud of their historical role in the development of the Malay culture.

Their primary language is Bahasa Indonesia (the language spoken in most of Indonesia) – but at home with family and friends many still speak Riau Melayu, a dialect of Malay (which is spoken in Malaysia). Now, because of the possibility of sending their kids to school due to the expanding experience economy of their area – many are learning English.

The province contains the most productive oil and gas fields in Indonesia and each day the wells pump half of the nation's total production of crude oil into the world market. Over 85% of the province's GDP is generated by petroleum and natural gas production. On the other hand, the province also has a traditional side with low technology interventions and a strong agricultural sector. One could therefore say that the Riau province exhibits the features of a "dual" economy – with a third type gradually emerging: the tourism sector.

8.2. The challenges

The General Guideline of National Development in Indonesia (GGND) states that communities could increase their welfare through participating in decision making related to their own development (UNEP & WTO, 2005). Through this measure, they will become important players in developing communities to serve collective and individual needs. This study labels the process destination development, the ultimate aim of the General Guideline. The underpinning argument is that when the industry, the local people and the government work together through integrated planning and management, it is more likely that tourism could be made beneficial to a destination. (Economic and Social Commission, 2001)

Despite many efforts to educate Indonesians about the interrelatedness of destination development and the broader economic, social and environmental context of island states – many recognize how difficult it is to get such a process going, although the Government has put a framework in place. The consequence is that the more than 17 000 islands face a huge challenge of addressing the issue of human and environmental resource management, fairness in employment and income increase. Furthermore, if tourism is not controlled – there is a chance of it being the seed of its own destruction (Economic and Social Commission, 2001). Destinations without the resources of local

participation and proper management will sooner rather than later become overloaded spatially – with the consequence of losing its own social and cultural identity. This is a potential risk the government is conscious about, and which has led to a stronger regulatory framework lately.

We know that the experience economy has been one of the most rapid growing so far, says Prime (2009): *“The creative sector is one of the fastest-growing in developed economies such as Britain and the United States.”* Unfortunately, with the global financial crisis, the industry is now registering a downturn. In a country like Tanzania where a big portion of its income is generated from tourism, the downturn has reached 30%. However, while the trend is slowly turning, in Asia and the Pacific the industry is expected to grow at a slower rate than in previous years (Ministry of Culture and Tourism, 2009).

The Indonesian government meets many challenges when trying to control and/or regulate the tourism sector. Consisting of so many islands, one is bound to draw the conclusion that despite the government’s efforts to have one joint regulatory policy – every island has their own way of doing things. There is a federal tourism department which has as its main priority to ensure that everything connected is done properly, but the owners of Telunas Beach has next to never experienced that they actually come out to the island and check up on them. All experience producers and companies have to pay a tourism tax, which they happily pay as that means they are allowed to continue operate and further develop their business (Schubert, 2009). Every month these entrepreneurs send a report to the tourism department stating how many guests they have had the last month, which nationalities and related information. The purpose of this reporting is to help the Indonesian government to keep track of the tourist flow (Jonswald, 2009).

8.2.1. Corruption

The owners of Telunas operate in an environment deeply affected by widespread corruption. Indonesia scores only 2.6 on Transparency International’s Corruption Perception Index and ranks only as number 126 on the global statistics issued by Transparency International (Lambsdorff, 2009). Although the government recognizes this problem and is implementing anti-corruption strategies nationwide (Royal Norwegian Embassy, 2009), the spread of this country with its many islands, makes it both extremely hard to monitor and pursue cases of corruption in the public administration, let alone how the private sector relates to this problem.

The owners of Telunas are not exempted from being influenced by this situation. Although, this study did not address this issue in particular it nevertheless revealed that plenty of red tape and bureaucratic delays are caused by a public servant culture that expects “something” in return for their services. The effect of corruption on the

experience economy can therefore not be disregarded. According to the World Bank (World Bank Development Report, 2007), corruption is endemic in the region and may shave off up to 1% of the gross national income, due to mismanagement of resources.

8.2.2. Hospitality in Asia

Working in the hospitality business, those involved say that they are engaged in a rapidly developing business (Sim, 2009). They also recognize that in less developed countries, such parts of rural Indonesia, the service and product value is affected because they are still developing and trying to figure out how to do things within the tourism sector.

Asian cultures are known for their hospitality. The establishment of experience industries in the region can draw on this potential quality. Indonesian cultures and traditions have a willingness to assist and provide services because they are serviced oriented. The advantage seen also by many tourism companies that benefit from this asset. In Asian cultures, family ties are very important – and therefore they will treat you as family, in the best they know how to take care of your needs. Many developed countries lose that personal touch because family structures are less important as they were decades ago.

This impact may be less visible in western cultures, being more dependent on a technological approach to services. Not surprisingly, many jobs in service-oriented businesses are today in our countries done by foreigners from other more person-oriented cultures.

In the western world hospitality comes with a professional career, you deliver what the guest asked for – nothing more. The western market also wants to experience the “software” of Asia – where the quality of software is deeply colored by the cultural background of the service provider. Frequently, hotel management students from the west come to Asia to experience the cultural service they are not taught in school – while the Asian students go to learn about the technological development in order to implement it within the cultural setting they deliver tourism services in Asia. (Sim, 2009)

8.2.3. The Indonesian setting

There seems to be less interest in improving the service sector in Indonesia. Working in the tourism industry is a relatively new thing and therefore, the tradition of providing service in the service sector is less developed in many parts of Indonesia. In many instances, most workers are controlled by the “labor law” – which overprotects its workers (Sim, 2009). This particularly applies to the Indonesian labor law: it does not

challenge the workers to improve because the worker knows that the employer will not terminate him/her for doing a poor job. If they do, they then have to pay a monthly compensation for the worker which is terminated, while at the same time paying for a new worker doing his/her job. This situation frequently discourages potential investors to invest in countries with overprotective labor laws (Sim, 2009).

The situation is complex. Bohdanowicz & Zientara (2008) points at the dual side of this challenge, when they state that: *"(...) If staff really feel that their firm makes an effort to ensure good working conditions and that it really cares for them, they will most probably be more committed to it. As a result, to reiterate, such employees will be less likely to quit and/or more likely to improve their performance."*

Although investors are hesitant to invest for reasons given, it all boils down to how the prospective company's management adapts practices that are consistent with the needs, culture and tradition of its staff. This is also particularly true for the Telunas Beach staff.

9. The case study

"I think their mission is to bring people in and give them an experience that they've never had before." (Diebley, 2009)

The story of Telunas Beach started with three college friends: Eric Baldwin, Bradley Jonswald and Michael Schubert whom all shared the dream of living and working overseas within the tourism industry. After touring Southeast Asia in search of a possible location, they found the island of Sugie – and the beach that is now known as Telunas Beach.

Not knowing how this dream would or could materialize and develop into a profitable experience production, they started with small-scale tours from the US – mainly doing tours around the Riau Islands with international groups. Hence, they noticed a growing interest in the area of cultural experiences and chose to expand. Through numerous bureaucratic hurdles, the company was established in Indonesia. They were warmly welcomed by the local people and a wish to help the population living in the area grew as the company expanded. A couple of years later they leased the property on which Telunas Beach is today set and by year 2004 they started building the resort.

The Telunas Beach property is build above water the same way the locals do. This is done both for health reasons, since insects will not survive there, and because it is much more comfortable living over the water than on land due to the ocean breeze. It is also a unique experience for the guests - being able to live so much like the people around them – but still having access to modern facilities.

9.1. Island Connection International and Telunas Beach

“ICI has committed to giving 10% of its profits back into the local community in the areas of health and education needs. So whenever you come to your rustic resort or take part in one of our tours, a portion of your money goes to help the Riau Melayu people on the surrounding islands.” (ICI, 2009)

This is the commitment Island Connection International have given to the surrounding communities. It shows that they want to reinforce their dual purpose for the property and establishing the production company ICI. A commitment to return 10% of the profits into the local community is almost identical to the purposes of the CSR approach. Typical for this choice is the recognitions that the ICI is heavily dependent on the local staff employed to run the resort, and that a positive and conscious relationship between owners and staff – is beneficial for both.

Island Connection International (ICI) is the business name of Baldwin, Jonswald and Schubert’s company in Indonesia, while Telunas Beach is the name of their resort on Sugie Island. Since establishing Telunas Beach, the owners have also started another business called BME: Business Management Entrepreneurial Services.

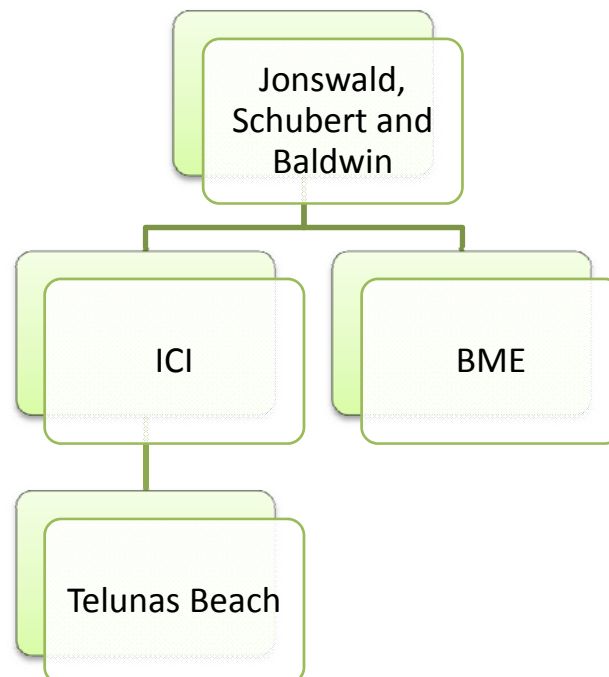


Figure #2: The organizational hierarchy of Island Connection International
Source: Rydland, 2009

The rules have been changed just this last year, and right after starting BME the government now requires that all companies have a percentage of national ownership.

Both ICI and BME are therefore 100% foreign owned. The owners interpret this change to allow greater involvement by Indonesian nationals in the tourism industry.

After starting BME, two of the owners, Jonswald and Schubert have gone over to working more with BME – while Baldwin has the overall responsibility regarding Telunas Beach. They are all involved in decisions made about and for Telunas Beach as owners, but two of them function as advisors more than actual hands in work at the resort.

The first year of establishing and building the company and resort, they ran up against some challenges – not uncommon in a country so different from where the owners come from. Things did not run as smoothly as planned, and worse, they met corrupt government officials who wanted money for nothing. They still live with the reality of a corrupt civil service. Indonesia ranks number 126 on Transparency International (Lambsdorff, 2009) list and this reality has probably been a larger challenge for the owners than first believed. All this made them ask: “Why are we here again?” Nevertheless, they waited out the storm, and it turned out better than they could have ever dreamt of.

Telunas Beach currently employs 40 – 45 nationals (including the office workers and the resort workers), but the number is always changing since the amount for work changes with the seasons. Given that, the average size of immediate family in Indonesia is five and including the extended family, possibly 10, more than 400 people are benefitted directly through the salaries paid to the workers at Telunas Beach. A good example supporting this estimate of how far the money reaches is one of the boat drivers, Udin – who feeds and supports 8 or 9 of his family members through his employment. After everyone has gotten what they need, he has about 10 dollars left for himself per month. (Schubert, 2009)

Telunas Beach has close to 30 people employed at the resort. Most of these are from the villages around Telunas Beach. They are all receiving decent salaries and some are even saving money in the bank for the future. That is something not very common out on the different islands. (Baldwin, 2009)

When the founders and owners of Telunas Beach first came to the island of Sugie, they met people who asked: “Why are you doing this here? Why with us? You should hire Javanese people ‘cause they’re farmers. Farmers work from dawn to dusk – if you want people to really work hard. We’re good at working hard for about an hour or two, and then we need 4 hours to rest.” (Schubert, 2009)

In the end, they decided to stay because of the way the Riau Melayu people had welcomed them – and because they had a desire to contribute to a community in desperate need of development. In addition, times have changed, now when new

workers come in from the island – they adapt a lot quicker because they now know the work moral Telunas Beach has developed and pursue for everyone of its staff.

9.2. *At Telunas Beach*

There is only one way to reach Telunas Beach, and that is by boat. 1.5 hour from Batam's Sekupang port, one of their speedboats takes you swiftly to what many may perceive as heaven on earth, to paradise. Approaching Telunas Beach you see a little village seated above water, like the other villages you have passed along the way – yet this one is different. You see pipelines, you see wires of electricity and you see that the poles (which keep the houses above water) are maintained better than for the rest of the villages. When they first started building Telunas Beach, they used mostly logs – but it causes high costs for maintenance and because of the use of costly forest timber, they have switched over to concrete poles when building the newer additions.

The kelong (a platform made out of wood), which is where the boat docks is the first feeling of firm ground after the boat ride – but still a couple of feet over water. The visitors are met by one of the workers, a girl in a wonderful traditional Riau Melayu dress. She hands the newcomer a cool and moist towel for his or her face, something truly refreshing after the boat ride.

When Telunas Beach first started out, their main target group was college and university students from America during the summer vacation. Many students wanted to experience Asia through a facilitated trip, and soon Telunas Beach' ethno-tours became very popular. A natural follow up after the college and university students became the community of international schools in Asia. Having different seasons of travelling, the college and university students during the summer – and the international schools during the school year – this proved to be a lucrative combination of clients. Despite school children being younger than the first initiated collage/university groups, the programs could easily be tweaked and arranged to fit all ages. The third target groups are mainly retreat groups from Singapore who leave the city for a weekend away. The forth and last target group is one which is called the FIT, Free Independent Travelers. This group primarily consists of family and friends of previous students who had been to Telunas Beach. The FIT's have less facilitated stays at Telunas Beach, and even though some do shorter trips to villages – to see schools, meet children or do jungle walks – 75 to 80% will come simply to relax and enjoy Telunas Beach (Schubert, 2009).

Upon arrival, all guests are welcomed to the dining area, served orange punch and given a short briefing. They are told what there is to do here; where one can find the different activities and who to talk to if assistance is needed. In the background you hear water splashes from the kitchen and the pipes squeaking as the water goes from the fresh water supply to the faucet and out to the ocean. This is everyday life at Telunas Beach.

After the briefing, the guests are taken to the chalet, family suit, dorm room or single room – depending on the size and type of the group. All along the guests still have not been on dry land; one is still walking on a bridge that connects the whole facility together. Every piece of furniture is made locally, from the bunk beds to the queen sized beds. In close connecting to every room there is a bathroom with a shower and toilet. Telunas Beach has devised a system for the sewage so that nothing “floats up”, but is decomposed in pipes running under water before being flushed out away from the resort. Laying in one of the beds, staring up – there is a remarkable difference from any other place one has ever been before. Staring in what is supposed to be the ceiling, there is none: only the roof, which is 10-15 feet high, and a fan is attached to a beam going across the room. Not having a closed room gives one the sensation of almost being outside, guests hear the wind blow above their head and feel the water move underneath them – it is truly special.

After been shown the room, it is time to walk further down the bridge towards the beach. Once the guests hit the soft sand and realize the strategically placed hammocks – they will not want to leave the island. This is the optimal place for a getaway for the family, retreat group or just with friends. The stunning nature around invites everyone to play – and the soothing water helps you cool off from the sun.

The surrounding landscape consists of wonderful white beaches, rainforests and remote villages only reachable by boat. A truly unforgettable experience!

The programs facilitated for the groups coming in, vary on several different factors. Some groups have more or less no free time, like the college/university students or the international schools – while others only have one or two scheduled activities, which usually are the FIT’s and friends and families of others who have been to Telunas Beach before.

9.3. *The process of development*

Common for all, however, is the introduction Telunas Beach gives to all its guests regarding the setting in which the resort functions and what visions for development it has for its operations.

“Given the intensification of competition for talent, it simply makes economic sense to invest in one’s own human resources (an in-house university), thereby relying more on an internal – rather than external – supply of labor. Obviously, in line with what has been argued previously, the effective enhancement of staff commitment is also likely to be beneficial to the organization.” (Bohdanowicz & Zientara, 2008: 283)

The process of development in the different villages takes place through stages. One start is by selecting an island destined for tourism development. In the Telunas approach, this primarily takes place through meetings with several local government and traditional leaders from different villages with a legal ownership over the island destined for an initiative. When an island is selected, the local government officials and local leaders make a need assessment – and from this process, the village may propose a project. Typically, a project might, for logistical or practical reasons, be changed after size and numbers of participants are identified and primary needs known. Jonswald has been part of this process and states *“It is usually the local government officials that are in charge of outing the proposal. (...) So we work with them as much as we can, to find something which will work well.”*

Surrounding the island of Sugie and Telunas Beach are more islands than the eye can count, which makes the possibilities of villages to visit and projects to execute almost endless. The owners admit that it was a bit of *“hit and miss in the beginning”* (Jonswald, 2009) – but after experiencing different kinds of villages on islands, they learned which ones to go back to and to spend more time and energy on. The islands they visit most frequently are in a 2-hour radius from either Telunas Beach or Batam. This makes follow up of CSR initiatives realistic and it is in vicinity that is tolerable for tourists.

“We’ll go back based on participation from the community, are they sitting around just watching all of the guests work or is there a sense of ownership and enthusiasm on their part?” (Jonswald, 2009)

Even though the local village leaders and government officials have the last word, the community and its needs – is at the heart of the destination development planning process. The value of securing broad local support can hardly be overemphasized. The owners of the resort will respect the choices made by local officials and villagers, once they have selected a village, and start planning what kind of destination development Telunas can contribute with through its resources (Jonswald, 2009).

Deeply embedded in this process of site selection is the issue of seeing the environmental aspects of destination development. The importance of efforts to improve standards of living in general and the emphasis on nature in particular, is widely recognized as legitimate and dual purposes of development. Not the least have the IPCC report (2007) contributed to a growing global awareness that development and care for nature are complementary rather than competitive (IPCC, 2007). Fortunately, many have now realized that *“a lack of development can be as great a threat to nature as reckless or misguided development”* (Carley & Christie, 2000; 20)

Baldwin mentions that they have to differentiate the groups and villages: Sometimes the village might not be perceptive to visitors or the village situation does not fit with the groups coming in. Reasons could be many, maybe it is a real small village, and maybe it

is a very poor village. Usually they find people that work well with them, but repeatedly they go to villages where things get mishandled which lead to reconsidering the choice. As there are so many villages around Telunas Beach, the management will not waste their time on going to places where people do not want to or cannot work well with that kind of system. They therefore return to other villages where it has worked in the past.

By not building the resort in the middle of or close to a village cushions the first experiences that Telunas Beach guests have with a foreign culture. This leads to minor impact on others than those who work at the resort and live there a couple of week at the time. The tourists who visit Telunas Beach are encouraged to act responsibly according to the environment and facilities that are present – but it is when the tourists arrive at the villages they start meeting the local population.

However, the company is trying to provoke the comfort zone of the guests by gradually introducing them to local culture, in a controlled manner. The tourism activities that are offered are neither destructive to the environment nor the surroundings. Therefore the local population welcomes them, rather than wishing them away. The company encourages the local population to utilize the area in a sound way, in order to be able to use it for a longer period of time – and at the same time, so that it is more fruitful.

9.3.1. Community Development projects

All of Telunas Beach work towards the surrounding community is done through either Community Development (CD) projects which are sponsored by the visitors' groups coming from Telunas Beach or by Telunas' CSR 10% commitment approach which enables their workers to give back to their own villages.

A CD project could be so many things, all three founders and owners of Telunas Beach agreed upon – but the one common thing was mentioned, and that was the desire to contribute back to the community. Now the CD projects also reaches further than Sugie, the island that Telunas Beach is based on. Some examples of CD projects that have been done are digging and building wells, clearing soccer fields, laying cement platforms, painting schools, building roads and bridges, donating book, computers and other arts and crafts materials.

Jonswald explains it like this: *“For us it is an opportunity to invest in the local community and an opportunity for us to demonstrate one of our core values: “cultural and social responsibility”. It’s an opportunity for us to give an opportunity for our guest to be able to give back of the abundance of resources they have. It is an opportunity for us to develop relationships, trust with the local community. It’s an opportunity for us to contribute beyond just providing jobs, but to enhance access to education, quality of education, access to clean water, access to entertainment in the villages if we’re building a volleyball court or something like that. For us, all of our CD projects are in partnership with the local community, they identify the needs. We don’t. So we try to build as much local ownership*

into the system as we possibly can. Practically speaking, we don't give any money – all we provide is supplies, we'll give them a budget and they have to give us a proposal to how they would spend that money. And then we buy the supplies and they provide local labor, we provide volunteer labor and the supplies for the project.”

All of the projects are executed in cooperation between the local population and the visiting groups. However, sometimes the CD projects actual work is more symbolical than practical. The locals can build the house or bridge or dig the well in half the time the groups need, but it is the fact that these groups chose to spend their time with the locals and helping them that means the most. Anyone could gather money and donate it to a charity – but by donating your own time and equity, the locals take good notice of that (Diebley, 2009).

The CD projects are planned incorporation with the local leaders while Telunas Beach sees to it that all supplies that are needed are in place. A group will stay with a host family from the island and for 2 or 3 days they live together with this family. They are given the nicest place to sleep, the best food and really taken in as one of them. Children from the island cling to the students and will follow them around, pointing at things and saying the few English words they know. The author can only guess what this means for the children who never have seen foreigners before. Even though it feels like only a small thing, this contribute to the villages understanding of the world outside their island – and in a way educates them too.

10. Addressing the research questions

After going through all of the gathered data, and having processed it and placed it into categories – the author believes that it is possible to answer all of the four research questions. The findings from the authors' interviews will therefore follow:

10.1. What are the characteristics of an experience economy that focuses on sustainable destination development?

With the experience from this field study, one can rephrase the research question to: What are the characteristics for an experience economy that emerges from sustainable tourism development? This wording shows more clearly what the author wants to discuss, and points at a different sequence: The field work suggests that sustainable tourism development can be a strong contributor to the experience economy, if thought through. Creative people tend to create dynamic destinations. By including CSR in a company's business model, the profits will hopefully turn higher. The broad perspective is to be holistic and see the society from a cultural and social angle.

This paper only touches the fringes of this vast and interesting topic and therefore calls for much more systematic research. However, the author has made some observations in response to this question. Sustainable destination development is most likely to be provided by committed people and resources which are available: Opinion leaders from the society with desires for change; business leaders who are ready to see eye-to-eye the challenged at a destination; insight into the ways one can establish trust among partners to co-operate for the common good. Baldwin says that their business strategy is that they want to run a business which is mutual beneficial for ICI and for their staff and the local community. *“And we believe we’ve started do that well, I think we can still do it better and that’s certainly our goal.”*

But there are things which can help turn this trend: A continued market oriented approach in countries where tourism is important, the product can be made more attractive and responds better to interest, needs and trends among clients. A fair taxation system at destinations which encourages the development of an experience economy can further improve the outlook for the industry. There are government bodies that establish rules and regulations, like in terms of taxes. (Schubert, 2009) A broad market which offers necessary skills and sufficient value will strengthen the position of the industry.

Specifically, this study confirms that the following elements are central to an experience economy. First, the experience economy requires a regulatory framework which allows its space to grow. In Indonesia, the government has put such a system in place. However, questions can be asked whether the growth of the experience economy would have been bigger with less corruption. Further, the spread in land mass also represents a major challenge for a coherent experience economy that builds on sustainable destination development.

10.2. What kind of deliberate efforts can be deployed to develop a destination?

“We also have a CSR (Corporate Social Responsibility) commitment so we give 10% of our corporal profits towards community development, and with that contribution that is specific to the area of education or health care.” (Jonswald, 2009)

It is important for Telunas Beach to show the outside world that they are incorporating CSR *“to demonstrate that their actions are desirable, proper and appropriate.”* (Gyves & O'Higgins, 2008: 207)

Drawing some similarities to from the case study of Scandic, despite Scandic being very different from Telunas Beach, considering the size of the two companies and location, it shows that it is fully possible to do in any company. Scandic has because of their *Omtanke* program boosted their image as aspiring employers in the area. And in the

same way, Telunas Beach has done that. By hearsay the message is passed around that this is a reliable company that cares for its workers and the surrounding community

The development process in which ICI is involved in, is very much founded in the principles of CSR. Although Baldwin and Schubert both mentioned during their interviews that there was still a long way to go before everything was in place and before things functioned like they were supposed to. On the same note, one of the managers (#4) said: *"(...) We still have things to do, we will never sit back in our chairs and say we have achieved all goals in the area of sustainable development."* (Bohdanowicz & Zientara, 2008) Their commitment to build further on a sustainable destination development approach is very strong. And they do it very thoroughly, by deeply involving the local authorities and communities in the process.

All of the efforts laid down are not simply for the development of the village for today, but also for the coming generations. By building schools, they are able to educate their children – tomorrow's future for the village. They also encourage involvement in knowledge that hopefully will give the local population new options in life. And by building health institutions, they are able to free the population from diseases that otherwise could be life threatening. By providing health education, knowledge is spread out about how to prevent sickness, especially for mothers and children.

With the feeling of accomplishment through CD projects, a feeling of pride will also arise. The village prospers from education and health care. By providing the knowledge to develop a destination, ICI wants to preserve and take care of other parts not directly affected by the development planning.

Instead of risking that other bigger companies barge in and take over the area, it is better to promote and encourage this small scale business. Hardly any of the development is towards what the tourists see, do and experience – it is all focused on how to improve the population of that specific village. Gyves & O'Higgins say *"The benefits produced should be sustainable, rather than temporary"* (2008: 210).

The author perceives from her findings, that Telunas Beach believes it is important to think outside the traditional "development" box. And therefore execute projects that are asked for by the population, even at times when the school needs a new stroke of paint – but the village asks for a volleyball court. By recognizing the need for investment and commitment to change from inside the community, Telunas Beach always encourages the population to take part, so that they feel a sense of ownership in the project too. By creating a symbolic relationship between the investing company and the local population, a connection is established between the two and projects are more easily executed.

“Well, for us it has to be sustainable. We’re taking groups into these villages and there are a lot of groups which we can’t take to certain places. It has to work well for the sake of our guests, if it doesn’t – they’ll stop coming and then we won’t be able to do anything in the villages. So it needs to be sustainable in that sense.” (Baldwin, 2009)

Further down the road, all the founders and owners have dreams and hopes for what they can develop Telunas Beach into, but Schubert told the author his dream quite specific: *“We have dreams I would say, I would love to expand Telunas Beach to some other product offerings (...) you could have locals develop some cottage industries to help support the tourism. Let’s say: that we want natural soap and shampoo products – someone could go in and train a group of women in a village how to make these from banana leaves and coconut and all of these natural ingredients. (...)How could those small cottages industries be developed where they are 1) reliable, 2) sustainable and 3) where you use it for Telunas Beach, but then eventually, if people are thinking: they can start selling those things to others, resorts or even exporting. Those would be the ideas, but you need a pilot project and I think we would have to. But Telunas Beach right now isn’t large enough. It wouldn’t be consistent enough, but if we started something else – it could get close to that. “*

10.3. Which driving forces determine promotion of sustainable tourism development?

“We definitely see our responsibility much greater than purely financial profit, there’s a commitment to develop communities/destinations, there’s a commitment to development families, there’s a commitment to development individuals.” (Jonswald, 2009)

From the interviews with the ICI owner and founders, Baldwin, Jonswald and Schubert it became clear that it is important for them to teach the local population how to sufficiently provide for their own livelihood rather than depend on an unpredictable tourist stream. The populations of the Riau Province are fishermen, and have been for many generations. It would be foolish of the company to discourage them from continuing with this and fully switch to service support just because the growing numbers of tourists which come to the Province. However, ICI attempts to support a contribution between traditional fishing and waged employment in the tourism industry. The tourists flow is under substantial surveillance and there will still be many fruitful years ahead before this flow will ever come near threatening the social and cultural base for the people living near ICI.

The owners of Telunas Beach have gone through an education system which places great weight on solidarity with the poor and the privileges inherent in having been given such resources. Dedication to adapt to local settings through systematic social and ethical exposure during their studies has provided valuable insight into culture and social values.

The driving forces behind Telunas Beach' are a number of things:

They have a sincere interest in helping in an area of the world where poverty is rampant and where support is welcomed. They bring in their groups who execute CD projects, and the groups are given the chance to interact with the local population for a period of time.

All of the owners speak fluent Bahasa Indonesia, a prerequisite demand they placed upon themselves. And by using the talents and commitment of the owners in a field of engagement which they have well command of, they establish trust and joint venture in the communities. It is in the common interest of Telunas Beach and the local population to promote a joint partnership – because it gives advantages to both: The local people get education and health services – which in the long run will add value to their lives and help them build sustainable lives.

The owners of Telunas Beach can through the company achieve their objectives of running a profitable business while at the same time make a development impact which has a strong potential for sustainability of their business. This can be done both through new and returning guests, but also through the salaries they pay to local staff.

Unfortunately, society looks more to tourism companies for answers to many “*new age problems, such as poverty, health crises and environmental issues such as global warming*” (Gyves & O'Higgins, 2008: 2007) than to government officials, because they see that the companies work in a different way and can sway the infrastructure in a totally different way that the government. The companies are often pro-active and think ahead, while the government officials often are stuck in the past with the old ideas. Until someone proves to them that some change is good, there are islands which will never allow foreign companies to settle there.

Schubert goes on saying that the Telunas Beach management is reluctant to making promises which they do not know if they can keep, since they experienced high expectations in the beginning of their operations which they hadn't given – and maybe let people down by not addressing the issues they thought were most important. Many of the locals thought that Telunas Beach would hire 400 of them since they needed people for the resort, but the reality was that they only needed a few to begin with.

Equally important to the Telunas Beach management are the other beneficial factors in which the destination gains through the company's establishment there. Some might seem basic, but keeping in mind that the islands are very little influenced by other foreigners – there are many things which we take for granted which others never thought about. Baldwin explained how some of their staff had been taught the fundamentals of brushing their teeth or even flossing. Others again have been taught

necessary health care. Baldwin hopes that those that have received this kind of training teach their family and friends again – so that it spreads out throughout the community. Baldwin says: *“So, from my point of view – I think our business is creating jobs, lots of jobs. I think we’re beginning to change the way people are thinking in some of the villages, especially the ones we’ve visited more frequently and I think that’s in a positive way. School principals, teachers – are to changing the way they think and how they teach as a result of some of the influence our staff has had on them. (...) So, how do you define sustainability? In my mind, I think we’re beginning to see that – but we still have a long way to go, but we are beginning to see that.”*

On a higher level, other members of the staff have been taught how to take care of their own finances and have even started savings accounts in the bank – so that they have a cushion to fall back on, should anything happen.

10.4. Are there any choices that are essential in the process of developing strategies which could work as catalysts for sustainability?

“We do not just want to give money away so that we feel good. We want to work with the people to establish some long term development programs that will bring true development to the people.” (ICI, 2009)

Telunas Beach is developed based on this vision and mission statement, and this is, how the author understands it – the foundation of the company and its main rationale for its existence.

Based on the vision and mission statement, the company has established close ties with its local environment. Not only because of proximity, but also due to the strong humanitarian values they have. The author believes a strong balance of that caliber, is a good start for deciding on which strategies to take on in order to build sustainability.

“By, firstly – not creating dependency I think is good. We don’t want them to stop being fishermen because we are there. Even though we think tourism has an opportunity to grow, we think it would be foolish for that to happen. Also, secondly in communicating what tourists are looking for and the experience that they want.” (Schubert, 2009)

The fear of creating dependency of the tourist dollar is very present – and therefore a village is not visited more than 2 to 3 times a year. There are different kinds of trips to the islands; some are only for a couple of hours – while others might stay for several nights with a host family.

In this case, by not going back to the same islands and visiting the same villages time and time again – and through that not creating dependence of the dollar, the author believes the company is working towards sustainability in the area. And by being well aware of

the dangers of creating dependency, the only money funneled in is through projects – and never as pure gifts of cash. The company’s goal is to help improve the whole community by building schools and digging wells, and not providing support to only one family. Having said this, they still want the local population to welcome the tourists, and encourage them to interact with the visiting groups. An increasingly important part of creating sustainability in a village is giving the local population something to be proud of – so that they want to preserve it.

A continuative relationship with the authorities at an appropriate level is an important choice made. Supporting the sovereignty of their right to decide, while at the same time offering something the authority recognizes is in line with their country policy is an important strategic approach.

When the company manages to present a concept that has an added value for building a company which answers the expectations of different parties – the right choices have been considered.

The local leaders must acknowledge the proposed project and be willing to execute it, with the help from the local population. The local population must understand the importance of sound usage of the well, school building etc – in order to preserve it and maintain it. The project executed must be in the common interest for the whole village, and not simply for a single family or household.

It is important that a good relationship is established between the ICI workers and the local leaders – so that there is a mutual trust between them, in order to rely on each other. ICI wants know that the local population appreciates the work they do and wants them to continue – while the local population wants know that ICI is doing this out of a kind heart and a wish to improve their living standards.

ICI includes all of their workers, both from the resort on Sugie and from the office on Batam – when deciding what kinds of projects to carry out. Those from the same village will together work with their village leaders and assess what they need – and this will be financed through the 10% commitment ICI has made. Sometimes a proposal will be made, and despite ICI not totally agreeing with them that it is the most pressing or important need to fulfill – they will execute the project, and next time see to that the project is more related to education or health.

In sum, the study confirms that certain choices are more important than others for developing sustainability. First, the geography and location must be right and hold a level of attractiveness that creates the necessary pull-effect on tourists. Second, a dedicated person or persons that are looking for more than mere profits – seems to be very helpful for sustainable development. Third, there must be an understanding of that strategies for sustainability must be anchored in the local population, through

employment, CSR financed CD projects and general respect for social and cultural traditions.

11. Discussion

It is predicted that tourism will double its value by generating income and economic growth within the next 15 years (WTTC, 2007). This could be a positive expansion, if the producers plan responsively and the users act respectfully towards the given destination. When the local population is incorporated in the planning of their own future, they are more likely to embrace it and preserve it. Developing a tourism industry, allows developing countries to compete in the world market of attractive destinations, increasing their income and status.

By bringing opportunities to areas with less opportunity, tourism can provide much need incentives for value creation, a sense of ownership and control over recourses to those who are involved in decision making of projects planned by an investor and the local leaderships (WTO, 2002). Hence, tourism can reduce the vulnerability many may feel because of their life situation. Such development can take place through diversification and income generating activities and the chance to develop skills within their entrepreneurial capacity.

This study shows that this type of conscious destination development has a great potential to present a community with new opportunities, while at the same time being sensitive to what is particular for the area, its people and resources.

This requires a plan that focuses on sustainable tourism development. To this study, this means concrete measures on the ground to create change. Successful sustainable tourism development requires a number of things, a suitable and attractive location for tourists and the entrepreneurs, human resources for labor, a vision of development that takes local setting into account and so forth. Telunas Beach responds well to these demands. The location is fabulous, it offers a unique perspective for tourists, access to labor is plentiful and the approach for developing the area is sensitive to local power structures, needs and opens for local participation in decision making.

Merging the potential of Telunas Beach with the postmodern traveler, one gets a particularly good mix. To this new type of traveler, who seeks experiences and learning beyond great beaches, good food and cheap alcohol – Indonesia and Telunas Beach has so much to offer. Sustainable tourism development is therefore to a large extent dependent on the perspective of the traveler. Only to the extent there is a match between location, facilities and interest, can Telunas Beach continue to prosper in the coming years. This is a relatively new resort. Its main challenge will be to maintain its

focus on unique experiences and local anchorage, as this approach appeals strongly to the clientele it serves, and plan to serve for the future.

Despite Indonesia having many resources still not being utilized, there are issues which challenge successful rapid development. It is a widespread and fragmented country and daily one has to handle the case of corruption. . Being a country ranked as number 109 (out of 179 countries) in the UNDP (Human Development Index, 2009) the need of development seems obvious. However, combined with good Government policies, the right strategies and committed people are just now starting to establish their work on the ground.

What this means to Indonesia and Telunas Beach in particular, remains to be seen. The remoteness of a location like Telunas Beach may open for all sorts of corruptive activities from government officials and private actors alike, well knowing that the chance of being caught is minimal. This study argues that the potential hindrances for developing an experience economy that is robust and predictable, are real and must be addressed by all involved. However, the author is encouraged by the work she has seen so far, and hopes that it goes the right way – towards sustainable development.

Being in the service industry, the author noticed that the service provided at Telunas Beach was very professional– compared to other places she visited in Indonesia. The reasons for this could be many, but the author strongly believes that the 10% commitment plan introduced by the owners through a CSR approach is a strong motivating force for all involved. Because of the CSR-centered initiatives in ICI's business plan, Telunas Beach assists the extended family. That means that many more than those employed at the resort benefit from the various community development projects through Telunas Beach.

In the authors view, this is an interesting finding. First, because the family structure in the surrounding island are such that if one multiplies staff by seven or eight, one gets an approximate number of immediate family members that are benefitted by the company. However, CSR goes beyond that, as it offers opportunities to those beyond staff families as well. Adapting a CSR approach is a fine commitment. The challenge for Telunas Beach will be to maintain its good approach consistently over time, especially if changes should come in the management.

12. Conclusion

The main purpose for conducting this study in the manner the author has described above is a growing and curious interest in how the experience economy can contribute to lasting and positive changes in developing countries. This interest is the result of

years of personal multicultural experiences, the stimuli the author has gotten from her university courses and a general belief that an experience producer in his/her work can contribute with perspective bigger than the traditional tourism industry.

The purpose of this study is therefore formulated as: What can the experience economy offer to a given destination in terms of sustainable tourism development? The immediate answer is that the experience economy has plenty to offer, but it does not come cheap. This study confirms that one cannot shoe-horn development; it will only take place in a setting where several actors and resources act together – under a common vision. More specifically, and referring to earlier definition of sustainable tourism development (page 9), this confirms that the three model forms presented are highly relevant to the findings of this study. First, the ICI commitment to improving the quality of life for the host community is genuine, and they can show results, particularly within education and health projects. Second, by providing high quality experiences for the visitors, many return to Telunas Beach. This testifies clearly to the uniqueness of experience production within the ICI management. Third, the ICI management is committed to maintaining the quality of environment on which both the host community and visitor depend. The very design of the resort and the program package offered to visiting groups, testify to this commitment.

On this backdrop and to make the purpose possible to handle, the author formulated four research questions to guide this study. In attempting to respond to the four research questions, the author sees four major visions emerging. These issues are by and large consistent with the UN report: "Managing sustainable tourism development" (Commission, 2001: 50). This report presents valuable principles and practices which should be considered when planning sustainable tourism development. Some of these guidelines are directly relevant to the findings of the gathered information. The author therefore takes the liberty to categorize her conclusions under some of the guidelines from this publication.

- **Residents must maintain control over tourism development and planning required broad-based community input.**

This study confirms that promoting the experience economy required a holistic approach. As argued by the ICI management, this means that an experience economy is depending on seeing the community from both a social, cultural and economic perspective. In other words, there must be a fundamental understanding of that the experience economy cannot thrive unless residents can maintain a degree of control over what is taking place. Furthermore, the role of the state as a facilitator and regulator cannot be overestimated. In other words, a sound experience economy is dependent on functional and professional relationships, at several levels.

- **Distribution of the benefits must be broad-based and cooperation among local stakeholders is essential.**

Just development takes place through a systematic and willed approach. In this case, facilitation of basic social services is, mainly, but not exclusively, made available through CSR. By providing employment, education and training, new skills will emerge that will give residents more control over their own lives. On this point, the ICI management has made some choices that the author believes will help the local people to move in this direction.

- **Harmony is required between the needs of the visitor, the place and the community in order to promote appropriate uses and activities.**

Producing changes in the community through a tourism business, is hard work – and there obviously must be a motivation for change that goes beyond narrow business interests. This study confirms that empathy and business interest can be complementary values that can reinforce each other and together create new experiences for both the tourist and the resident participant/staff. It is this quest for harmony between the business and the communal needs that can shift experience economy from domino to dynamo. Telunas Beach has adopted an ambitious approach along this line.

- **Quality employment must be provided for the community along with education and training programs.**

Avoid establishing dependency on the dollar, in other words: Provide more than value for money to the staff, the community and the tourists. For members of the local community, a fair distribution of benefits is an excellent investment for a sustainable lifestyle. From the tourist perspective, moving them beyond the beaches and into the local community, satisfy expectations typical for the postmodern travelers and provides for a high quality tourist experience. Telunas Beach has been particularly successful in this regard.

- **Marketing for sustainable tourism must provide for a high quality tourist experience.**

The title of this study, *The Experience Economy: Domino or Dynamo* suggests that the experience economy born by the tourism industry is vulnerable to the choices made by the tourist entrepreneurs, the tourists and the authorities in which these actors operate. On the basis of the findings, the author is inclined to believe that the dynamo affect of the experience economy is more than possible, but it takes dedicated efforts to make it happen.

In this setting, Telunas Beach is indeed a good example, destination development supported by sustainable tourism development and experience production can become

a dynamo for creating an experience economy that can produce fundamental changes in the lives of many people.

13. Concluding remarks

This study opens with a proverb from Kenya: *“Treat the Earth well. It was not given to you by your parents; it was loaned to you by your children.”* In these wise words from the past, there is much wisdom. As IPCC (2007) has demonstrated, the carrying capacity of the earth is currently being tested by an overexploitation of natural resources, leading to many new insights about how fragile our environment is.

This study takes this situation to heart and argues that an experience economy that is insensitive to the global environment soon can become its own strongest enemy. Further, an experience industry that does not take this perspective into account, will fail in its attempts to becoming sustainable. It is for this reason the author uses the metaphors of domino; the pieces stand tall but fragile until one topples, then they all fall. And the dynamo with its capacity to generate power, which in this context many mean positive momentum for the people involved in the tourism industry.

However, this study is not first and foremost about climate and tourism. It addresses a broader context, involving a trilogy of interdependent concepts this author believes have capacity to propel the perspective of experience economy as an agent for sustainable development forward, to the betterment of the people involved.

13.1. Reflection on work progression

When formulating the problem statement, many issues were brought to the table. What are the most pressing areas which need to be explored? Where does one draw the line? How can one understand and explain the background and fundamental visions of an experience economy at a given destination? To allow for an open-ended approach, the problem areas and the research questions were made quite general. Much time during the interviews were spent on explaining the approach and how the experiences of the interviews could be relevant. Not surprisingly, several interviews went for beyond the time originally planned. One way to remedy such a situation could be to share a synopsis of the study purpose prior to the interview.

During the course of analyzing the gathered data, the analytic manipulations presented earlier became very helpful (page 22). By organizing the findings in this order, it was easy for the author to decide what was relevant and what needed further examining.

Furthermore, in the process of examining and testing the data generated by the interviews and observations, the need for a model became clear to the author. Many suggestions were made and widely discussed with teachers and co-students in order to capture the correct understanding of the model. In the final model, “The trilogy of the experience economy,” the three main categories are laid out in a circle to signal their interconnectedness. Putting them in a larger circle called the experience economy, the author attempts to display that the three categories are all part of a larger perspective, a perspective that goes beyond the immediate location. By seeing the experience economy in this way, the author wants to underline the importance of having an economic perspective on tourism development. At the same time, the author realizes that the terms used in the model surely can be configured differently by other researchers. However, in conceptualizing the objective of this study and in order to respond to the purpose and research questions guiding the study, this model was particularly helpful..

Hence, the four categories that have been central throughout the whole process of this paper are: destination development, sustainable tourism development, experience production and experience economy. By applying these terms, the author has assembled her analysis of the findings. The author hopes that by defining them for this specific paper, they can be more accessible for others as well.

13.2. The Methodological approaches

The methodological approaches of this paper have also proven to be useful, although rather demanding when applied on the data gathered. The hermeneutic approach was suitable because the author sought an understanding of a studied phenomenon (Johansson, 2003), namely the workings of ICI in Indonesia. Through the findings from interviews and discussions, the hermeneutic approach allowed the author to interpret and partially explain the choices made by the ICI management. The author found that the plan and order underpinning the decisions taken by the ICI to reach company goals. Through this approach, the author was allowed to come “up close and personal” with the informants, without jeopardizing the data gathering process, compared to a positivism approach which discourages all forms of personal interaction (Thurèn, 2007).

The interviews, the backbone of the qualitative approach, were open and the author found the informants very engaged, knowledgeable and reflective. The author was well prepared prior to the interviews and applied a general guide to direct the interviews. By also having follow-up questions to fill in where needed, a steady flow of information could be established. Several of the interviews “took off” and went beyond the original frame of the interview guide. This was a positive experience for the author, as it revealed the deeper commitment of most of the informants than the questions asked. The interviews reinforced the value of the inductive approach.

Through an inductive approach the author was able to understand and put her research questions into context. A challenge arising from the inductive approach is that the universe presented is limited. The author is therefore sensitive to the fact that findings cannot easily be generalized. Nevertheless, the study confirms that findings are consistent and relevant for the location and company studied.

14. Future research

While working with the information generated, the author came to think of some vital issues which have not been brought up to discussion. Despite ICI working towards sustainability, one could ask: sustainability for whom? Yes, ICI is working towards a sustainable future for the Riau Malays – but have they ever been asked what they want for the future? Do the Riau Malays want to always be fishermen or are they willing to disregard that tradition and take on the tourism industry instead at a larger scale? The issue of sustainability, which the author has presented in this paper, which is both her personal understanding and what has been interpreted from the material gathered - might over time not be what the local population comprehends as sustainable. According to this paper, sustainability is to manage their lives within a renewable resource base, including providing their children the opportunity to receive schooling, health education, etc – privileges denied the parent generation. Will the children leave the islands and continue education elsewhere – just because they have been offered opportunities that gives the many more choices in life? This and other questions certainly are important for the future of the small island. Researching this situation over time should therefore be encouraged.

Another discussion which hasn't been raised much in this paper, but certainly deserves attention is the question of how to involve the local population – by letting them handle tourism themselves, as opposed to having someone from ICI being in charge. Indeed, over time, the ICI owners hope that they can give more responsibility to the Indonesians, so that they are able to continue the work well after the owners have pulled out, if that becomes an option in the future. Yet again, the question of what the local population wants for the future is a vital question worth asking. Researching this issue could provide valuable learning which can be applied elsewhere as well.

Having said this, the author does not mean that ICI has gone in and taken over the “future” of the villages with no sensitivity to their wishes. The author believes ICI has done a great job in securing and listening to the people who are inhabitants of the islands – and have, as far as possible, been able to work with them to meet their needs.

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Appendix # 1:

Informants:

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Diebley, Jim. [personal interview]. March 10th 2009. Teacher at Singapore American School.

Jonswald, Bradley. [personal interview]. March 16th 2009. President Director of ICI and advisor for Telunas Beach.

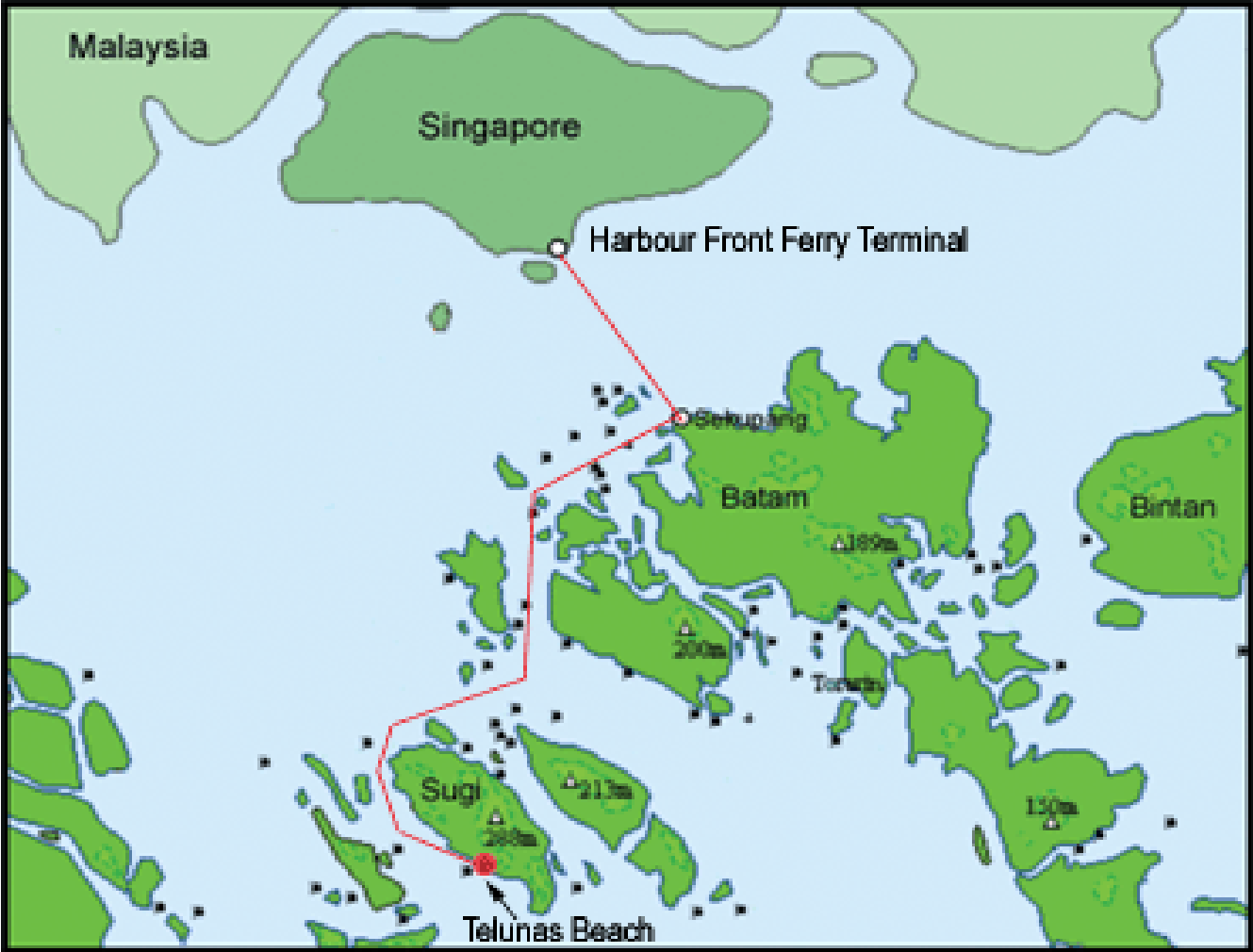
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Schubert, Michael Brian. [personal interview]. March 16th 2009. President Commissioner for ICI and advisor for Telunas Beach.

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Appendix # 2:

Section over the Riau Proviencie, Indonesia
Source: ICI, 2009.



Appendix # 3:

Jim Diebley:

Name:

Nationality:

Occupation:

Years in Singapore:

When was the first time you went to Telunas?

How many times have you been back?

For what reasons have you been back?

What changes have you both seen and noticed since the first time you visited Telunas?
(Specific)

Do you believe the changes are for the better?

In what ways do you believe the people living in that community benefit from ICI's business?

Are you aware of specific effort(s) from the side of the company to promote sustainable tourism in the community?

Have you any personal negative experiences of tourism development? In case of "yes" – what was the problem?

Do you have an idea of what the local people in the community think of ICI's business – do they feel that they benefit?

How can public-private/ foreign-national partnership create a situation of sustainable tourism development?

Can you see a deliberate effort to develop the destination in which the company is operating – or is the company's activity the main priority?

Appendix # 4:

ICI/Telunas:

Name:

Occupation:

Nationality:

Years in Indonesia:

Is ICI a public-private partnership company?

How can public-private partnership create a situation of sustainable tourism development?

Who are your target groups?

What are community development (CD) projects?

What do the local people in your community think of your business – do they feel that they benefit?

How do you choose what island to go to? (To lessen the risk of dependency of the dollar)

Do you deliberately promote sustainable tourism in the community?

What CD projects do you mainly focus on? Is a big priority health and education development projects?

Have you any negative experiences of tourism development in your community?
In case of “yes” – what was the problem?

What strategies if any does your company employ to promote sustainable tourism?