MAPPING TOURISM VALUE CHAIN IN GILGIT-BALTISTAN, PAKISTAN: A CRITICAL ANALYSIS

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Abstract

A value chain consists of a series of activities that a company undertakes to provide valuable products or services to the market. This concept stems from the process-oriented view of organizations, which sees a manufacturing firm as a system made up of subsystems, each with inputs, transformation processes, and outputs. These activities involve the acquisition and use of resources like capital, labor, materials, equipment, facilities, land, as well as administration and management. To map the tourism value chain in GB, Pakistan, business owners or other government bodies such as policymakers need to better understand the tourism value chain at a national level. Moreover, relevant value chain actors and partners need to be identified and understood and expenditure patterns and environmental impacts of tourism services and products (lifecycle view) need to be identified and solved. Therefore, this study focuses on developing a comprehensive value chain of the tourism sector in Gilgit-Baltistan by adopting the value chain mapping provided by UNWTO (2015) and UNEP (2019). Detailed value chain mapping was

reviewed and explained to define the role of each stakeholder in the context of Gilgit-Baltistan.

Keywords: *Value Chain, Tourism, Supply Chain, Gilgit-Baltistan.*

INTRODUCTION

According to Zhang et al., (2009), the Tourism Supply Chain (TSC) is an integrated and diverse activity that provides an entire range of tourism services; travel, accommodation, amenities, attractions, and complete hospitality services. Both private and public sector organizations participate in the product and service supply. The tourism supply chain is determined by the tourists' products and offerings at the destination (Ashworth and Voogd, 1994; García-Rosell et al., 2007). Flint et al., (1997) highlighted the role of operators in the tourism supply chain, providing required products and services instantaneously which significantly adds value to the tourism and hospitality businesses. They further highlight that a suitable selection of supply chain partners is crucial for a sustainable competitive edge in the value chain. Understanding product development is highly important in tourism as tourists consume the product at the place of production and witness the supply chain process at the moment of service delivery (Panasiuk, 2005; Szpilko, 2017).

VALUE CHAIN VS SUPPLY CHAIN

Value chain is the set of complete activities or stakeholders that deliver or obtain value in the commodities and services such as shareholders, suppliers, wholesalers, retailers, agents and customers. Supply chain on the other hand is the whole process of producing and supplying the goods and services from the place of production to final consumer (Rezaei and Davoodi, 2008).

TOURISM VALUE CHAIN

The tourism value chain covers all the services provided to tourists from the visitors-generating region to the final destination (Porter, 1985) which comprises both domestic and international tour and travel-related services (Khan and Banerjee, 2020). Intra-sectoral components become inappropriate in tourism value chain management as they require inter-sectoral and inter-industrial components to add tourist value and enhance visitors' experience at the destination (Adiyia et al., 2018) by providing a variety of integrated activities (Sutomo et al., 2023). Tourism and hospitality service providers always aim to increase the travel and tour experience through quality services in the tourism value chain (Potjanajaruwit, 2023). Highly demanding tourists and travelers and the influence of emerging technology shifted the clientele from a service-based to an experience-based tourism value chain (Jennings et al., 2009; Zhang et al., 2021). Tourists are likely to spend more at the destination if a range of services are provided without delay (Liu et al., 2023).

MAPPING TOURISM VALUE CHAINS AND IDENTIFY KEY ACTIONS

Mapping value chains is all about extending one's understanding comprehensively by looking into value chain partners of product and service processes for instance structuring a value chain map and fitting its components within the framework. The value chain provides details about producers, intermediaries, wholesalers, and retailers of goods and services. Moreover, it also considers the direct and indirect stakeholders of the value chain such as government, non-governmental and other relevant organizations.

The key objective of mapping the value chain is to enhance the value of the product and service by providing guidelines to the stakeholders so that risk can be minimized and assess the weaknesses, threats, strengths, and opportunities in the commodity and service production and its delivery. Moreover, it aims to help these stakeholders prioritize and address key hotspots for instance environmental consequences related to the supply chain and the reduction of greenhouse gases (GHGs).

UNWTO (2015); UNEP (2019) provided a comprehensive value chain framework to consider all required stages when develop any product and service. This template is the starting point of map building. Moreover, all the stages of the product/service lifecycle should be included when identifying any environmental impacts in the value chain.

Fig. 1: Mapping the Tourism Value Chain
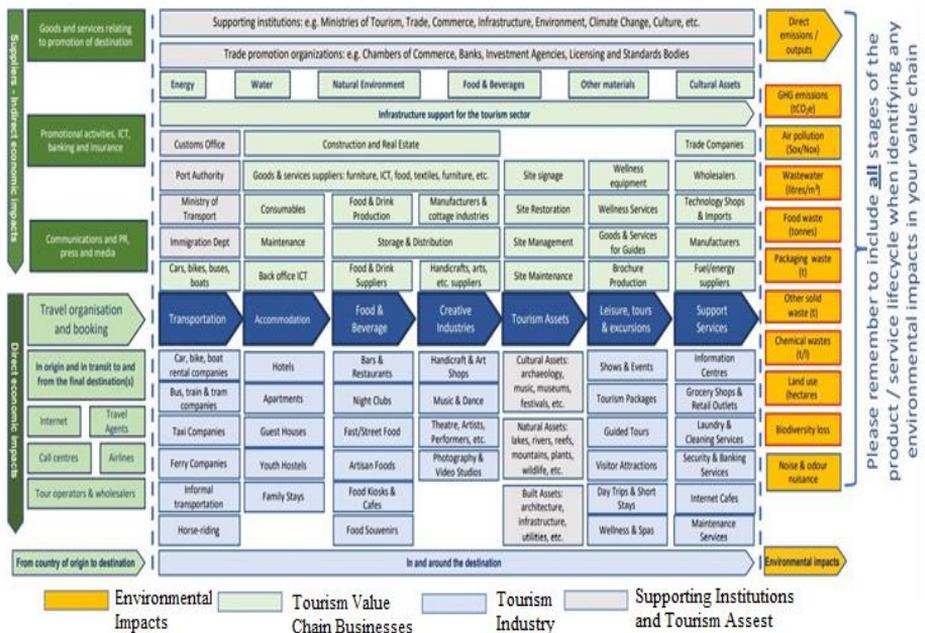
Source: ICT, UNWTO, 2015; UNEP, 2019

TOURISM VALUE CHAIN MAP IN GILGIT-BALTISTAN
Step 1: Goal and Scope

MAPPING TOURISM VALUE CHAIN IN GILGIT-BALTISTAN, PAKISTAN: A CRITICAL ANALYSIS

In order to map the tourism value chain in GB, Pakistan, business owners or other government bodies such as policy makers need to gain a better understanding of the tourism value chain at a national level. Moreover, relevant value chain actors and partners need to be identified and understood and expenditure patterns and environmental impacts of tourism services and products (lifecycle view) need to be identified and solved. Therefore, research such as 'Estimating the Economic Contributions of Tourism Sector by Using Tourism Satellite Account (TSA), Gilgit Baltistan-Pakistan' is considered on identifying value chain partners in Gilgit-Baltistan and understand environmental impacts of services and products in general. This research has carried out comprehensive data in understanding expenditure patterns of tourists (both domestic and international) in Pakistan in general and GB in particular.

Step 2: Taking a Lifecycle View

Taking a lifecycle or whole life view of tourism value chain is necessary to think about tourism activities taking place in GB. For instance, it is important to understand where the raw materials and food and beverage products come from and how the tourism sector is maintained and operated. It also helps to think about how the tourism sector can be made resource-efficient and environmentally friendly by reducing waste generation and GHG (Green House Gas) emissions. The current study provides good information on different consumption products by tourists including expenditures of different types. It has also rightly highlighted the lack of use of local raw materials such as agricultural products to enhance tourism-related services and products. However, a lifecycle assessment needs to be done for each product in order to understand the origin and manufacturing of these products as well as their associated environmental impacts.

Step 3: Data collection

Keeping in mind the fact that there are very few secondary data sources available regarding the tourism value chain in GB, this study has gathered primary data via surveys and interviews especially from the tourists. The study also has highlighted available secondary data sources. So, both bottom-up and top-down approach are implemented. Further, important stakeholders were recognized and included in the surveys.

Step 4: Scoping the Map

Map scoping to develop a tourism value chain includes in-destination, food, support services and environmental impacts of products and services associated with tourism. In the case of this study, in-destination accommodation and food services for tourists are largely covered. Moreover, support services such as the role of social media and other information platforms in providing destination-related information have also

been highlighted. However, other important support services such as information regarding information centers, grocery stores, laundry services, security services, internet cafes and maintenance services has not been surveyed. Moreover, the environmental impacts of the overall tourism support services and products are also being considered and discussed.

Step 5: Adding Transaction Values

This step involves using the gathered primary and secondary data to identify important economic partners one can work with to improve the sustainability performance of the tourism sector. This is important as economic partners can not only make good investments in making tourism services and products environmentally friendly but also help attract many tourists (both domestic and international) using their influence and contacts. These partners can also help make regulations regarding the lifecycle assessment of tourism products. Thus, this study has a deep reflection regarding the identification of economic partners to make tourism sustainable in GB.

Step 6: Stakeholders, Assets and Risks

To map the tourism value chain in GB, all the relevant and important stakeholders need to be recognized. These could be international and regional organizations, banks, investors, donors and shareholders. The stakeholders could also be supporting government ministries, agencies, local government departments and those providing support services such as infrastructure, transportation and maintenance. This study has rightly identified some important stakeholders such as tourists (national and international), transport services and businessmen but needs to expand this zone to the national and international levels.

Moreover, the gathered primary and secondary data needs to be used to identify value chain partners, tourism assets, economic potential and social and environmental risks. For instance, tourism can be an asset in terms of promoting local products, culture and heritage. However, it can destroy pristine natural environments, waterbodies and forests. If we also consider the lifecycle stages of tourism products, the raw material extraction and preparation, manufacturing, distribution and sales, consumption and end of life could cause the ancient forests to be destroyed, groundwater to be extracted in excess and hamper the natural environment in parks and beaches/mountains. Thus, along with identifying key stakeholders and assets, an in-depth understanding of associated risks and environmental impacts particular to the lifecycle stages of tourism products needs to be gained.

Step 7: Assigning Lifecycle Impacts

This is an important step to measure the natural resource inputs, waste arising and GHG emissions for each stage of the lifecycle of tourism products. Once these are identified, the impacts are assigned to each lifecycle stage of the tourism value chain for

a destination or a business. In the case of GB, an in-depth assessment of the lifecycle stages of every tourism service/product is necessary. For instance, crops (if brought into the business chain related to tourism) can be assigned under the life cycle 'raw materials' whose impacts could be GHG emissions, food waste and biodiversity loss in the future. Similarly, the 'manufacturing' stage might include manufacturing of electricity use which can involve GHG emissions, solid waste and wastewater production. The third stage 'distribution and sales' might include transport vehicles to which are associated with GHG emissions, waste oil and transport emissions. Moreover, 'consumption' stage might involve electricity and water use which as a result emits GHGs and releases waste water and product waste. Lastly, 'disposal' stage might need recycling or disposal infrastructure which can produce packaging or product waste and food and plastic. Thus, each lifecycle stage has associated impacts which will be highly prominent shortly in GB. Therefore, there is a dire need to understand these impacts while mapping tourism value chains.

Step 8: Hotspot Analysis: Prioritizing Actions

Hotspot identification is necessary in GB to help governments and businesses address key sustainability hotspots associated with sectors of the economy or business value chains. This can be done by using the 8-step methodological framework formulated by the UN Environment's Lifecycle Initiative. The steps are: Define goal and scope, gather data, identify hotspots, identify and prioritize actions, identify implementation gaps and recommendations, review and validate initial findings with key stakeholders, present and communicate findings to a wider audience and review and revisit hotspots analysis.

This analysis also included prioritizing and listing lifecycle impacts of tourism products or services by using hotspot profiler tool. For each lifecycle stage, sustainability hotspots and activities should be listed and prioritized by giving colors. Once the hotspot list is ready, these hotspots are then summarized and ranked. They are organized by environmental impacts, their location, nature and magnitude is described and they are ranked by significance of each category of environmental impacts. These hotspots are then mapped on the main template based on their origin.

Some important hotspots in the case of GB would be vehicle emissions, waste generation and lack of recycling and wastewater generation.

Step 9: Creating a Supportive Policy Framework

Creating the right policy framework is necessary to make tourism services and business value chains sustainable. This is because an effective policy is useful to understand prior activities and initiatives and a view to achieving future objectives.

This is the major lack in the case of GB and Pakistan in general. The tourism

sector lacks formulation and implementation of strong policies to make sustainable value chains and identify hotspots. Within this framework, multiple instruments such as regulatory, economic, information-based, voluntary and behavioral instruments need to be applied in the tourism sector. These instruments will help map a sustainable value chain for tourism agencies and businesses in GB.

Fig 2. Tourism Value Chain of Gilgit-Baltistan
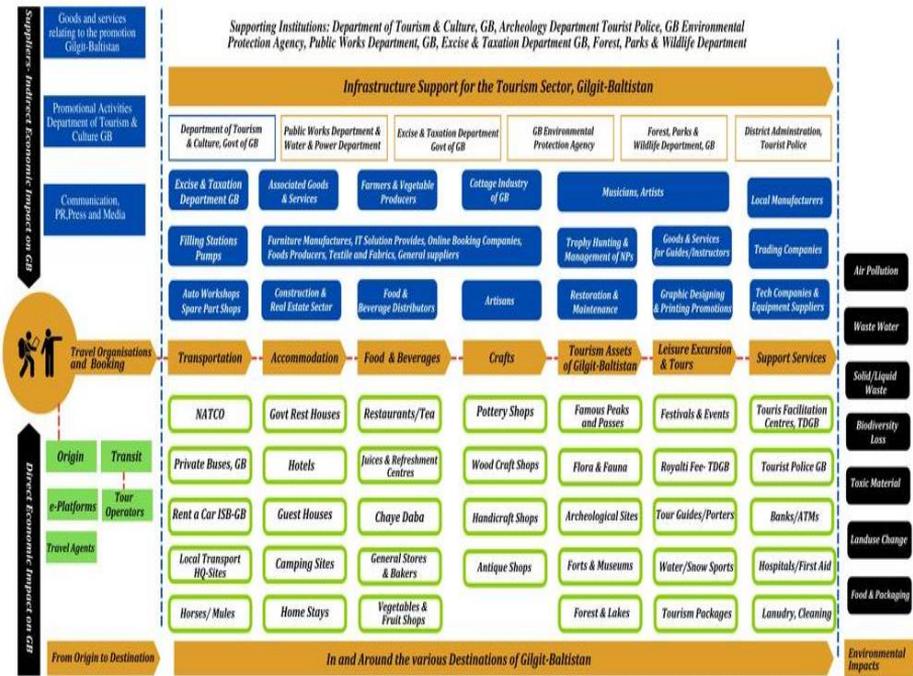
Source: GBTD, 2023

CONCLUSION

Value chain is considered a valuable apparatus as it consists of primary and supportive activities.it also provides real scenario of the tourism economy and its linkages in a specific tourist destination.

In the case of Gilgit-Baltistan, both government and private sector coordinated to develop the tourism value chain for the region. The supporting institutions include the Department of Tourism and Culture, Public Works Department and Water and Power Department, Excise and Taxation Department, GB Environmental Protection Agency, Forests, Parks and Wildlife Department and District Administration, and Tourist Police. Under these institutions, the sub-institutions that are identified to provide infrastructure support for the tourism sector in Gilgit-Baltistan are the Excise and Taxation Department, filling station pumps, auto workshops spare part shops, associated goods and services, construction and real estate sector, furniture manufacturers, IT solution providers, online booking companies, food producers, textile and fabrics, general suppliers, farmers and vegetable producers, food and beverage

distributors, the cottage industry of GB, artisans, musicians and artists, trophy hunting and management of NPs, restoration and maintenance, goods and services for guides/instructors, graphic designing and printing promotions, local manufacturers, trading companies and tech companies and equipment suppliers (Fig 2).

The figure also indicates direct and indirect economic impacts on Gilgit-Baltistan. The indirect economic impacts include goods and services relating to the promotion of tourism, promotional activities by the Department of Tourism and Culture, GB and communications by PR Press and media. The direct economic impacts on GB include economic benefits via travel and booking platforms such as e-platforms, tour operators, travel agents and transit. Furthermore, services of different travel organizations and booking facilities were categorized into transportation, accommodation, food and beverages, crafts, tourism assets of Gilgit-Baltistan, leisure excursions and tours and support services. The facilities identified under the transportation category for Gilgit-Baltistan include NATCO, private buses, 'rent a car' services, local transport sites and horses or mules. Moreover, accommodation services identified to promote tourism in GB include government rest houses, hotels, guest houses, camping sites and homestays. Furthermore, restaurants, juice and refreshment centers, chaye dhabas, general stores and bakers and vegetables and fruit shops are identified to provide food and beverage services for tourism promotion in Gilgit-Baltistan.

Gilgit-Baltistan is famous for local crafts and handmade cultural products. Thus, 'crafts' is considered an important category to promote tourism in GB. Thus, pottery shops, wood craft shops, handicraft shops and antique shops are identified in the tourism value chain of GB as major craft-promoting agents. Tourism assets of Gilgit-Baltistan are another crucial category identified to promote tourism in Gilgit-Baltistan. This category includes famous peaks and passes, flora and fauna, archeological sites, forts and museums and forests and lakes which play a crucial role in promoting tourism in Gilgit-Baltistan.

Leisure excursions and tours include festivals and events, royalty fee-TDGB, tour guides/porters, water/snow sports and tourism packages. As GB has a huge potential to promote sports and adventure tourism, this category has been rightly identified in the tourism value chain of GB. Support services is the last category mentioned in the figure. This category includes tourist facilitation centers, tourist police GB, banks/ATMs, hospitals/first aid services and laundry/cleaning facilities.

Identifying potential environmental impacts of the services related to tourism promotion is an important step in developing the tourism value chain. This step was rightly identified in case of Gilgit-Baltistan. The potential environmental impacts

include air pollution, wastewater generation, solid/liquid waste generation, biodiversity loss, toxic material production, land-use change, and pollution caused by the food and packaging industry. Each stage of tourism-related services poses potential risks and threats to the environment. Thus, to promote sustainable tourism in the region, these environmental threats need to be identified and dealt with at the right time.

Acknowledgement:

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