

Alleppey Tourism Development Cooperative: The Case of Network Advantage

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Abstract

This case study portrays an important organizational innovation in the SME sector of the tourism industry. ATDC is a cooperative society of houseboat owners and other stakeholders in the houseboat tourism business in Alleppey, a backwater town located in the southern State of Kerala, India. The study describes the genesis and growth of houseboat tourism in Alleppey which is intertwined with the history of ATDC. Cooperativism is hardly ever mentioned in the tourism literature as one of the formidable options for business organization and only scarcely observed in the world of tourism practice. However, in the case of ATDC, the cooperative experimentation was inevitable given the chemistry of unique economic and socio-cultural circumstances surrounding the small-scale boat owners. The case of ATDC is a revelation of the otherwise unnoticed benefits of cooperative alliances in an industry like tourism: the provision of truly authentic products to the tourists; the opportunity for mass-customization; and the concern of the alliance members for sustainable development of the region. Also uncovered from the case study are the vital characteristics of a cooperative entrepreneur.

Keywords: ATDC; cooperativism in Tourism; management of change; benefits of alliances; values of cooperative entrepreneurialism; sustainable tourism; mass-customization; and, India.

Introduction and the Background

The ATDC (Alleppey Tourism Development Cooperative) is a pioneer among tourism networks, and is still one of a few of its kind existing in India. It was formally constituted under the State Cooperatives Act in 1987.

Alleppey, known popularly as the Venice of the east, is a beautiful strip of land stretching along the coast of the Arabian Sea networked by crisscrossing backwaters that connect small villages that constitute the region of Kuttanadu. The position of Alleppey in the tourism map of Kerala, the southern-most State of India, is very important and it is indeed an integral component of the Kerala tourism product which has been rated as “one

of the fifty destinations to be visited in one's lifetime" by the National Geographic Magazine.

The region of Kuttanadu is also known as the "granary of Kerala", since a major portion of the agricultural produce of the State comes from this region. Until the early 1980s, the majority of the farming community was illiterate, and were largely unaware of the developments being taken place outside the territory; but at the same time, the communities were self-sustaining as they produced and shared whatever was required for them to lead a fulfilling life. Any surplus goods were traded at the port city of Alleppey. During that period, the cargo boats, called "*kettuvallam*", were used to collect agricultural produce from the villages dotted across the backwaters and transport it for sale in the market. The main produce was rice. Hence, they were popularly called "*rice boats*". But, in a few years time, the situation has changed dramatically because of momentous regional development schemes. Roads, bridges and motorized ferry services came to the area and people began taking advantage of modern amenities. As a result, rice boats became anachronistic and ceased to occupy a spot in the economic geography of the region.

The Birth of an Innovation

Among the rural youths was a silent and low profile young man named T.G. Raghu, who calls himself one of the 'privileged few' among the rural folk, and who observed these changes. Since his parents could afford the cost of higher education for him, he graduated in Economics and built a fairly large network of friends. He felt deeply that something must be done to raise the plight of the villagers who lived just at the subsistence level. He felt that the tempestuous change sweeping across the Kuttanadu region could be detrimental to the unprepared village community unless something urgent was done.

"Getting employed with someone in the city or elsewhere was neither helpful nor possible, given the nature of human capital we have", Raghu said, "I had to place as many underemployed youth as possible somewhere or the other. We had no visible option at hand to name as panacea for the speedy, steady and equitable development of our

deprived region.” Diverse alternatives passed through his mind, but each one had a drawback and success seemed problematic.

One of the choices was to start a tourism business as it had already started proving quite successful in the downtown area. Also, occasionally independent travelers would approach country-boat oarsmen for short rides through the backwaters. Raghu recollects: *“One evening, I was reading a newspaper featuring the house boats in Kashmir and it suddenly struck me why I can not replicate a similar business here. It made much sense as most of our rice boats were in ruins and the only additional resource that we required was the coordinating effort to run a business of that sort. I did not have the money to buy all those rice boats nor was it intelligent enough to be a prime mover all alone in untested waters- I mean, it was too risky. Also, I felt that the villagers would feel it more worthy if they could participate in the business as owners and direct stakeholders than as wage earners. In my friend-circle, we had a series of brainstorming sessions and finally everybody landed at the idea of forming a cooperative.”*

In fact, the idea of cooperative networks is not something new to the state of Kerala, which boasts in having had the first ever democratically elected communist government in the world. Cooperatives were traditionally viewed here as a nice blend of democracy and socialism. The Kuttanadu region in particular is best known for peasant struggles and collective agitations, most notable one among which is the *“Punnapra-Vayalar,”* and has given birth to a number of Marxist leaders and development thinkers, some of whom became pioneering innovators and have been internationally praised for formulating the *“Kerala Model of Development.”*

As local resident and Professor of geography, R. M. Nair notes, the unique circumstances imposed by the village life make cooperation and collective endeavors unavoidable: *“Unil recently, people had to walk ten miles through the muddy paths stretching across paddy fields and then cross river Pamba to reach the town and how much must one love to have a companion in this long solitary journey! And when somebody is diseased, some from the neighborhood had to carry him or her on a palanquin to the doctor in the government hospital. At least one incident per week, on an average, would remind you*

that the society is your extended family. Even now, neighborhoods here are like joint families, you know?”

Cooperatives have created many success stories in the areas of agricultural credits, milk marketing, cotton weaving, beedi (a local variety of cigarette) making etc., in this tiny state. It was, however, not easy to convince the administrative machinery, according to ATDC's early members. There was no precedent to serve as a model. The idea of tourism cooperatives seemed something beyond bureaucracy's normal power to digest. But in time, lobbying pressure and a bit of “outrage” brought the required result. Finally, permission was granted to constitute a district level cooperative—*The Alleppey Tourism Development Co-operative Society Ltd.A.837.*

ATDC Learns while Doing

The rough plan was that ATDC would act mainly as a singular marketing face for all the independent boat owners while the boat owners would concentrate on operational matters themselves. The goal was to blend the symbiotic advantages of scale and scope economies. Boat owners were instructed to make the essential modifications in the rice boats suit tourists (credits for which were provided through an arrangement with a banking cooperative nearby—but not with state subsidies). The historic first trip was inaugurated between Alleppey and Quilon, three Europeans being the first-ever guests. The total cost of the itinerary was estimated to be Rs.1500/- while the income realized was a small amount of Rs. 75/-

That was back in 1987. From that humble beginning, ATDC has traveled quite a lot. Raghu recollects: *“We never expected it to be a revolutionary move. We just wanted a reasonably well-placed means of livelihood for our members, a hand of upliftment to those who struggled a lot to make both ends meet from the meager income from*

agricultural activities. We had made special notice to the fact that a part of tourist season here coincides with the off-agricultural season when farming workers were unwaged. Thus, our plan to promote houseboat based backwater tourism envisaged providing them a complimentary income too.”

Now, almost every interested agricultural worker is an employee of the tourism service sector. Some work as oarsmen, some as cooks, some as demonstrators of farming activities, some as hostesses in the houseboats and so on. Many college students now need not depend up on their parents for their educational expenditures. They find time to work as tour guides and escorts, interact with the tourists and widen their horizons.

Anish, a second year under-graduate student who mans one of the ATDC tourist information counters say: *“Our belief was that the foreigners were a lot from the Other-World, a matter of awe, not approachable and so on. Now we unlearned all such prejudices. We make sure that they leave us only after learning at least something of our culture and in helping them learn, we learn a lot about them and their culture. Unity in diversity is no longer a classroom lesson for us now.”*

For ATDC, labour is not a burdensome cost. It constitutes an end rather than a means in its role in transmitting the authentic tourism experience to the discerning traveler. ATDC wants to make its human resources still more valuable, and has been negotiating with other cooperatives, especially those in other Asian countries, for short-term exchange of employees. Raghu says: *“Such an international mobility that we envisage, if materialized, would, not only enrich the cross-cultural learning experiences of our people, but also erase the historical servant-master dichotomy in tourism. We want to let the world know that we care our men as we care our guests.”*

The enthusiasm is boundless when Madhavan, one of the oldest of the member-owners compares the past with the present, and thrills at the radical social control over innovative change:

“Earlier, we had a feeling that we are nobody in the stake of Alleppey tourism and people scoffed at the very idea of a few villagers managing a complex business like tourism. Even some among our people held the skeptic apprehension that we are going to be just the spectators in the long run, anyway. Now when we became its definers and leaders, all are with full of praise about it. The saddest part I can recall now is that even many of the crowned leaders of the cooperative movement in the town gave us no motivation in the initial days.”

Raghu adds: *“I have been trying to form apex cooperatives for the last few years by bringing together all similar enterprises in Kerala. Were it not for the vested interests of the people at the higher echelons in the government, such alliances would have totally altered the face of Kerala tourism, I am sure.”* ATDC is going to be a member of TICA soon and paper works are almost completed, he adds.

Social Activism and the Promotion of Values

Raghu categorically rejects all fears that tourism may nurture anti-social elements, and the serene and idyllic village life, which was their most precious wealth, might be irreversibly lost. According to him, only quality tourists are entertained. This is confirmed by a survey administered by the present author to measure the ethical values and conservation attitudes among ATDC customers. Many of the independent travelers opined that they would not have made a visit and bought a holiday were it not for the ‘cooperative’ tag (which struck most of them while they visited its web site). Also, ATDC has given clear instructions to all the tour operators who include it as a component in their itinerary that mention must also be made of eco-ethical values to be promoted. Again, ATDC has been instrumental in influencing the government from relieving the local residents of a law which would otherwise have imposed on them one particular architecture, landscaping, etc., which the bureaucratic experts and their political bosses insisted were representative the real spirit of the region.

In 1989, it organized the ‘*Great elephants march*,’ for the first time in the history of Kerala Tourism. Fifty-one traditionally decorated elephants and the rich background of traditional music and dance gave the tourists an memorable feast. A year later it launched a grand *Vallam Kali* (traditional snake-boat race), and packaged this and the elephant march with backwater cruises and a night’s stay at an island village. The island village became a minor destination in itself later, with the brand name “coir-county”. Here, the villagers will teach the tourists, apart from other things, how coir is made. In fact, as its name suggests, ATDC markets not just a backwater holidaying, but the identity and sense of Alleppey in its entirety. Of course, even its competitors have been some of the beneficiaries of such promotional efforts. “*The delight of doing big in togetherness when each one of us is small is unique and incomparable*,” says N. X. Mathew, its current president. However, the innovations introduced by ATDC and later imitated by others, often cheaply, are many, and this sort of continued imitation reduces the power of ATDC to effectively leverage the rent from their innovations.

ATDC Faces a Challenging Future

ATDC, in spite of all the colorful details given above, is not without its own problems. Most feel that it is in good health, but that this will remain if (and only if) the future is a linear extension of the present. And that is a wild dream indeed! We could observe unanimity among members in their opinions on matters ranging from ATDC’s day-to-day operational matters to the long-term strategy formulation. This drives it closer to an monolithic enterprise, and away from a cooperative alliance. Though not forced, the depletion of multiple perspectives may reduce the spirit of innovation too. In terms of learning, over time, over-embeddedness and similarity might lead to decreasing opportunities for learning and innovation. Also, one of ATDC’s core advantages—supplying an authentic tourism experience—is becoming problematic with the traditional culture of the countryside being rapidly replaced by Western monoculture. The strains of staging “authentic” life to please tourists have already started appearing in different quarters, and may increase in the coming years. And at a particular point, the

“cooperative advantage” might become an uncompetitive proposition when faced with other business models which stage better acts, as is evident from the rural tourism practices elsewhere. Adding to this, competing enterprises in Alleppey have already begun seeking more generic advantages from forming alliances in all directions via *e-migration*. Of late, one member has almost come out of the network to form a much more ambitious and dedicated link with an international tour operator. Though the present members of ATDC exceed one hundred in number, the scope for cyber-platform-based alternative business networks spread across geographical and political boundaries have been luring many of them. While such alternatives offer increased profits and market access, prickly questions like whether member disloyalty and defection are symptomatic of aberrations in the traditional collectivistic cultural orientation and should not be allowed to undermine it.

Conclusion

Given this much, especially since collectivism and cooperativism are inseparably embedded within the core tourism experience, it continues to be better for all players in the backwater tourism of Alleppey to help each other, rather than engage in a risky mutually destructive game. Strategic planning may be made less contingency-dependent if governmental authorities are also encouraged to join the network. This will help provide much needed common infrastructural inputs available with the public sector too. The alliance, however, must be revamped by cutting-edge Information and Communication Technologies that can help create industry-wide networks, support structures, and standards and to provide efficient and responsive service to customers. This is in contrast with the traditionally conceived use of information technology as a competitive tool. The development of cooperative alliances has important implications for the health and profitability of individual entrepreneurs. Such alliances may result in lower inventory levels, better coordination and planning, and reduced transaction costs. The impact may be beneficial for an entire industry as well as for its customers; however, guidelines for an equitable regulatory framework to foster and control IT-based cooperative alliances has yet to evolve, and their absence presents opportunities for price-fixing and other forms of collusion that inhibit every benefit of healthy competition.

About the Author

Babu P George BS (Electronics), MTA (Tourism), PhD (Management Studies) has been associated with the Department of Tourism Studies of Pondicherry University as a full-time faculty for the last two years. Previously, he had lectured at the Faculty of Management Studies of Goa University for almost three years. As a doctoral student, he had been a recipient of the UGC national Senior Research Fellowship. He is currently Assistant Professor of Tourism, University of Southern Mississippi. He has contributed to academic journals such as the *Oxford Journal of Community Development*, *Journal of In-service Education*, *ASEAN Journal of Hospitality and Tourism*, *Tourism: An International Interdisciplinary Journal*, *International Journal of Social Economics*, *Journal of Applied Research in Economic Development*, *International Journal of Bank Marketing*, *International Journal of Hospitality and Tourism Administration*, *Journal of Tourism Studies*, *Journal of Travel and Tourism Research*, *Tourism Review*, *Journal of Tourism and Cultural Heritage*, *Journal of Korean Academy of Marketing Sciences*, *Amfiteatru Economic*, etc. His research papers have been accepted for presentation and publication in many National and International Conferences. He has authored two books, *Holidays*, *Holiday Attachment*, and *Customer Loyalty in Tourism* and *International Tourism: Geography and Developmental Perspectives*. Also, he is the editor of *Advancements in Tourism Theory and Practice* and *Tourists and Tourism*. He is a member of the Board of Studies and Examination Council in Tourism and Management of several Indian Universities and is a reviewer for noted international journals. He has been accorded membership in a number of scholarly and professional organizations as well. His major research interests are e-tourism and tourism strategies. In addition to regular academic assignments, he does consultancy projects.