





# **Tourism & Hospitality**

## **sustainability and responsibility**

Ľudmila Novacká, Gordana Ivankovič et al.

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In memory of Vladimír Dvořák,  
our dear colleague, friend and great teacher.

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# Introduction

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Dear readers,

The United Nations World tourism organisation (UN WTO) defined the sustainable development in the official document which accentuate that sustainable development guidelines and management practices are applicable to all forms of tourism in all types of destinations, including mass tourism and the various niche tourism segments. Sustainable principles refer to environmental, economic and socio-cultural aspects of tourism, and a sustainable balance must be established between these three dimensions to guarantee its long-term sustainability and in many cases also survival.

This book *"Tourism & Hospitality – sustainability and responsibility"* tries to reflect the diversity and variability of sustainability and responsibility in tourism and hospitality industry.

All chapters written by the international team of authors present recent outputs of their long term scientific work and research with regards to sustainability and responsibility in the area of tourism. Both dimensions request specific interdisciplinary interconnection related to legal system, economy, human capital and business administration in the tourist destination. This principle was applied in all the chapters which should help to transform the frequent conventional theme to a modern issue.

All the authors also used this opportunity to provide a link between academia and industry. It means the scientific background presents the core for the practical improvement in the tourism and hospitality industry.

This book is a result of international collaboration network, which has the following main goals:

- to develop the mutual international co-operation by common projects;
- to exchange the scientific suggestions;
- to achieve research solutions; and
- to disseminate the professional experience.

The chapter 1: *"Innovations for sustainable tourism development"* presents the state of academic research on the relation between innovation and sustainability in tourism. Its' purpose is to analyse various research perspectives based on a systematic review of literature.

The chapter 2: *"Regional Sustainable Tourism – A System Dynamics perspective"* describes a generic system dynamics metamodel of regional tourism and demonstrates both the ability of system dynamics methodology use for dealing with such complex issues and also allows to develop own system dynamics simulation models that could help to analyze different policies, their sustainability and logical outcomes for different stakeholders in a region.

The chapter 3: *"Regional strategic documents of sustainable tourism development: Comparison of the regions of South Bohemia and Upper Austria"* documents the importance of process of strategic planning in the area of sustainable tourism development.

The chapter 4: *"The effect of social capital on the performance of corporate associations for tourism sustainability in Slovenia"* examines social capital and its' relationship with the performance of corporate associations in tourism in Slovenia. Given the inconsistent definition of social capital as well as the specificity of the association, authors consider all possible assumptions and dilemmas that arise in the definition and measurement of social capital. The research shows that social capital has a crucial impact on the performance of tourism associations in order to benefit sustainable development.

The chapter 5: "*Means of transport as a factor in maintaining mobility in terms of sustainable tourism*" presents the importance of issues of personal transport solutions in sustainable regional development, including efforts to ensure the mobility of the population in the region.

The chapter 6: "*Effects of externalities on the hotel business*" is focused on the effects of externalities within the sustainable development. The theory review and the issues published in the introduction are the starting scope and basement for the application in two case studies. The first case study presents the economic impacts of copyright fees established by legal rules on the hotel economy. The second one refers the influence of the Ramadan days to demand in restaurant and its' economic impacts.

The chapter 7: "*Sense of the city: Competitiveness of place identity as perceived by tourism stakeholders*" argues that place identity of the cities is a critical concept, not only for providing optimal city tourism experiences, but also in understanding the stakeholders' proper role and reaction to city tourism policy. A case study of Ljubljana, the capital of Slovenia, is used to examine how the imperative of place identity is interpreted in the city tourism policy discourse.

In the chapter 8: "*Child sex tourism – trend or a permanent fact of global tourism?*" the authors proclaim that analysis of the phenomenon of child sex tourism has highlighted some fundamental conditions for preventing it becoming a social phenomenon. These include the strict implementation of laws against child labour and the political will to enforce them.

We are hoping that our effort in putting together this book "*Tourism & Hospitality – sustainability and responsibility*" will be beneficial to other researchers, students and everybody, who wants to improve their knowledge about these important issues.

# 1. Innovations for sustainable tourism development (literature review)

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Doris Gomezelj Omerzel<sup>1</sup>

*Abstract:* Sustainable tourism is: taking care to prevent negative ecological impacts, protecting cultural heritage, providing opportunities for employment and human resources, and improving the economic success of the local community. Innovativeness is important in reaching these sustainable goals. This chapter presents the state of academic research on the relation between innovation and sustainability in tourism. Its purpose is to analyse various research perspectives out from a systematic review of existing literature. The literature review is an important part of any research and also a key factor for research performance. Only a good literature review can help us plan a correct methodology, to formulate proper research questions and to obtain usable results. The aim of this chapter is to perform a systematic literature review and to present different relations between innovativeness and sustainability in tourism. We agree that innovations are significant factors in the process of sustainable tourism practices development and implementation.

*Keywords:* sustainable tourism, sustainable development, innovation, competitiveness, environment

## 1.1 Introduction

Many definitions of sustainable development exist, however, the most cited is that from the so called Brundtland's report, presented in 1987 (World Commission on Environment and Development), titled, "Our Common Future". It states that *"Humanity has the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs."* The fundamental idea of sustainable development is, that we can, and we should, achieve social, environmental, and economic progress, only by taking care of the limits of our resources. We should meet the basic needs of all the Earth's population and strive for a better life. Poverty in some parts of the world is intolerable. It is also important to state, that sustainable development is not a fixed situation, but a longitudinal process of changes in which resources should be exploited in consistence with both present and future needs.

At the United Nations conference on the environment and development, held in 1992 in Rio de Janeiro, it was stressed for the first time that, besides economic development, sustainable development policies must, necessarily, include environmental and social points of view.

Tourism is an economic sector, the development of which has significant positive and negative impacts on societies and the environment. This is why sustainability needs to be integrated into tourism policies at all levels, as only sustainable tourism development can contribute to a long-lasting and competitive tourism industry. The United Nations World Tourism Organization (UNWTO) has presented tools for how to develop and implement effective sustainable tourism policies. According to the UNWTO definition, sustainable tourism embraces all aspects of sustainable development: environmental, social, economic and climate ranges. Sustainable tourism is, therefore, responsible tourism, such that it respects the needs of the environment and the people who live there, as well as the local economy and visitors (UNWTO, 2001).

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Sustainable tourism reduces the tourism influence on the environment and is, also, able to adapt to climate changes. Managers have to plan development in ways that preserve natural habitats, cultural heritage and local culture. Social and economic benefits have to be equitably distributed among all stakeholders. The quality of the tourism sector success (the quality of a tourism experience and the forms of usage) should be as important as the quantity dimensions (number of arrivals, number of overnight stays, etc.) (STO, 2010).

In the process of developing and implementing measures for sustainable tourism, the development of innovative solutions plays an important role.

In the current market economy, sustainable tourism development requires sustainability of innovation and tourism policy makers who can achieve all the goals of sustainable development. Innovations are fundamental to the process of any development, so all tourism stakeholders have to actively generate new products, services, techniques and organisational business models, which substantially respect the objectives of sustainable tourism, as shown in Figure 1-1.

The intent, in this study, is to conduct a systematic analysis of existing literature as it relates to innovativeness in the process of sustainable tourism practices development and implementation and to present various relationships between innovativeness and sustainability.

After identifying relevant published works, these were then grouped according to specific criteria. A synthesis of the findings and their discussion is provided before the reaching the conclusion.

## **1.2 Methodology**

### **1.2.1 Choosing a Methodology**

As is usual, the analysis includes different steps: first data collection; secondly data analysis, and finally, a conclusion with deductions. These are provided below.

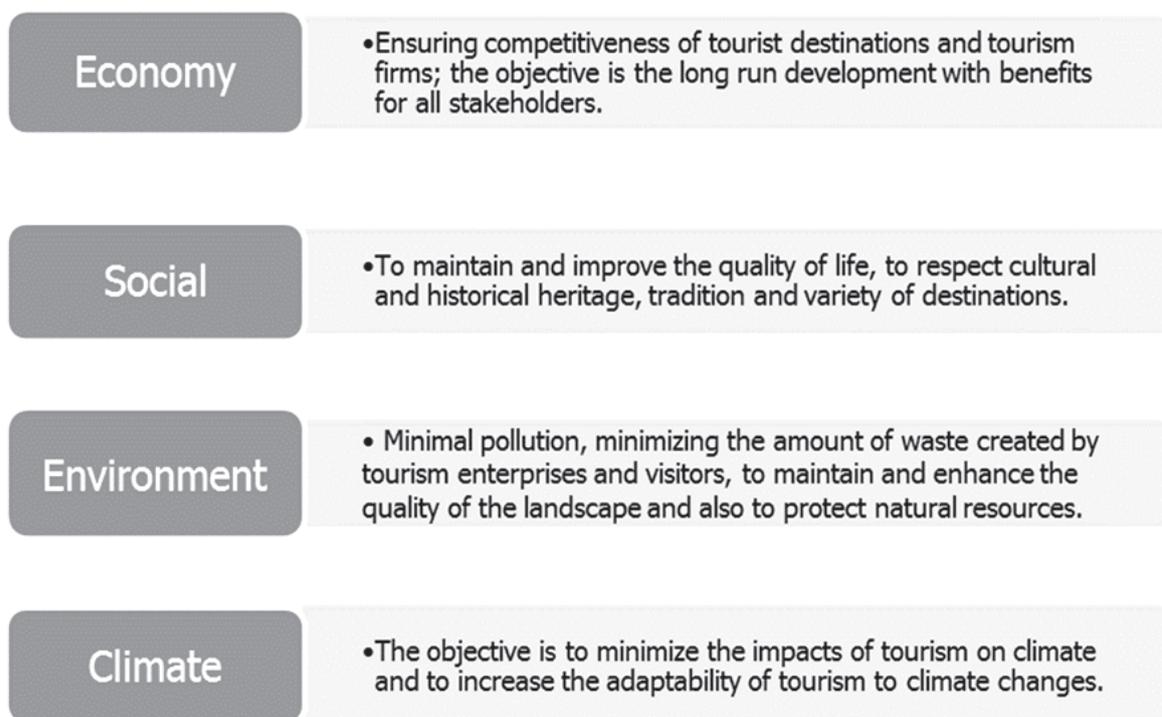
### **1.2.2 Data collection**

The first phase was to perform a data (literature) search by using keywords. It was decided to limit research to international refereed journals, included in the Web of Science (TM Core Collection; access to the scholarly science literature, from 1900 to present) database, i.e. the Science Citation Index Expanded (SCI), the Social Sciences Citation Index (SSCI), and Arts & Humanities Citation Index (A&HCI). Consideration was taken of all papers published up to March, 24th, 2014.

It was decided to search topics (titles, abstracts and keywords) using three keywords, i.e. "sustainable", "tourism", and "innovations", and 53 articles were found. The results of this search are presented in Table 1-1.

Some journals in the area of tourism are more favourably disposed to the importance of sustainability and innovations, so it was interesting to analyse the number of articles per journal. This chapter presents only those journals in which the number of articles found in our search is higher than two. The results are presented in Table 1-2.

Figure 1-1 Four dimensions of sustainable tourism development and their objectives



Source: Adapted from STO (2010)

Table 1-1 Result of papers, including keywords in the topic

Database	Web of Science TM Core Collection (Science Citation Index Expanded, Social Sciences Citation Index, Arts & Humanities Citation Index)
Keywords	Sustainability, Innovations, Tourism
Search within	Topic (Title, Abstract, Keywords)
Document type	All
Publication years	1900 – present
Language	English
Research Area	All
Web of Science Categories	All
<b>RESULTS</b>	<b>53 articles in total</b>

Source: Own elaboration

Table 1-2 List of journals

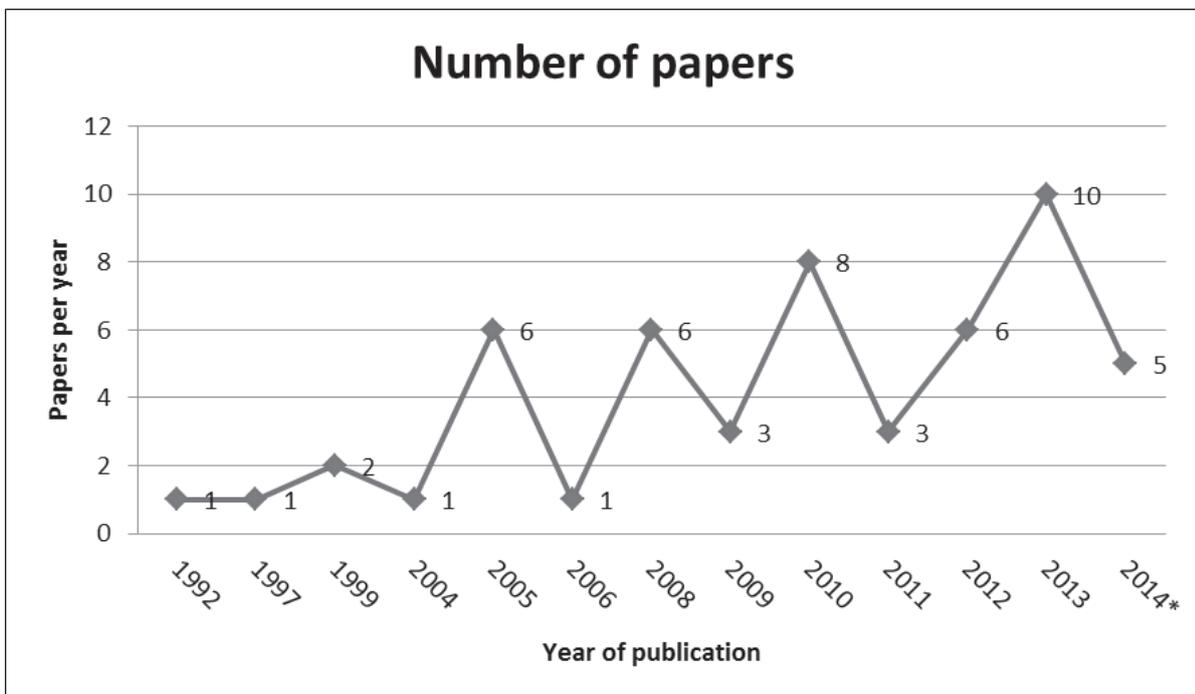
Journal Title	Number of articles	Percentage of all 53 articles
Journal of Sustainable Tourism	11	20.75 %
Tourism Management	8	15.09 %
Journal of Cleaner Production	5	9.43 %
Annals of Tourism Research	2	3.77 %
Cornell Hospitality Quarterly	2	3.77 %
Current Issues in Tourism	2	3.77 %
Journal of Environmental Protection and Ecology	2	3.77 %
Service Industries Journal	2	3.77 %

Source: Own elaboration

We continue the analysis by considering the number of papers per year. The results are presented in Figure 1-2.

The year with the most publications, dealing simultaneously with innovativeness and sustainable tourism, was 2013, with 10 papers, followed by 2010 with eight publications. Six papers were published in 2005, 2008, and 2012.

Figure 1-2 Papers per year



\* By 24th of March

Source: Own elaboration

In an international context, Australia and England were represented in eight (15.09%) of the 53 studies selected in this research. Seven (13.20%) were carried out in England, followed by three (5.66%) papers from Italy, Netherlands, Spain and Turkey. Canada, Germany and Greece had two (3.74%) studies each.

### 1.2.3 Data analysis

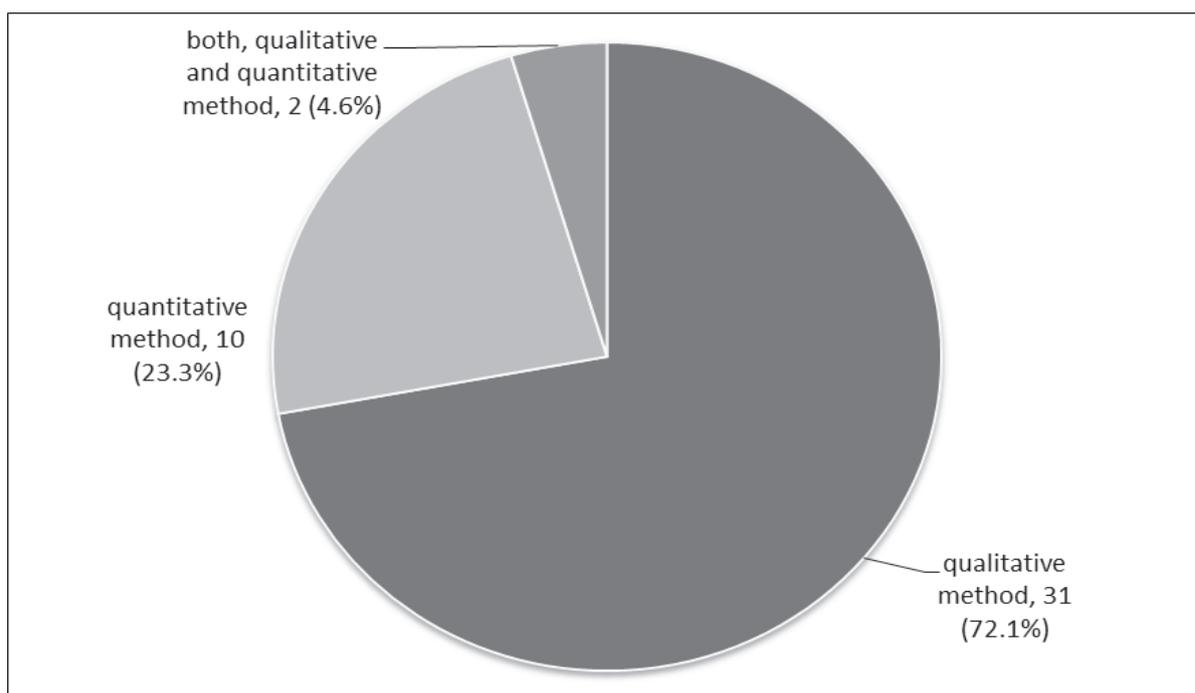
In the second phase, an attempt was made to identify papers that were useable for our systematic review. This means, that the content of the paper had to be in accordance with our aim. It was realised that using the keywords, "tourism", "sustainable" and "innovations" in the search process was not an appropriate procedure, as there were, also, some papers that did not deal with innovations and sustainability in tourism.

After reading the 53 abstracts, the number of publications was reduced to 43. Publications that did not deal with the fields of innovation and sustainability in the tourism sector; those that existed only in Spanish or French languages; and others that were calls for papers, book reviews, or editors' preface in a specific journal issue, were all eliminated.

Next, we were interested in the methodology that other authors had used in their papers. Therefore, the papers were grouped as shown in Figure 1-3, as:

- quantitative method – 10 papers (23.3%). Papers in which quantitative methods were used, mostly primary data were obtained by performing surveys and secondary data gathering were employed 2 times;
- qualitative method – 31 papers (72.1%). Papers in which only qualitative methods were used; and
- both, qualitative and quantitative methods – 2 papers (4.6%). Papers in which both qualitative methods were followed by quantitative ones.

Figure 1-3 Grouping papers according to the methodology



Source: Own elaboration

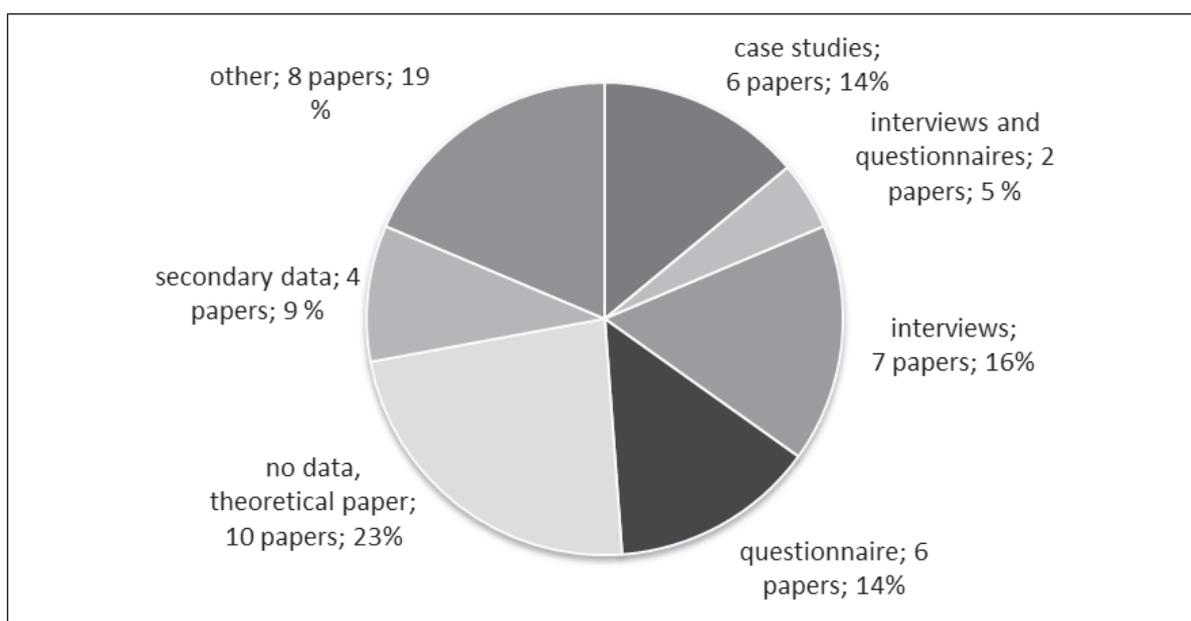
The next element of interest was the way in which data were obtained. It was decided to group the papers into categories, as summarised in Figure 1-4, where:

- 1) secondary data were employed – 4 papers (9.3%);
- 2) interviews were performed – 7 papers (16.3%);
- 3) questionnaires were developed for this study and survey performed – 6 papers (14.0%);
- 4) no data were used in the study – 10 papers (23.3%);
- 5) both, interviews and questionnaire were used for data acquirement – 2 papers (4.7%);
- 6) case studies – 6 papers (14.0%); and
- 7) and other (focus groups, longitudinal studies ethnographic longitudinal studies, desk research, etc.) – 8 papers (18.6%).

It also seemed valuable to analyse whose points of view were presented in the research. Consequently, the respondents of interviews or questionnaires (or only author’s view) were the next criteria for grouping papers. It was decided to combine the papers into five groups, as shown in Figure 1-5:

- 1) authors’ views – 23 papers (53.5%). These papers are, more or less, theoretical papers. The authors’ discussions are presented and sometimes project results are evaluated. In this group, papers that employed secondary (statistical) data are also included, in the belief these also show authors’ views:
- 2) visitors – 1 paper (2.3%). Only one paper was found, in which tourists’ perceptions are presented:
- 3) different tourism stakeholders (supply side) – 11 papers (25.6%). Local government authorities, local residents, core opinion leaders, specialists in tourism business, tourism academics, etc.;
- 4) mixed, visitors and supply side stakeholders – 2 papers (4.7%). Two papers involved the demand side (tourists) and supply side (tourism stakeholders) in the data acquirement: and
- 5) managers of tourism firms – 6 papers (14.0%). Managers, i.e. small pension owners, hotel managers, organisers of events or hotel managers were included in the surveys.

Figure 1-4 Method of data acquirement



Source: Own elaboration

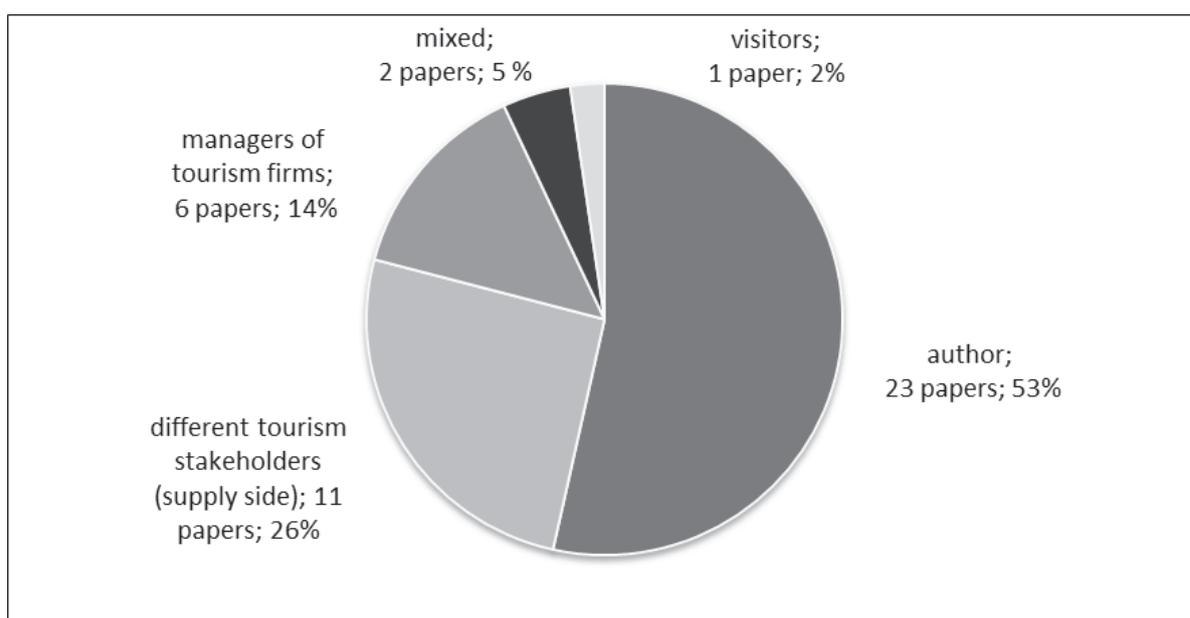
## 1.2.4 Deduction

It was impossible to identify a framework for setting the papers according to their content. Indeed, the theoretical substance of the papers is very different. Only a small number of studies covered, at least, partly similar topics. Therefore, this chapter proceeds with some partial synthesis and an attempt to find at least some key topics.

### Sustainable development in environmentally vulnerable destinations

Many authors, when dealing with the topic of sustainable development, placed more emphasis on particular and sometimes, also, sensitive and vulnerable geographic places, such as urban areas (Scott and Cooper, 2010); port cities (Ravetz, 2013); mountain areas (Bigara et al., 2013); small islands (Barbera and Butera, 1992); forestry areas (Martin, 2008); coastal zones (Yilmaz et al., 2013); and deserts (Carson and Taylor, 2008). Nowadays, mountain areas are facing economic challenges. Because of depopulation and climate changes, these areas are confronted with the lack of competitiveness. To contend with this situation, Bigara et al. (2013) proposed a concept of sustainable development, based on an innovative approach. They suggest a strengthening of the cooperation between public and private sectors in an attempt to create new opportunities. They also presented how to integrate cultural heritage, landscape and the entire environment by cultivating medicinal and aromatic plants and setting up eco museum areas. Doing so, the economic development, as a fundamental factor in sustainable development, is encouraged. Likewise, Barbera and Butera (1992) presented the possibilities of the sustainable development of a small island. They realised that a traditional agricultural system has to be maintained, but because of the seaside and environmental features of the rural landscape also, tourism has a big opportunity to succeed, but it has to be developed in a sustainable way, respecting nature. There is a possibility of many innovative production processes, but they will be successful, only if they are incorporated into the physical, biological, economic and social environments. They, also, stated that there is a difference between the modernised and modernised-sustainable processes. Martin (2008) focused on forestry areas and found

Figure 1-5 Points of view expressed in selected papers



Source: Own elaboration

that policy makers in forestry areas have already recognised that tourism can provide many opportunities for woodland owners; local communities; organisations; and businesses. In his study, he outlined some best practices of how to use woodlands all the year round, and how to use woodlands plants, animals and imagery in developing tourism brands.

Ecotourism is a possibility for sustainable development and conservation of the environment. The sea coast as a tourist destination was analysed by Yilmaz et al. (2013). A SWOT analysis was performed, aiming to determine ecotourism characteristics of the coast tourism. They found that, if eco-tourism is planned appropriately, benefits and sustainability of natural and cultural resources are ensured, with environmental, economic and social dimensions reaching the same purposes. The development of ecology knowledge and some experiences brought us to a better understanding of what can happen in these sensitive areas if we are not careful about a systematic approach to resource planning and management. The use of ecology science, when coordinating the business concept of these areas, is a necessity. Tourism can grow fast in such destinations and it can become a significant element of culture, and also of economic benefit.

Scott and Cooper (2010), have decided to analyse the nature of sustainable urban tourism. They believe that, when developing sustainable practices for an urban area, a special approach is required. Ravetz (2013) focused his study on port cities and identified many possibilities for sustainable innovation. Port cities have many problems, such as: restructuring city trade, updating logistics and ship building. However, it can happen that the entire city is economically dependent on the port and, additionally, the port may also have negative impacts for the social and cultural dimensions of the city. New opportunities in heritage and cultural tourism, emerging because of the port industry, often have negative impacts. Therefore, this author proposes a new concept for creative innovation. There are many opportunities in the area of social entrepreneurship and new social investments, but governments have to be a participating partner as well.

A development of four wheel drive tourism in deserts is presented by Carson and Taylor (2008). They emphasised the economic success and viability of this tourism market and, also, showed that it neither induces many negative impacts in terms of the environment, nor on social or cultural aspects.

## **The importance of networking for sustainable development**

As early as 1990, Porter marked networking as a significant factor of competitive advantage for regions and firms. Cooperation and network relationships are particularly meaningful for the tourism industry, as tourism firms and other organisations cooperate daily in supplying tourism products and services in the tourism destination. Destination competitiveness is, certainly, the main goal of networking. However, tourism firms also harvest different advantages of networking and collaboration (Bramwell and Sharman, 1999; Selin and Chavez, 1995). Members of a network can easily share ideas, and this leads to more innovative activities (Camagni, 1991; Roome, 2001). Lane (1994) emphasised that networks improve collaborative behaviour and promote coordination when implementing sustainable development practices, i.e. actions to improve positive economic, environmental, and social impacts of tourism. Many papers from our data base dealt with the importance of networking in the process of sustainable development.

Vernon et al. (2005), stated that, only by cooperation between a wide range of different stakeholders (public sector; accommodation businesses; transport operators; attractions; restaurants; food suppliers; utility companies; host communities; and tourists), can sustainable tourism be developed and implemented successfully. They evaluated the adoption of sustainable practices by tourism businesses

that were promoted by a district council when formulating local strategy. They also analysed the importance of innovations in policymaking. Erkus-Ozturk (2010) also stressed the importance of development of networks, including different tourism companies (at local and international levels) aiming to create sustainable development practices and to facilitate the sustainable development of tourism destinations. Matlay and Westhead (2005) analysed 15 longitudinal case studies from the hospitality industry. The authors presented the advantages and disadvantages of special kinds of networks – the so called Virtual teams. Only by the evolution of innovative organisational forms (i.e. teams), that are dynamic in their structure, can a sustainable competitive advantage at local level, national level or in the global market be achieved.

According to Fadeeva (2005) and Albrecht (2013), networking is a significant element in implementing sustainable development. Network strategies can be used for reaching more innovative and better results in the process of sustainable development. Networks link together individuals with different experiences and this contributes to innovativeness, as the network is a meeting point of ideas. Being a member of a network offers possibilities for learning and acquiring new knowledge. Hsu et al. (2013), agreed with Jackson (2006), when stating that cooperation between firms enhances business innovation and sustainability. The added value is created in every component of the tourism industry system. In attempts to implement sustainable development in the region it often happens that the traditional agriculture sector is transformed into leisure agriculture. This is one way to create rural travel-related business opportunities and, at the same time, the idea of sustainable development (natural ecology; environment; heritage; and local people's lifestyle) is supported and respected. The results of their study show that the cooperation between SMEs also amplifies the tourists' willingness to participate and contribute in the process of sustainable tourism development.

While developing global tourism, the protection of the environment has been set as an important requirement. Environmental quality and its protection were at the forefront when tourism development policies were modelled. Recently, it has been found that collaboration and positive competitiveness among tourism companies are growing in significance when trying to achieve sustainability and tourism that is sensitive and responsible to the environment. Erkus-Ozturk and Eraydin (2010) analysed networks and literature on sustainable development and showed "*the importance of governance networks in sustainable tourism development, the importance of different scales of collaborative governance networks and the role of organisation building for environmentally sustainable tourism development.*"

Scott and Cooper (2010) determined that, in urban areas, sustainable tourism operations have to be performed by many suppliers. Policy makers should plan tourism operations in a way to attract tourists and this is why it is necessary to develop stakeholders' networks. Only such networks can successfully implement and perform initiatives that can lead to sustainable tourism development. Additionally, the authors present some best practices for how to create innovations that are aimed at actively promoting the benefits of tourism to local residents. They established a so called system of regional tourism organisations managers, who provide the basis for efficient networking in tourism destinations.

## **The environmental pillar of sustainable development**

For some time now, it has been realised that natural resources are not unlimited. Lately, many initiatives, related to the preservation of nature, are supported by governments and other institutions. These include promoting the use of renewable energy; reducing fuel emissions; sustainable principles in agriculture and fishing; eco farming; providing for forestation by tree planting; recycling; and waste reduction.

Tourism is an industry that, on one side, requires environmental resources as core ingredients for its efficient functioning and, on the other side, the tourism industry depends on the protection of the environment for sustained competitiveness. Recently, because of natural disasters, various forms of environmental pollution and, especially, climate change, a very systematic management of tourism's resources is becoming necessary. Tourism destination management should plan only actions that move the destination towards a sustainable future. Environmental policy should not be affected by economic planning and economic results – only approaches to achieving environmental sustainability should be taken into account. This is why managing environmental sustainability has to be an important challenge for tourism policy makers.

Le et al. (2006), were interested in what is influencing the intentions of hotel businesses in the process of adopting environmentally friendly practices. They found innovation characteristics play the most significant role when deciding the adoption of environmental management practices in hotel businesses. Additionally, they also analysed the advantages and barriers to the adoption of sustainable practices. Barber and Deale (2014) focused on hotel businesses and their environmental practices. They found that, so called, mindful visitors appreciate the natural environment and are willing to protect it, so they esteem all sustainable practices implemented in the hotel operations. Barber and Deale (2014) propose some innovative tools for hotel managers in how to use such visitors' behaviour when trying to achieve sustainability goals. Yaw (2005), defined sustainable tourism as, "*tourism growth while at the same time preventing degradation of the environment, as this may have important consequences for future quality of life.*" We find this definition very simple and original. However, as a matter of fact, it contains not only an economic dimension (tourism growth), but also an environmental dimension and a socio cultural dimension (future quality of life). Yaw (2005) focuses predominantly on cleaner technology and the environmental sustainability of tourism. Cleaner technologies are very important for the sustainability of the tourism industry. Some cases of best practices in the area of environmental management are presented by Vo et al. (2013). They state that cooperation between different stakeholders is fundamental to the environmental pillar of sustainable development. Private sector, local governments and local communities have to jointly perform when promoting sustainable development and the awareness and customs of local residents have to be considered as well. They make a point of the importance of networking, as networks are the possible sites where governments, local communities and local resident meet.

Lawton and Weaver (2010) investigated a birding festival as an example of ecotourism. They focused, in particular, on the management of these festivals and realised that managers are creative and employ many innovative sustainable practices in protecting the environment. They do more than merely recycling; energy conservation; and waste minimisation. Performing a cluster analysis, the authors identified five types of organisers of birding festivals, i.e. "non-innovators"; "normative recyclers"; "innovative energy conservers"; "innovative recyclers"; and "comprehensive innovators". In one of her first studies, Hjalager (1997) emphasised the innovations developed for the goals of environmental sustainability. She offered a review of different innovations related to environmental protection. She distinguished "*product innovations, classical process innovations, process innovations in information handling, management innovations and institutional innovations*" and described all of these types within the area of sustainable tourism.

Smerecnik and Andersen (2011), revealed the importance of adopting sustainability innovations regarding environment issues. They found that the characteristics of leadership of hotels/resorts are

mostly answerable to, and associated with, the process of adopting sustainability innovations. The positive effect of sustainability innovations are correlated with an increase of sustainability in tourism.

There are differences between being green and being competitive. Blanco et al. (2009), were interested in how tourism firms consider these alternatives and how they decide for these two possibilities. The tourism industry, more or less, undertakes voluntary actions for the protection of the environment and, usually, this brings about some economic and financial consequences.

### **Tourism firms' behaviour regarding achievement of sustainability**

Sustainable tourism is not a general phenomenon; it is more of a challenge and an opportunity for the tourism industry. Tourism firms should operate in as sustainable a manner as possible. The key challenges for tourism industry sustainability include: (1) reducing the seasonality of demand (better efficiency of resources use in tourism); (2) diminish the negative impact of tourism transport (various possibilities, from cutting down the emissions to a shift in different travel modes with less negative impacts); (3) improving the quality of tourism jobs; (4) minimising all resource use and the diminishing of waste (pay attention to use of water and energy and to pollution); (5) care for community prosperity; (6) care for natural and cultural heritage; and (7) providing holidays attainable to all. (<http://www.thetourismcompany.com/topic.asp?topicid=3>; available 2nd of April 2014).

Innovative tourism entrepreneurs are, certainly, important in the process of sustainable development. Only these kinds of entrepreneurs are able to better support sustainable rural development. We should take into consideration that entrepreneurs have to be motivated in their ability to positively impact the economic, socio-cultural and environmental dimensions of a region's development. The growth of the tourism entrepreneurship can, by respecting the local culture and destination identity, diversifying rural tourism activities and employing the rural population in the region, contribute to sustainable regional development. Besides small entrepreneurs in the tourism sector, public authorities are also responsible for the promotion of sustainable practices and for the adoption of social responsibility in tourism enterprises (Lordkipanidze et al., 2005).

Not always can positive results be obtained from entrepreneurship. It happened in the underdeveloped, so called, "Base of the Pyramid" (BOP) regions, where identified outcomes of entrepreneurship were positive, but also negative, such as crime and social exclusion. Entrepreneurship policies can lead to socially inclusive growth, but, unfortunately, there are many cases where local people are net beneficiaries of tourism. If the power of institutions is weak, and entrepreneurs are setting destructive goals, then tourism destinations can be subjected to destructive outcomes. Policies, in the area of entrepreneurship, should address economic and social indicators, although in the BOP regions economic results seem to be the most important. Entrepreneurship generates different impacts within poor communities. Three types of entrepreneurs exist, i.e. *productive entrepreneurship* (new ways of doing business; employing improved technologies and innovativeness), *destructive entrepreneurship* (criminal activities and negative social impacts); and *unproductive entrepreneurship* (not creating benefits for local people, exploitation of legal insufficiency) (Hall et al., 2012).

Hallenga-Brink and Brezet (2005), explain how the early definition of sustainable tourism containing, more or less, ecotourism, green tourism, wild life tourism and nature tourism, has been elaborated to cover different scopes in today's meaning, as it is now defined within economic, environmental, social and cultural dimensions. With sustainability in tourism we actually understand the minimising of ecologically irreversible impacts, preserving cultural and natural heritage, maintenance of community

structures, employment and human resources, and economic benefits at a local level. These authors suggested an innovative approach in designing sustainability (including product and service level) titled "*the sustainable innovation design diamond method*". This has five goals: (1) to motivate micro firms to respect all three sustainability pillars (environment, socio-cultural, economy) in their business operations, (2) to help them to be creative and innovative; (3) to transfer successful network project results into real life; (4) to motivate them in taking into account internal influences (their personal motivation) and external influences (tourists, stakeholders, government, community etc.); and (5) to include sustainable products and services in their business.

### **The tourists' role**

The role of tourists, in the process of sustainable development, shouldn't be overlooked. Many people adopt habits that are congruent with sustainable practices at home and the big challenge of tourism suppliers is to encourage these habits when they are on holiday.

Sigala (2014), analysed tourism firms' supply chains and was interested in the customer's (tourist's) role when performing and managing sustainability. Modern customers are knowledge grounded and, consecutively, empowered to actively participate in sustainable practices. The impact of social media emphasizes this, as these enable and encourage customers to support sustainability practices. A very interesting project is presented in the Novelli and Burns (2010) study. It is about the innovative learning experience. For students who are tourists, workshops and guest lectures from local private and public sector experts are organised. Students are enabled to understand tourism development by living among local tourism stakeholders in a destination. This helps when new products are developed and in the process of planning the business and broader horizons, as well as in the development of sustainable tourism theories.

### **Transport and tourism mobility**

Destination managers should dedicate more attention to tourism mobility. Scuttari et al. (2013), proposed an innovative methodology for the analysis of tourist traffic indicators, which can be used to estimate their influence on the environment and to develop corresponding measures to manage mobility. Verbeek and Mommaas (2008), realized that, as different types of tourists exist, tourism managers have to first identify these types and then supply different sustainable holidays to different tourists. According to Friedl et al. (2005), seven traveller types exist. Tourists that belong to the so called, "sophisticated cultural travelers" are more sensitive to sustainability; while, for example, the, so called, "fun and action seekers", are more interested in other activities, where sustainability is not a key dimension. Leisure mobility style is important in segmenting travellers, when having sustainability in our sight. Additionally, according to other life style characteristics, travellers can be segmented, and these segments of tourists can be motivated to respect sustainability practices in totally different ways. The authors stated that, from a sustainability viewpoint, mobility of tourists is the most critical component of the tourism sector.

Transport for the purpose of tourism travelling can have significant impacts on climate change (Peeters, 2013). Janic (1999) presented a review of civil aviation influences on the environment. He stated that significant technological and institutional innovations have been implemented in the aviation sector, over time, aiming to reduce the negative impacts on the environment and, at the same time, intensify the aviation industry's efficiency. Thus, with appropriate management, even the aviation industry can develop in a sustainable way and decrease the system's noise, air pollution and,

also, keep safety. The success of the civil aviation industry has both advantages (new jobs) and disadvantages (negative impacts on the environment) for society.

### **Other topics of sustainability**

Strambach and Surmeier (2013), focused on the social dimension of sustainability. They tried to link knowledge, innovation and the creation of sustainable standards or practices. The social dimension, as an innovation, has to be incorporated in the modelling of sustainable standards. Knowledge is the most important factor for successful innovations and sustainable transformations. Racherla et al. (2008) discussed the consequences of innovative technological applications at a destination. They analysed a sustainable transformation of a tourism destination when establishing a wireless network into the city area. Sayre et al. (2012) analysed the possibilities for ranches of providing agricultural tourism and recreation related services for payment, because, nowadays, farmers are facing troubles over the economic sustainability of farms and, therefore, they have to combine service diversification strategies. Guided fishing, bird-watching, natural history tours, fee and free hunting access, hosting researchers and similar activities are certainly plentiful opportunities for them. Zhang and Xiao (2014), in their longitudinal study, observed the evolution of a nature based tourism destination and how tourism affects the local economy, society and culture. They studied the sustainable development of a tourism destination and were interested in the antecedents (resources, institutions, capital and innovations) of sustainability. Dabphet et al. (2012) realised that, for efficient development of a destination, also taking into account, the sustainability point of view, the diffusion of information among stakeholders has to be possible. They explored the results of employing a diffusion theory when disseminating a sustainable tourism development concept. They found that interpersonal and, also, media communications are successful tools for effective diffusion of sustainable tourism development. However, the identification of key participants in the community is of essential importance as well. Sofield (2011) agrees that sustainable development is a key factor for the economy as a whole, as well as for the tourism sector. Sustainable tourism development, in fact, has positive impacts on transport, wildlife and natural heritage conservation, and regional development. China is facing rapid economic development and growth and the industrialisation and urbanisation of the country hasn't been planned in a sustainable way. Consequently, this economic development has generated some damage to the environment, health and natural resources. The authors found that, now, the country has begun to incorporate sustainability principles in all areas (energy, transport, manufacturing, mining, urban development, etc.), and also in tourism planning. Coles et al. (2005) believe that the concept of sustainable development is understood in different ways by different stakeholders and, furthermore, that academics have totally different perceptions of sustainability from industry stakeholders. They agree, that innovations and sustainable development are of a big significance in scientific research, as too many times, the nature of geographical issues are not taken into account at all. In their research, they focused on the relationships between the airline industry, tourism production and consumption and, also, tourism destination policy. They were interested in how recent changes in the airline industry, with regards to business models, influences tourism policy makers' decisions, tourism products and tourism expenditure. Wearing and Wearing (1999), studied the sustainable development of ecotourism. Carson and Taylor (2008) presented a development of four wheel drive tourism in deserts. They emphasised the economic success and viability of this tourism market and, also, showed that it doesn't induce many negative impacts, neither environmental, nor social or cultural. Timms and Conway (2012) proposed a new type of tourism, the so called slow tourism – where the growth of tourism indicators is slow. Indeed, they emphasised that mass tourism

cannot be in accordance with the principles of sustainable development, as it causes pressures on economic dependency, it causes social exclusion and has a negative impact on the environment. They promoted slow tourism as an alternative concept to tourism with negative ascendances. Nieves and Haller (2014) studied the significance of knowledge for the dynamic capabilities in the hotel sector and, consequently, the importance of dynamic capabilities for sustainable competitive advantage. Sustainable tourism development, also, has the power to strengthen local culture. By developing strong, local-minded residents, the possibilities for future innovations and sustainable development are greater. Local people should be aware of local traditions and have respect for the local heritage and these values can provide a good framework for enhancing sustainable innovations (Kajanus et al., 2004). The tourism industry brings significant changes to bear on the overall characteristics of a destination and, moreover, it has a significant influence on the social, economic and environmental dimensions of sustainability. The recent stock exchange crisis is, maybe, an opportunity for implementing new infrastructures and innovations, aimed at developing more sustainable and contemporary tourism (Avdimiotis, 2011).

### 1.3 Conclusion

This chapter contributes firstly to the insight of sustainable development dimensions and practices in the field of tourism and how innovativeness may influence the achievement of sustainability aims. This review was, therefore, intended to present the theories and results of existing studies. We discussed sustainability, sustainable development, the economic, social, cultural and environmental dimensions, the issue of climate change and innovativeness in tourism. The importance of sustainable development for tourism businesses and tourism destination competitiveness and success was recognised by various authors of papers taken from our data base which were used as the basis for our discussion. When reviewing the literature, it was found that topics are diversified. However, the agreement about the importance and weight of developing and implementing sustainable practices in tourism was seen to exist. The tourism industry has specific properties; this is why it should not deal with sustainability in the same way as in other industries.

The second contribution of this chapter is in grouping the papers according to different criteria (the methodology, that was used in the research; the method of data collection; and the point of view presented). As a further step, we are suggesting that this research should be advanced by the development of an integrated model followed by empirical testing of the connections between innovativeness indicators and sustainability development performance.

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## 2. Regional Sustainable Tourism – A System Dynamics Perspective

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*Abstract:* Sustainability has become a crucial and very widely applied concept in modern management. Although many would agree that it is necessary, it also presents a big challenge especially for the tourism industry which has a very complex structure of different stakeholders and their relationships.

We think that it is necessary to use advanced methods that could help with such complexity and allow managers to foresee short-term and long-term impacts of their decisions and policies. One of the approaches that may help decision-makers with better understanding of complex systems and improve their decision-making is system dynamics – a methodology that has been developed at Massachusetts Institute of Technology, Sloan School of Management.

We are presenting here a generic system dynamics metamodel of regional tourism which as we argue demonstrates both the ability of system dynamics methodology use for dealing with such complex issues and also allows to develop own system dynamics models that could help to analyse different policies, their sustainability and logical outcomes for different stakeholders in a chosen regional tourism industry.

*Key words:* sustainability, regional tourism, destination management, system dynamics, metamodel, policy testing

### 2.1 Sustainability in tourism

The concept of sustainability in tourism management has been widely covered so far from the perspective of individual companies, tourist destinations and sustainable development as such.

The following definition describes the scope very well: sustainable is a tourism that is "*economically viable, but does not destroy the resources on which the future of tourism will depend, notably the physical environment, and the social fabric of the host community*" (Swarbrooke, 1999).

Based on the United Nations Environment Programme and World Tourism Organization (2005) definition, sustainable is "*Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities.*"

Our understanding of this concept in this article is very much related to the long-term sustainability of tourist destinations as described by Ritchie and Crouch (2003), Swarbrooke (1999) and Journal of Sustainable Tourism prominent articles (e.g. McKercher, 1993; Clarke, 1997; Sharpley, 2000). This means that we are not holding the isolated company "maintainability" point of view and our scope is wider. We do not deal with sustainability of all tourism activities including traveling that take place outside of a tourist destination.

This, according to Bramwell (1996), means that policy planning and management on the level of a tourist destination is appropriate and needed because tourism as a source of economic growth can also

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have negative long-term and sometimes irreversible consequences for the nature as well as for local inhabitants and culture.

If we further explore the basic components of sustainability in tourism management we can identify the following four pillars that are directly linked to region sustainability as well (Ritchie and Crouch, 2003):

- *Ecological sustainability* – natural environment as an attraction that should be protected against damage being done by visitors/residents, climate change impacts;
- *Economic sustainability* – quality of life of residents, i.e. prices, utilization of local labour, wages and job seasonality/security, investments and profit distribution, taxes, etc.;
- *Sociocultural sustainability* – culture preservation, resident irritation, crime, prostitution, etc.; and
- *Political sustainability* – government and policy-makers versus residents (motivation, regulation), legitimacy of political actions.

As we have already mentioned, the focus on destination or region sustainability may be criticized from an even broader sustainability perspective. Fischer (2014) for instance argues: "*To see the whole trip, not only the behaviour at the destination, is essential in assessing the given example of tourist travel as 'sustainable' or not.*" In other words, it should be also important how the visitor was transported to and from the destination although it might be quite difficult to assess the direct impact of such travelling on situation in destination.

## 2.2 Stakeholders in sustainable tourism

Another interesting way how to understand the complexity of sustainable tourism is through description of different stakeholders and their activities related to tourism. We may use Hawkins and Middleton's (2009) *Wheel of influences* model for this, as shown in Figure 2-1.

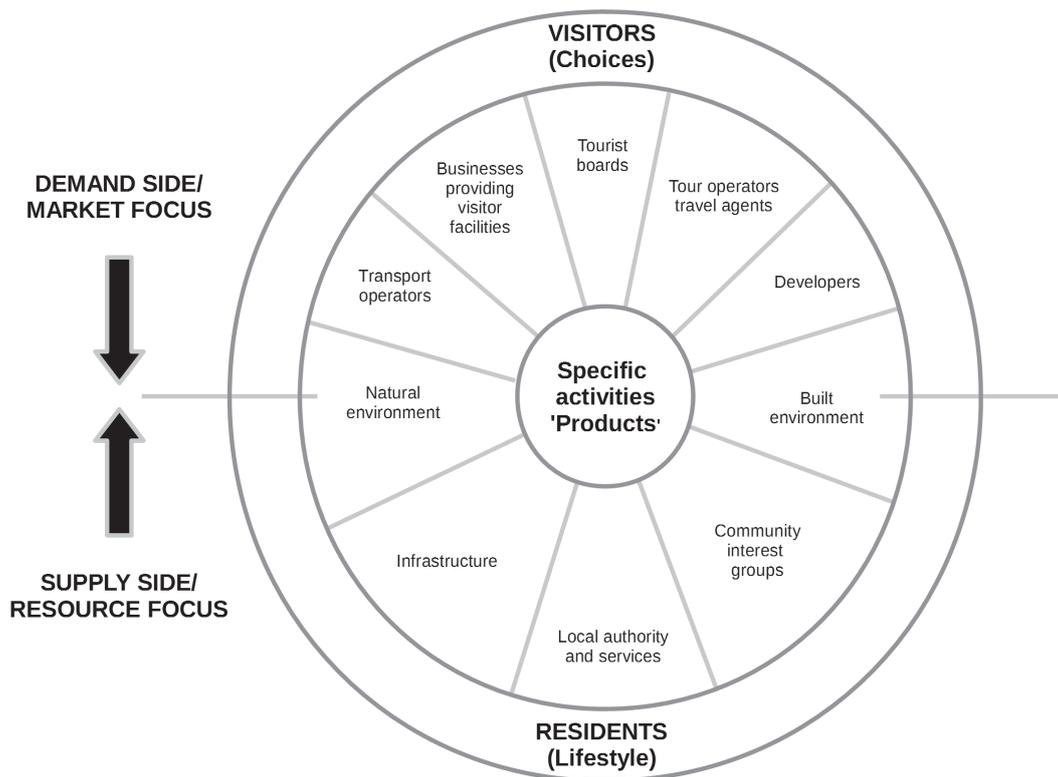
This model can be aggregated to four main parties involved in the tourism management in destinations – residents, local authorities, businesses providing services and visitors. These parties typically have at least partially conflicting interests and have to face different types of constraints, such as:

- Regulation of land use;
- Regulation of new buildings;
- Regulation of environmental impacts;
- Provision of infrastructure;
- Control by licensing;
- Provision of information; and
- Fiscal controls and incentives.

It is obvious these constraints are mainly under the control of local authorities which shows again how important their role is in the tourism management of a destination. Because the government typically pursues several conflicting goals with regards to tourism (United Nations Environment Programme and World Tourism Organization, 2005) – e.g. dynamics of economic growth, conservation of values (environment, cultural heritage etc.) and health, safety and security – just setting up the right policies by different government agencies may be a big challenge.

The situation is even more complex when the other stakeholders are to be involved (Waligo, Clarke and Hawkins, 2013). Economic growth cannot occur without businesses and visitor activities and typically public/private partnerships have to be set up to achieve this goal and utilize the tourism

Figure 2-1 Tourism management in destinations – the wheel of influences



Source: Hawkins & Middleton (2009)

potential. This increases a need for cultivated discussion and improved understanding of the various stakeholders’ goals, policies and activities in both the short and long term.

## 2.3 Computer modelling of sustainability in general

Computer, especially simulation modelling is often used in situations when the problem complexity level is too high in comparison with our ordinary thinking skills (Sterman, 1994). It serves users as a tool which helps them in understanding and assessment of possible effects of different actions. Because it is often not possible to make real world experiments in social systems it is also one of the very few approaches that allow in-depth analysis of dynamic social phenomena from a causality point of view.

There are various approaches that can be used for such a modelling, further analysis and forecasting – several of the main ones being used nowadays in economics and other social sciences include: CGE models; I/O models; regression; time-series methods; system dynamics; multi-agent models; fuzzy logic; discrete event simulation; artificial intelligence algorithms; and geographical models.

All these approaches have been widely used for modelling sustainable policies in various fields since the very well known first attempts by Meadows et al. (1972). In this context it is possible to mention reviews of different modelling approaches being used, for instance, for sustainable energy production and consumption (Pfenninger, Hawkes and Keirstead, 2014; Blumberga et al., 2014); agriculture (Rossing et al., 2007); urban water management (House-Peters and Chang, 2011; Bach et al., 2014);

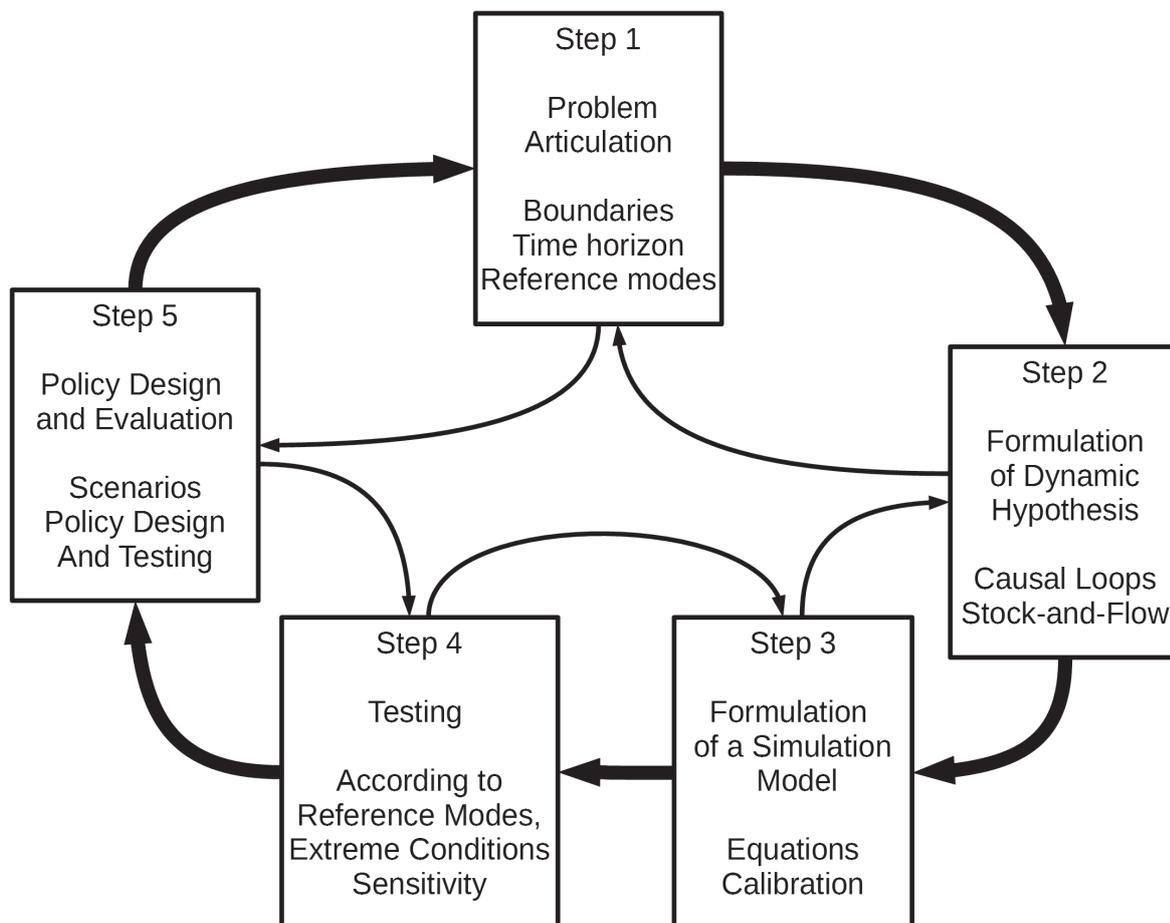
sustainable supply chain management (Brandenburg et al., 2014); critical infrastructure systems (Ouyang, 2014); forest ecosystems (Seidl et al., 2011); or sustainable development in general (Moffatt and Hanley, 2001).

Each of these modelling approaches has a different focus, goals and ways of achieving these. Some of these can be very successfully combined when necessary – for instance the system dynamics approach provides a unifying framework that is general enough to support the use of other simulation modelling techniques (e.g. multi-agent models, certain geographical models or discrete-event simulations) within one problem-solution oriented process, as shown in Figure 2-2.

It is possible to see that the whole framework is iterative and highly interactive and should lead to an improved understanding and meaningful long term problem solutions which respect the system complexity including feedbacks, time delays and nonlinearities (Senge, 1999).

What is necessary to add is that modelling of sustainability in general demands an interdisciplinary approach (Farrell and Twining-Ward, 2005). Each of the sustainability pillars (environmental, economic and social) has its’ own specifics that cannot be ignored.

Figure 2-2 System dynamics process



Source: adapted from Sterman (2000)

## 2.4 Computer modelling of sustainability in tourism

We have found no evidence of systematic up-to-date review of usage of computer models in the field of sustainability in tourism. Nevertheless, it is possible to find either separate articles or references to other sources mainly from Schianetz et al. (2007) and Farrell and Twining-Ward (2005).

Probably the first attempt to describe and analyse tourism impact from the sustainability point of view was, according to Schianetz et al. (2007), a case of ski resort Obergurgl in Austria (Holling, 1978; Moser and Moser, 1986). The model was developed by experts from the International Institute for Applied Systems Analysis in 1970s and successfully used as a role model for later studies.

Other papers started to be published in 1990s. Schianetz et al. (2007) mention simulations from Sporades Island/Greece (Giaoutzi and Nijkamp, 1993), Bali/Indonesia (Wiranatha and Smith, 2000), Douglas Shire/Australia (Walker et al., 1998), Ping Ding/Taiwan (Chan and Huang, 2004) and Guilin/Mainland China (Honggang and Jigang, 2000).

It is possible to add more recent studies such as national park system dynamics simulation model by Chen (2004), Australia South West Tapestry model by Walker et al. (2005), visitor use in protected natural areas model by Lawson (2006), system dynamics tourism simulation model by Lazanski and Kljajic (2006), dynamic sustainable product for Jamaica model by Jide (2007), Scottish tourism industry model by Harwood (2009), logistic tourism model of Caribbean resorts by Cole (2009), simulation model for a joint mass/rural tourism in Canary Islands, Balearics and Catalonia/Spain by Hernández and Casimiro (2012), small tourism and environment model by Böhm (2012), spatio-temporal sustainable whale-watching activities simulation in Canada by Chion et al. (2013), microsimulation of residents' valuation of cultural heritage in Amsterdam by van Leeuwen, Kourti and Nijkamp (2013) and tourism modelling in Galapagos Islands by Pizzitutti, Mena and Walsh (2014).

There are many other simulation models available, but we have focused on those which explicitly deal with long term tourism sustainability or at least link tourism with environment. Nevertheless, it is clear that the body of literature in this area is quite extensive and forms a steady stream of publications although quite fragmented.

One of the trends that can be identified through the literature is the emergence of new modelling techniques, e.g. use of advanced geographical systems (GIS) or agent-based simulation. This allows to model spatio-temporal dynamics both from macro and micro perspective as well as attractive and engaging visualization of results.

Some of these newer methods are used both for long and short term planning and engagement of crucial stakeholders. The short term oriented models typically don't deal with sustainability directly but address more urgent threats like emergency/crisis management in situations related to disasters. For example tsunami evacuation, earthquakes, volcano eruptions, forest fires, terrorism or epidemics, e.g. avian flu, SARS and EBOLA. Such models typically allow testing of procedures and visitors' behaviour in critical situations and help in preparation of emergency plans (Tsai and Chen, 2010; Lämmel, Grether and Nagel, 2010; and Jolly, Keys, Procter and Deligne, 2014).

Another interesting outcome is that certain "archetypal" model structures are commonly used which open opportunities for a generalization we would like to utilize on later. Overall quality of these simulation models differs and it might be useful to provide a unifying metamodel which would help future model developers in their effort.

## 2.5 System dynamics metamodel of sustainable regional tourism

### 2.5.1 Research question

Our research question is: *how could one create a dynamic simulation model that would help in the understanding of crucial stakeholders, their actions and relationships for a successful sustainable management in a given touristic region?*

### 2.5.2 Research methodology

Our research methodology is based on a combination of metamodeling and system dynamics. The metamodeling approach uses various available sources (literature, existing models and observation) to specify "*the requirements to be met by the modeling process or establishing the specifications which the modeling process must fulfil*" (Gigch, 1991). This means that metamodeling is focused on a group of problems rather than one particular problem and should help the future model developers by setting boundaries and describing all key system components and their relationships as well as providing guidance in the development.

This approach is quite unique in the development of system dynamics simulation models although well known Senge's (1999) system archetypes or system dynamics molecules of structure (Hines, 2014) actually serve very similar purposes. In certain cases, causal loop diagrams (CLD) could also be perceived as metamodels, but they typically lack guidelines. This approach has recently been successfully used in the scope of multiagent-based simulations (Béhé et al., 2014) which shows that it might be valuable in other related disciplines as well.

The methodology for our development of such a system dynamics metamodel comprises the following steps which partially reflect the system dynamics process as described in Figure 2-2 adapted from Sterman (2000):

- 1) Review of existing literature and models related to the research question, both conceptual and formalized ones;
- 2) Definition of the group of problems for modelling;
- 3) Identification of model boundaries, key system components and relationships based on existing knowledge and available data; and
- 4) Development of the metamodel and guidelines for calibration and data collection.

What should be logically added to this process is the metamodel testing and evaluation as the fifth step but this is out of scope for this study and we are planning to proceed further in that direction in future research. Nevertheless, it should be possible to draw some conclusions from the metamodel that could enhance the existing theory.

We will now follow more specifically with the abovementioned steps 2 to 4.

### 2.5.3 Definition of the group of problems for modelling

The group of problems to be modelled has already been set up by the research question. We are focused on problems related to the sustainable management in a given touristic region in line with previously mentioned definitions. The main purpose of model development is thus to help in *tourist*

*destination long-term policy-making and strategic alignment between crucial stakeholders*, which means that it should both explain the behaviour of crucial stakeholders and allow detailed testing of various policies that could be employed.

#### **2.5.4 Identification of model boundaries, key system components and relationships**

Model boundaries are closely related to the definition of group of problems to be modelled. We think that in this sense it is necessary to consider at least the next four key stakeholder groups – visitors, businesses, residents and public authorities, as shown in Figure 2-3.

The *visitors* could typically be expected as hedonistic, i.e. seeking pleasurable activities. Their visit is short and we cannot expect them to be long term oriented. They can be split into two groups – overnight tourists demanding accommodation and one-day visitors. As a whole, they demand the provision of many goods and services: accommodation; meals; shopping; transport; activities; and infrastructure. If left unmanaged, their behaviour may easily lead to a damage of regional resources (environment and culture). They compete in their demand with local residents.

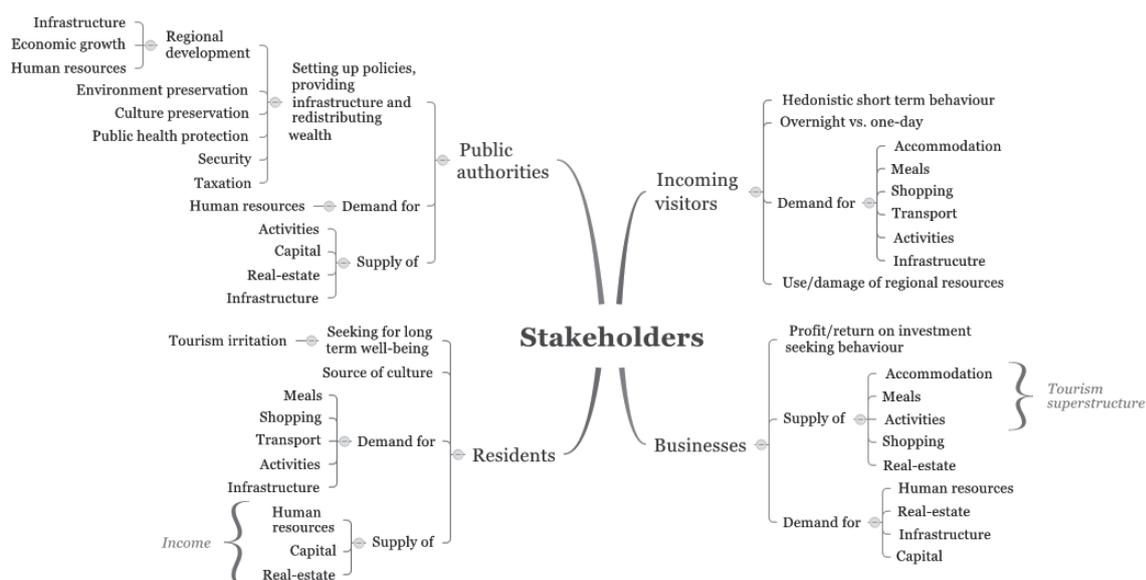
The *businesses* would typically seek profits, more precisely an attractive return on investments. They supply many goods and services: accommodation; meals; activities; shopping; transport; or real-estate property. They may compete with public authorities in the provision of certain activities for visitors (e.g. natural environments utilization in a form of free touristic products, such as: hiking trails, or in providing information services etc.) and for other businesses (e.g. real-estate). These businesses demand human resources, real-estate for their investments in service-providing capacities, infrastructure and capital for their investments (from outside and also from within the region – from local residents or public authorities).

Their investments are focused on capacity improvement – either qualitative or quantitative. If the existing capacity utilization is high or new capacity would be profitable it is very probable that businesses will try to increase capacity. This decision-making is dependent both on market situation (tourist demand, real-estate and human resources supply, competition) and public policies. And public policies may well be very harmful here – in improperly limiting such investments, as well as in problematic subsidies of development of new capacities that could damage profitability of the whole tourism industry in the region.

The *residents* would typically be seeking long term well-being. This means an adequate living standard, as well as appropriate supply of goods and services, level of safety, environment, culture and public governance. They can be easily irritated if tourism's negative side-effects (e.g. overcrowding, rising prices, damage of infrastructure, environment and cultural heritage) outweigh the benefits (income, increased supply). Like visitors, they demand meals, shopping, transport, activities and infrastructure. They also supply human resources both for businesses and public authorities and also, partially, capital for businesses.

The *public authorities* would typically be setting policies, providing infrastructure and redistributing wealth. Policies may be quite complex and implemented by different public agencies at different levels of government. The most important ones related to tourism would be – regional development (including destination management and marketing, attracting investors and funding of tourism related activities); environment preservation; culture preservation; public health protection; security; infrastructure development; education; real-estate development limits; and taxation.

Figure 2-3 Sustainable regional tourism metamodel – definition of stakeholders



Source: Own elaboration

Regional development policy may be of special interest here because its goal is to support economic growth and thus the policy can help in attracting of visitors, supply of activities and real-estate as well as infrastructure, human resources development and providing capital for businesses.

Public authorities also demand human resources and may supply activities, capital, real-estate property and infrastructure.

In democracies these authorities are dependent on local residents and their actions should be more aligned with their interests and better explained and communicated to them. If these authorities don't comply with what their electorate demands, changes of policies might be pushed through against their will through elections.

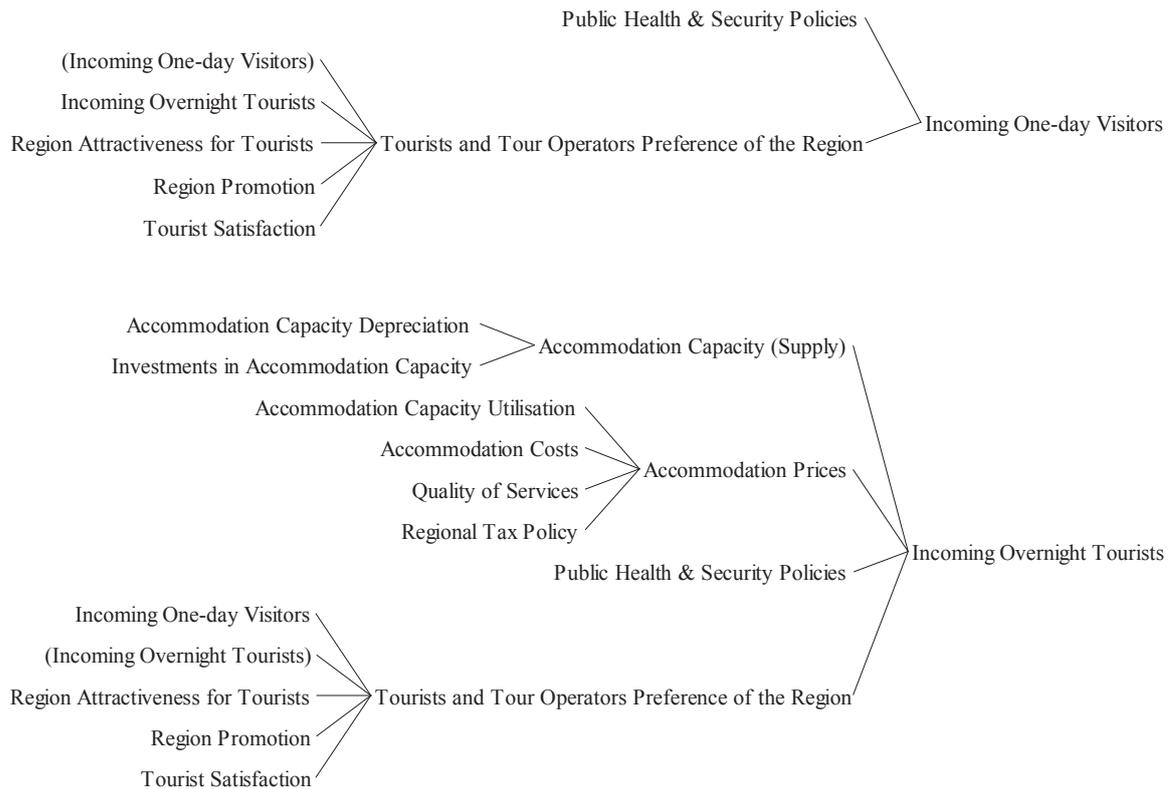
It should be clear at this point that the key stakeholder groups play quite different and partially conflicting roles in the regional tourism system. Their relationships are both of a competitive and cooperative nature, which means that it is possible to achieve positive (e.g. coordination and more efficient use of existing resources) as well as negative synergistic effects (e.g. crowding-out effect, and/or overinvestment due to wrongly applied public funding).

The whole situation becomes even more complex if we introduce another view – competition for incoming visitors and investments between different tourist destination regions.

From this perspective it is first necessary to understand the dynamics of how incoming tourists are being attracted to the destination, how many of them actually arrive and for how long. The main reasons for visiting are typically leisure (recreation, holiday, health, study, religion and sport) or business (meeting). These motivations are being translated to the real behaviour through comparisons of personal preferences and limitations (e.g. budget) with perceived options. Perceived options are generally based on visitor's own memory and external sources of information like word-of-mouth from other people, promotional messages and media content (including internet).

Different tourist destinations in this sense compete for attention of potential visitors. Their overall perceived attractiveness is always relatively compared to other destinations as are also expected costs.

Figure 2-4 Causes trees for determining quantities of incoming overnight and one-day visitors



Source: Own elaboration

More developed tourist destinations are typically better at attracting visitors – they have developed necessary links at different levels to tourist operators, previous visitors have shared their experience and there might be a lot of media content available.

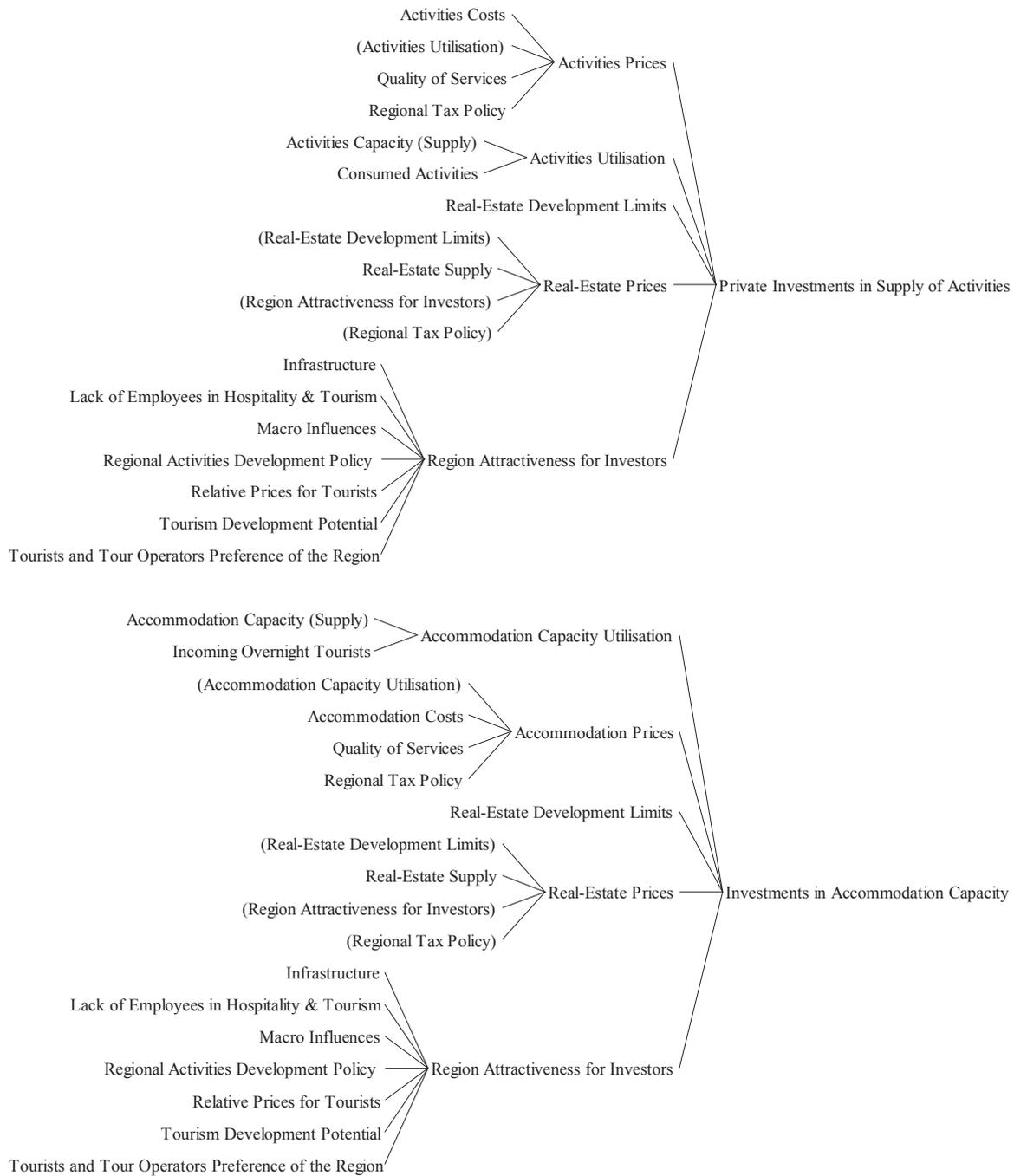
There may be some other limiting factors which will not allow all potential visitors to come. These might be related mainly to public security and health policies, e.g. visa requirements, vaccinations etc., or to available accommodation capacity or other activities for visitors.

*Investments* in infrastructure and tourism superstructure (mainly activities for visitors) may increase these available capacities which can again help in achieving higher perceived attractiveness and even increase the visitors' length of stay. These investments may be public or private, but both are limited by available resources. Thus, one of the options for regional governments to support growth is to attract additional investors.

These additional investments are being motivated by an attractive return on investment which generally depends on expected demand, prices, competition, available infrastructure, employees, real-estate, taxes and public funding.

The last perspective we should add here is related to the macro environment – factors that are beyond any influence by tourist destination management. These factors can be related for instance to economic factors (e.g. currency exchange rates, purchasing power), environmental issues (e.g. natural disasters, diseases), cultural and political disturbances (e.g. war, legislation) or new technologies. Changes in the macro environment will affect all competing destinations but the individual impacts might differ.

Figure 2-5 Causes trees for determining quantities of investments in accommodation and activities capacities



Source: Own elaboration

### 2.5.5 Metamodel

We have so far identified the key system components and it is now possible to put them all together and provide the whole metamodel.

The metamodel structure consists of the following interrelated submodels:

- 1) *Incoming visitors* – one-day and overnight visitor quantities, their perceived region attractiveness and satisfaction;

- 2) *Leisure activities for visitors and residents* – capacity and quality, prices, private and public activities, depreciation, prices, economy and investments;
- 3) *Accommodation for tourists* – capacity and quality, prices, depreciation, investments.
- 4) *Infrastructure* – level of infrastructure (transport, water supply, medical care etc.), depreciation and investments;
- 5) *Real-estate available for development* – supply, prices;
- 6) *Residents* – quantity, irritation by tourism, supply of labour in hospitality & tourism, regional proportion of ownership of businesses;
- 7) *Human resources* – capacity, education & training, quality;
- 8) *Regional economy as a whole* – tourism expenditure, regional GDP, regional tax revenue from tourism, attractiveness for tourism;
- 9) *Natural environment* – tourism development potential, impact of tourism on nature; and
- 10) *Cultural uniqueness* – tourism development potential, impact of tourism on culture.

Each of the submodels is influenced by various public policies. These policies are namely: infrastructure development policy; public region promotion policy; environment preservation policy; culture preservation and development policy; real-estate development limits; public health policy; public security policy; hospitality & tourism training and education support policy; and regional tax policy.

There are many causal relationships between the abovementioned submodels and their components. To describe these relationships we have used a causal loop diagram, shown at Figure 2-6 with boundaries for each of the submodels. This approach provides the necessary holistic view that should allow exploration of main causal relationships, as well as analysis of causal loops representing feedbacks (in other words vicious/virtuous or balancing/goal seeking cycles).

Arrows in this diagram describe causal relationships between variables including relationship type. Arrows with "+" mean the same direction of causal relationship (e.g. increase of source variable causes increase of the other one or vice versa), arrows with "-" mean the opposite direction of causal relationship (e.g. increase of one variable causes decrease of the other one and vice versa). "||" sign means time delay.

Because the metamodel should not be too complex, some of the variables have to still remain quite general. We will start with general modelling recommendations and then describe each of the submodels in order to provide suggestions what to focus on and how to operationalize the variables when modelling sustainable tourism in a particular tourist region. The description will follow a common scheme – an introduction generally describing the key components and relationships including feedbacks, recommendations about modelling, sources of data for calibration and public policies influencing the submodel.

## **General modelling recommendations**

Several approaches could be used when building a simulation model respecting the causal loop diagram structure described in Figure 2-6. The standard one would be the system dynamics modelling using causal-loop diagrams and stock-and-flow diagrams. This approach adds several different types of elements – stock variables (accumulations), flow variables, auxiliary variables, causal links and constants. Because this approach should fit well with the purposes of this study, the following guidelines will be mainly based on this approach.

Another option could be the multiagent modelling. It would be necessary in cases when the overall heterogeneity would be too high and different stakeholders couldn't be modelled on an aggregated level (e.g. individual tourists' movement in time and space).

In practice these two approaches and also some others (e.g. GIS based) could be combined. We would recommend to prepare different simplified models dealing with specific related problems – e.g. for natural environment damage or disaster management, because the time scale, boundaries as well as most efficient tools being used would differ. The metamodel we propose could then serve as an umbrella and more specific models or studies could be used as a basis for calibration and operationalization (e.g. for natural environment damage caused by certain amounts of visitors or finding average values and general patterns).

A crucial issue for each modeller will be the operationalization of variables. It is necessary to decide about the level of aggregation and precision that is going to be used, which is a challenging problem. On one hand, higher detail may add further information and help stakeholders to identify themselves with the model behaviour, on the other hand it is more demanding for modellers, as data necessary for calibration will be more difficult to collect and it could lead to cognitive overload of users due to higher complexity.

Special attention should be paid in this context to hard and soft variables. Hard variables such as capacity, expenditure or amount of visitors can be measured objectively whereas soft variables such as level of trust between stakeholders or cultural uniqueness can't. Both types are equally important and it is necessary to at least estimate the values of soft variables and their impact, for instance using scales between 0 and 1. If omitted, it would mean that their impact is non-existent which we know is not true (Sterman, 1991).

Another of the important issues that should be respected when operationalizing variables included in the simulation model is a consistent use of appropriate units of measure. All the operationalized variables and formulas used for relationships definition are dealing with quantities changing over time and thus it is not right to freely combine incompatible units of measure without proper conversion.

Again, the solution might be in developing several interrelated models on different levels of aggregation dealing with different specific problems.

The last issues to mention here in general are the time scope and time steps for the model. It is always better to see the behaviour in the longer term, although more distant future is typically riskier to predict. In this case it should be at least five years due to longer delays in investments. Probably also ten year time horizon would be meaningful. The basic time step can be for instance one year or month which should reflect tourism seasonality.

Some more detailed recommendations related to the recommended simulation model structure and equations will follow in the next sections.

### **Incoming visitors submodel**

The incoming visitors submodel consists of two key auxiliary variables – Incoming Overnight Tourists and Incoming One-day Visitors. They are being measured in numbers of people and their values in a particular time are influenced by other variables – Tourists and Tour Operators Preference of the Region, Public Health & Security Policies. Also Accommodation Prices and Accommodation Capacity (Supply) variables play a role for determining the amount of Incoming Overnight Tourists variable.



For modelling purposes these two variables can be further split into different segments, for example using arrays of variables. These segments may be individual vs organized visitors, business vs private visitors, visitors with different expenditure habits, visitors from different countries etc. This decision should be made according to known information about profiles of real visitors or target groups selected on the level of region or crucial stakeholders' marketing strategy.

Numbers of these visitors will be heavily influenced by the Tourists and Tour Operators Preference of the Region variable which should be a stock variable depending on previous Region Attractiveness for Tourists, Region Promotion and Tourist Satisfaction variables values. Here, one of the first positive feedback loops is being formed – the more satisfied tourists we have now, the more we are going to have in the future or vice versa.

The Tourist Satisfaction as well as the Region Attractiveness for Tourists variables should be operationalized as a scale between 0 and 1. It is necessary to add that the Region Attractiveness variable is always relative to other competing regions, represents subjective perception and it can also differ amongst different segments. Thus it might be needed to compare different competitive regions and add a scenario to the model that would cover their relative development. The scenario can be typically described as a time series of expected values over time which can be easily interpreted and changed.

The same scenario approach might be used for calibration of Exchange Rates and Macro Influences variables and the policies being applied, e.g. the limiting influence of Public Health & Security Policies variable (and also for other policies and factors being described later).

The last part to describe here is the Public Region Promotion Policy variable. This policy could again be expressed as a time series of budgets which are then transformed using added auxiliary variables as a flow to the overall Region Promotion together with private investments depending on capacities utilization. The Region Promotion should be a stock variable because the effects of both public and private promotion activities effects may accumulate over time.

### **Activities submodel**

This submodel covers public and private leisure activities supply meeting with demand from visitors and residents. Public activities may be provided free of charge as public goods or they can directly compete with businesses.

These activities may be of various types and again it may be necessary to split them to subgroups (e.g. activities for free vs being charged for, nature related activities vs culture related activities etc.) and add links to other submodels. If the activities would be split to subgroups, it would be also necessary to split their prices, costs, depreciation, investments and utilization accordingly.

All activities are typically being depreciated by time and consumption and have to be renewed regularly which demands investments. Investments are twofold – public (Public Investments in Supply of Activities variable depending on Regional Activities Development Policy) and private (Private Investments in Supply of Activities variable relying on Regional Attractiveness for Investors, Real-estate Development Limits and return on investment influenced by Real-estate Prices, Activities Prices and Activities Utilization variables). Investments are typically delayed which means that between the decision to invest and the opening of an activity a longer time period may exist. To model the investments process an aging chain molecule (Hines, 2014) can be recommended.

Prices are being influenced by Activities Utilization (measured in %) which represents internal competition forces in the tourist destination, Activities Costs and Regional Tax Policy and Quality of Services variables.

The Activities Capacity (Supply), Public Supply of Activities, Public Investments in Supply of Activities, Private Investments in Supply of Activities and Activities Prices variables should all be stock variables. Investments in supply of activities and depreciation of them should be flow variables. Transformations between variables measured in money and physical capacities are needed here to ensure proper simulation of the model.

### **Accommodation submodel**

This submodel describes accommodation capacities, their depreciation and utilization, investments to new capacities, prices and costs. i.e. how supply of accommodation capacities is being formed in time and how this meets demand for accommodation by tourists.

Accommodation capacity may be again of different categories and modeling may be done using arrays of variables. We expect capacities to be measured as an accumulation of beds available (stock variable). Internal competition is again represented by the Accommodation Capacity Utilization variable which influences Investments in Accommodation Capacity and also Accommodation Prices variables.

The main parts of this submodel's structure are very similar to the activities submodel described earlier, i.e. the capacity depreciation as well as investments and costs. The main differences are related to the nonexistence of public supply of accommodation capacities.

Accommodation Capacity (Supply), Investments in Accommodation Capacity and Accommodation Prices variables should all be stock variables. Accommodation Capacity Depreciation and Investments in Accommodation Capacity variables should be flow variables. Transformations between variables measured in money and physical capacities are needed here to ensure proper simulation of the model.

### **Infrastructure submodel**

The submodel of infrastructure is quite simple and deals only with the overall level of infrastructure and its' improvement due to Infrastructure Development Policy variable and depreciation over time.

The variable Infrastructure should be modelled as a stock variable. It is possible to operationalize it in more detail as a transport infrastructure, water supply, medical care etc. using array of variables. Public Investments in Infrastructure and Infrastructure Depreciation should be flow variables.

### **Real-estate submodel**

This submodel deals with real-estate prices and supply. Real-estate is a crucial necessity for tourism activities and so forth it cannot be omitted. In our case the real-estate model would influence investments to both accommodation and activities and also irritation of residents.

In certain cases it might be also needed to add a causal link between new investments and the induced decrease of real-estate supply, especially in areas where the available real-estate would be very limited.

Both the Real-estate Supply and Real-estate Prices should be stock variables.

## **Human resources submodel**

The human resources submodel explains how the quality and supply of employees in hospitality & tourism industry is being formed.

There are two main balancing factors in this submodel. The first of them is Demand for Employees in Hospitality & Tourism variable, the second is Hospitality & Tourism Training & Education Support Policy variable. They are being transformed through the Hospitality & Tourism Training & Education and Hospitality & Tourism Career Attractiveness variables which influence both quantity and quality of employees for the hospitality & tourism industry. It is necessary to add that these two factors are typically delayed – it is again possible to use the aging chain molecule to reflect this.

The whole logic of human resources interplay with other parts of the model is in employees' quality (Quality of Employees in Hospitality & Tourism variable) and a possible lack of them (Lack of Employees in Hospitality & Tourism variable).

It might be necessary to categorize employees into different groups which can be done again using the array of variables. Wages in Hospitality & Tourism, Hospitality & Tourism Career Attractiveness, Available Employees in Hospitality & Tourism, Employees in Hospitality & Tourism and Quality of Employees in Hospitality & Tourism should all be stock variables.

## **Regional economy submodel**

The regional economy submodel covers both a region attractiveness for investors and an impact of tourists on regional economy through their induced expenditures, tax revenue, GDP and what stays in the region due to local ownership of businesses.

Region attractiveness for investors should be modelled as a stock variable. Its value is being mainly influenced by the opportunities existing in the region (based on variables Tourism Development Potential, Infrastructure, Tourists and Tour Operator Preference of the Region, Relative Prices for Tourists, Regional Activities Development Policy, Regional Tax Policy, Lack of Employees in Hospitality & Tourism and Macro Influences).

Tourist expenditures are deduced from activities and accommodation submodels. We assume that also further tourist expenditures besides activities and accommodation are being induced in the region (e.g. meals, souvenirs, local transport etc.).

The overall economic impact of tourism expenditures is also dependent on a Proportion of Regional Ownership which should add multiplication effects. This reflects a percentage of businesses that are being owned by locals – when this percentage is higher we may expect also higher Regional GDP and Regional Tax Revenue.

All expenditure variables should be modelled as auxiliary, the only stock variable in this submodel could be the Regional GDP if it would be necessary to calculate its' growth.

## **Residents submodel**

The residents submodel deals with impacts of tourism on local residents. This is important from several perspectives. Probably the most crucial one is that through their irritation local policies could be influenced, especially in democratic countries. In such a case it would be necessary to add links between the irritation and policies.

The impacts could be both positive and negative. The positive ones might be in the infrastructure development, higher employment, regional share of income and leisure activities available. The negative ones might be in the destination overcrowding, increased prices and deterioration of cultural uniqueness and natural environment.

Residents as well as Residents Irritation from Tourism should be both stock variables.

### **Nature and culture submodels**

These two submodels are very simple and only deal with the deterioration of the natural environment and cultural uniqueness through the activities consumption and preservation of them through the relevant policies.

It is possible to operationalize these two submodels further. The natural environment might also be influenced by other than leisure activities, e.g. by the investments in accommodation capacity, tourists using accommodation capacities or macro scale influences like global warming, reproduction of nature should be considered as well. The same applies to culture.

Both Natural Environment and Cultural Uniqueness variables should be modelled as stock variables.

## **2.6 Discussion and conclusion**

Even though the developed metamodel is limited and without operationalization it is not possible to use it for proper computer simulation, it is still meaningful to use it as a means for a thought experiment to show whether the structure of causal relationships leads to a meaningful result and could assist in framing of policies under different situations.

Let's say that we would like to use tourism as a vehicle for regional development and our goal is to increase regional GDP through tourism.

We need to firstly analyse accommodation and leisure activities utilizations. If these are high, we need more activities and/or accommodation capacities to grow. If they are low, we need to attract more tour operators and tourists to achieve the same goal.

It is clear, that without this information the policies could be totally wrong – for example a further region promotion in the first situation would only lead to an even higher utilization of capacities and the only effect on the regional GDP could be through increased prices, which might also increase prices of leisure activities for residents. If this increase in prices will not be related to an increase in the quality of services at the same time, tourist satisfaction will drop and the situation might end up worse than at the beginning. Thus it is necessary from the beginning to coordinate at least the public region promotion policy and hospitality & tourism training & education policy to be successful.

Another example might be related to public investments to leisure activities in the first situation. Because these activities are very often non profitable and thus cheaper than commercial ones, a crowding out effect might occur. In such a situation, it could be questionable whether the decrease in activities expenditure and future potential reinvestments would match the increase in accommodation and other induced tourist expenditures. If not, such an investment would be very problematic from the perspective of achieving the former goal.

With these simple examples we have shown that certain policies in such a complex system can't work without understanding causal relationships and having proper information. Some causal relationships

are quite generic and we have included them in our metamodel. Some can be more specific for a particular case and these could be easily added.

We believe this metamodel, is the first step towards the development of a family of simulation models dealing with sustainable development of tourist regions and we hope that it could help to improve present knowledge, as well as policy making in tourism.

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### **3. Regional strategic documents of sustainable tourism development: Comparison of the regions of South Bohemia and Upper Austria**

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*Petr Štumpf<sup>1</sup>*

*Abstract:* Strategic planning for sustainable development of tourism in the regions of South Bohemia and Upper Austria has many common features, but also a number of differences, based, not only on the diversity of tourism potential, but also on the different development of the economies of both countries in recent decades. A comparison of the regions in terms of tourism, especially in the areas of strategic planning, the processing of strategic documents, implementation of destination strategies and evaluation of their success, is essential for close cooperation between the regions and common projects for further tourism development.

*Key words:* tourism, destination planning, destination strategy, South Bohemia, Upper Austria

#### **3.1 Introduction**

Upper Austria and South Bohemia are border regions of the Austrian and Czech Republics, which have a common history and long-standing business relationships. A partnership between these two regions, in many different areas, was renewed again in the 1990s. Tourism plays a significant part in the economy of both regions. There is a realisation of close cooperation between the regions and common projects for further tourism development are also carried out in the field of tourism.

Strategic planning, for sustainable development of tourism in both regions has many common features, but also a number of differences, based, not only on the diversity of tourism potential, but also on the different development of the economies of both countries in recent decades. Comparison of the regions in terms of tourism is the essential objective of this research, especially in the areas of strategic planning, the processing of strategic documents, implementation of destination strategies and the evaluation of their success.

#### **3.2 Region as a tourism destination**

In the context of this topic, the notion of a region as a tourist destination is an important consideration, however, the lack of a commonly accepted definition presents a challenge.

According to Bartoš (1996), a region is a common name for a small, territorially bordered unit within a larger spatial or territorial unit. This concept is, in the social sciences, usually specified and narrowed to be, medium-large, geographically placed and identifiable units within the state, i.e. units with an area smaller than the state and larger than a locality or basic administrative units – municipalities.

Wokoun, Malinovsky et al. (2008), describe in detail the typologies and importance of regions and categorise these as either descriptive or normative. Descriptive regions are defined on the basis of situational analysis, i.e. the regions are defined by the occurrence of certain, representative,

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phenomena, or they are characterised by the relative autonomy of its complex integrity. Normative regions are formed by a political decision based on legislative or executive requirements as territorial administrative units.

Eisenstein (2010), focuses on relationships between regions, tourist regions and tourism destinations. According to this author, a region is called a tourist region if the following statements are fulfilled:

- strategic objectives are set for a defined geographical unit, with the positioning of offers to meet the needs of demand in the tourism market to achieve economic benefits;
- decision makers and competence holders follow the plan for the processing of tourist offers;
- to plan, initiate and implement measures for revealing the tourist demand potential to accelerate tourism development; and
- to establish an organisational unit (tourism organisation) for an appropriate region.

Tourism destinations can be defined by using the following approaches: 1) administration units; 2) concentration of demand (distance and motivation); 3) level of public sector intervention in the processing and operating of the system; and 4) strategy of induction, deduction and centralisation. Geographic borders of a tourist region do not have to correspond with the borders of an administrative unit, however, in practice this is very common. The definition of a tourist region tends to focus on the tourist offerings (supply); whereas, in contrast, destination is defined from the tourism demand point of view (Eisenstein, 2010). Horner and Swarbrook (2003) define a tourism destination from a geographical perspective, claiming tourism destinations exist at different geographical levels, creating mutual relationships. The definition of destination, at the regional level, is the most complicated (Palatková, 2011), as it is necessary to reflect on the different approaches – administrative (political) and business (the relationship of supply and demand).

Bieger (2008) confirms the importance of distance, consumer needs and reason for the choice of a journey and all of which influence how large the destination is for each guest (resort – locality – region – country – continent). Bornhorst, Ritchie and Sheehan (2010) perceive destination from a similar perspective. It is critical to recognise that tourism destination is the primary unit of study in management theory in relation to understanding and satisfying a customers' needs. They also define a tourism destination from the points of view of both the institutional (administrative, political, geographical) and visitor as a consumer (needs, motivation, experience) as *"a geographical region, political jurisdiction, or major attraction, which seeks to provide visitors with a range of satisfying to memorable visitation experiences"* (Bornhorst, Ritchie and Sheehan, 2010, p. 572). These authors point out that geographical boundaries define a destination and commonly coincide with the boundaries of a political jurisdiction. However, it is conceptually and managerially more effective to view a destination as that geographic region which contains a sufficiently critical mass or cluster of attractions, so as to be capable of providing tourists with visitation experiences that attract them to the destination for tourism purposes.

For destinations on the regional level there are, among others, typically the following factors (Müller, 1998 In Palatková, 2006):

- Strong, existing destinations should be focused on expansion with the aim to gather the region under one brand and one destination marketing organisation (DMO); and .
- For smaller localities, near strong destinations, it is convenient to join with the well-known destination.

### 3.3 Destination management and the role of a DMO

The processes that lead to tourism development in a defined area are referred to, collectively, as destination management.

According to Novacká (2003), destination management represents a total coordination of activities related to certain participating subjects. These subjects, with its products (activities, certain tourist services of required quality etc.), create the destination product, which is implemented within the conditions of sustainable development in a defined environment. The aim is to satisfy clients' needs, entrepreneurial goals and social interests.

Managing destinations is a complex task that requires bringing all local participants and stakeholders together. Planning, management, marketing and coordination of destinations are typically undertaken by either the public sector (at national, regional or local level), or partnerships between stakeholders of a local tourism industry. (Prideaux et al., 2006)

Palatková (2006), claims that a destination management concept is typical at a local and regional level because the controlling processes are much easier than at a national level. Nationally, the concept of destination management is difficult to implement feasibly, with the exception of smaller geographic destinations (Malta, Cyprus), where tourism creates a significant part of those economies.

Goeldner and Ritchie (2009), state that destination management is a complex, multi-dimensional process, by which two basic parameters – competitiveness and sustainability – must be fulfilled, for it to be successful in a tourism context. Individually, these parameters are not sufficient, but together they complement each other and form a basic presumption of success. Following Mazanec, Wöber and Zins (2007), the success, in tourism destination management, is frequently measured using a variety of indicators including: 1) the number of visitors and expenditures generated; 2) the degree to which the negative effects of seasonality are successfully ironed out by management action; 3) efficient use of existing capacities; 4) the extent to which natural and cultural resources are preserved; 5) visitor satisfaction with the tourism product provided; 6) efficient usage of market communication and advertising; and/or 7) the degree to which local residents accept the existing tourism policy. However, there is a difference between destination success and success of a DMO. The relationship between these two factors is presented by Bornhorst, Ritchie and Sheehan (2010). Common determinants of tourism success, for both the destination and the DMO are: 1) community support; 2) marketing; and 3) destination performance. These authors highlight that, DMO success and destination success share some similarities, but also have some important differences that practitioners and researchers should consider. (Bornhorst, Ritchie and Sheehan, 2010)

The destination management module put forward by Ritchie and Crouch (2003), consists of a total of nine components of which organisation is identified as being the basic step to establish and operate a destination management organisation (DMO). It is essential that a destination's DMO be functional from both the strategic and the operational perspectives. The leadership and coordination roles that a DMO must perform are the essence of ongoing, long-term success.

Bieger (2004) defines a tourism organisation as the main instigator of cooperation in a destination. These organisations can be organised as public or private organisations. The role of an organisation comes from the specificity of a tourism product. The most important functions of a DMO, according to Eisenstein (2010), are: (1) planning (strategic and development function); (2) coordination; and

(3) marketing – a point that Elbe, Hallén and Axelsson (2009), claim as the main function of a DMO, that is, being responsible for marketing its destination.

Managerial tasks, to ensure an effective, smoothly operating DMO, according to Ritchie and Crouch (2003), are divided into two basic parts – internal (such as organizational by-laws, committee structures, budget/budgeting process, organisational administrative procedures, membership management, community relations and publications) and external, such as marketing, visitor services/quality of service, visitor management, information/research, finance and venture capital management, resource stewardship and human resource management).

According to Palatková (2006), a destination management (marketing) organisation is an essential element of destination control at several levels:

- Local Tourism Organisation (LTO);
- Regional Tourism Organisation (RTO) ;
- National Tourism Organisation (National tourist organisation – NTO); and/or
- Continental Tourism Organisation (in Europe the European Travel Commission – ETC).

Ritchie and Crouch (2003) suggest there are, essentially, three fundamental levels at which a DMO most commonly functions. They are 1) the national level; 2) the regional/state/provincial level; and 3) the urban/municipal/city-state level.

Štumpf and Dvořák (2011) consider as fundamental the role of the regional DMO for the development of vertical cooperation at various levels of DMOs (national – regional – local), by fulfilling the role of mediator between the national and local levels. Primarily, its functionality is directly dependent not only on the success of cooperation initiated "from above", but also "from below".

For local and regional authorities, it is very important to recognise the factors that affect the ability to implement successful destination marketing. These factors include the development of a single organisation responsible for the destination marketing and the professionalization of destination strategies (Prideaux and Cooper, 2002).

Importantly, King (2002), points out that DMOs need to get away from promoting the destination to a mass market and relying on an outdated distribution system and, instead, engage customers to ensure they effectively promote and provide the experience such customers want.

The roles and responsibilities of DMOs are seen differently by different stakeholders. Some stakeholders perceive lines of demarcation between the role of the organisation and their particular service and that which the customer does not see. Others, see the role of such an organisation as supporting the traditional distribution processes. Whereas, others, simply, do not recognise the dramatic changes taking place in the market that are forcing a rewriting of the rules of engagement (King, 2002).

### **3.4 Strategic planning and strategic documents of tourism development in a tourism destination**

Rodríguez-Díaz and Espino-Rodríguez (2008), understand tourism destinations as being complex systems that need planning and modelling to improve their overall management. Their model of strategic evaluation of a tourism destination includes different factors affecting the competitiveness of destinations. These are then evaluated according to their internal and relational strategic value. Their

empirical study shows that the tourism supply chain is the destination's focal point and develops its operations according to a destination's resources. In this context, the geographical, environmental, and sociocultural factors, the service companies factor, the political factor, and public infrastructure are all essential to define a destination's singularity and its ability to attract tourism.

Formica and Kothari (2008), add that tourism organisations can gain a competitive advantage by carefully planning and by choosing an integrated model that expands the value chain for its customers.

According to Soteriou and Coccossis (2010), for strategic destination planning, it is necessary to integrate sustainable development principles and show how to integrate these principles into the strategic planning process. These factors fall into three categories; namely: 1) exogenous factors (sustainable development strategy); 2) organisational factors (resources and commitment of top management team factors); and 3) system design factors (internal and external orientation, use of appropriate tools, participation, comprehensiveness, functional integration, level of consideration of sustainability in strategic planning).

In terms of destination marketing planning, Novacká (2003) provides that all activities in destination marketing management require a conceptual approach to tourism development in destinations, despite their administrative, regional, national and geographical demarcation. The importance of marketing concepts in the field of tourism for marketing planning on incoming visitors (i.e. from the perspective of a destination), also underlines Bieger (2008) and Holešinská (2007), who consider destination marketing strategy as a crucial part of the whole concept.

According to Bieger (2008), planning for development of a tourism destination, is provided at three levels – by political authorities, by tourism organisations and by individual businesses.

In German-speaking areas, authors, such as Bieger (2008), Freyer (2004) and others, further define the "Tourismusleitbild" (enlarged mission statement of a tourism destination) and "Destinationstrategie" (destination strategy) as the basic tools of strategic planning for the development of tourism destinations. These tools cannot run independently, but must be implemented in a hierarchy between superordinate documents and subordinate business plans. The "Tourismusleitbild", as a strategic document, crosses the political (= normative) level, the implementation of specific activities of tourism organisations (= strategic level) and business activities (= operational level).

A general strategic document was, primarily, formulated as a basic tool for destination planning in the phase of tourism growth. The document was not specific and contained only vaguely defined directions of tourism development in the destination. The specific destination marketing concept was further developed from the basic document. (Bieger, 2008, s. 290)

Vystoupil et al. (2007) and Holešinská (2007), focus on the issue of strategic and tactical documents of tourism development in the Czech Republic. Vystoupil et al. (2007) show specific features that appear in the issue of tourism documents in the Czech Republic. The concept is becoming more detailed and, so, takes on the characteristics of a plan.

Štumpf and Dvořák (2011) propose ten recommendations for effective destination planning and processing of the strategic documents of tourism on a regional level in the Czech Republic: 1) definition of the planning period; 2) preparation of processing of the strategic document sufficiently in advance; 3) exact specification and selection of a suitable processor; 4) evaluation of the strategy of the previous planning period; 5) definition of SMART strategic goals; 6) processing of a tactical

document; 7) processing of short-term marketing plans; 8) reviewing the implementation of short-term goals and ongoing evaluation of the strategy; 9) final evaluation of the strategy success; and 10) taking responsibility for implementing the strategy and achievements. These recommendations should lead to the elimination of deficiencies in the current system of destination planning in the Czech Republic.

Generally, the aim of a destination strategy is to build and maintain its competitiveness in the tourism market. It provides information about how to achieve a sustainable competitive advantage through the identification, development and utilisation of key competencies; how the destination may be profiled in the market; and in which markets it wants to present and with which products (Bieger, 2008).

In destination planning, it is also necessary to predict future developments and trends in the tourism market. This is recognized by Formica and Kothari (2008), who argue that the formulation of a destination strategy is directly related to forecasting future events and their impact on a destination.

### **3.5 Case study: Comparison of the Regions of South Bohemia and Upper Austria**

The processing of strategic documents in the Czech Republic and Austria, at regional level, does not follow a standard approach. This is the result of decentralisation that allows regional decision making in creating strategic documents, including considerations as to which information may be included, who compiles the documents and how these are processed.

This raises several research questions as follows:

- 1) What are the essential characteristics of South Bohemia (hereinafter called SB) and Upper Austria (hereinafter called UA) as geographical and administrative units and as a tourism destination?
- 2) What information is included in current strategic documents of tourism development in SB and UA?
- 3) How does the system of contracting, processing, approving, implementation and evaluation of tourism strategic documents work in SB and UA?

The method used in this research is a three step comparative analysis.

In the first step the regions of SB and UA are defined as geographic and administrative units, and, also, as tourism destinations, on the basis of regional statistics, with the basic comparison indicators being:

- Area (km<sup>2</sup>);
- Number of inhabitants;
- Nomenclature Units of Territorial Statistics (NUTS);
- GDP per capita;
- Rate of unemployment;
- Number of guests in collective accommodation establishments;
- Number of overnight stays in collective accommodation establishments;
- Length of stay of guests in collective accommodation establishments;
- Capacity of collective accommodation establishments;
- Defert's tourist function of tourism intensity and activity in a tourism destination (T(f));
- TPI (Tourism Penetration Index) modified as Tourism intensity index (TI); and
- Current documents of tourism development.

The second step comprises content analysis of documents representing essential components of tourism strategic planning:

- *Strategy of Tourism Development in the Region of South Bohemia for the period 2009 – 2013* (Strategie rozvoje cestovního ruchu v Jihočeském kraji na roky 2009 – 2013)
- *Course book of Tourism – Upper Austria 2011 – 2016* (Kursbuch Tourismus Oberösterreich 2011 – 2016)

The following indicators for the content analysis were identified according to those suggested by Štumpf and Dvořák (2011) and Vystoupil, et al. (2007) and divided into three categories:

- 1) Tourism strategic document as a whole
  - Period of validity
  - Extent
  - Ratio of Analysis and Proposal
  - Approval of the document by the highest regional bodies
- 2) Analysis section
  - Evaluation of the importance of tourism for the region
  - Analysis of tourist offers
  - Analysis of tourist demand
  - SWOT analysis
  - Analysis of competitors
- 3) Proposals section
  - Defined mission and strategic vision
  - Defined measurable strategic goals
  - Defined priorities and measures
  - Defined marketing strategies
  - Defined target markets and target segments
  - Proposal of financing of implementation
  - Defined system of evaluation and success controlling

The third part of the research was carried out through semi-structured interviews with 8 representatives (4 from the Czech Republic, 4 from Austria) from institutions responsible for tourism development and destination strategic planning in SB and UA:

- Regional Authority of South Bohemia (Marketing and Foreign Affairs Dept.)
- Tourist Board of South Bohemia
- Authority of the Land of Upper Austria (Dept. of Economy)
- Tourist Board of Upper Austria
- Chamber of Commerce Upper Austria
- Con.os Tourismus Consulting GmbH (processor of *Course book of Tourism – Upper Austria 2011 – 2016*)

The semi-structured interviews were designed to obtain expert views, through the use of open questions, on issues related to the processing, implementation, evaluation and control of tourism strategic documents in SB and UA. The representatives of the above mentioned institutions were asked about issues related to the processing, implementation, evaluation and control of tourism strategic documents in the compared regions.

### 3.5.1 Definition and essential comparison of the regions

The regions of SB and UA represent, from a historical and geographical point of view, important partners in cross-border cooperation. Whilst as geographical units the regions of SB and UA have similar characteristics, they also have differences in socio-economic and administrative factors. UA is defined as a NUTS II region by European Nomenclature Units of Territorial Statistics, whereas SB represents the level of NUTS III. The Nomenclature Units of Territorial Statistics were defined by the European Union to ensure comparable statistical data for different regions at different levels for implementing effective regional politics in EU-countries. The number of inhabitants is the decisive criterion for inclusion the geographical unit to the appropriate level of NUTS. UA has twice the number of inhabitants than SB. GDP per capita is higher in UA, at 2.7 times more than that of SB. There is a higher unemployment rate in SB.

As a tourism destination, SB is one of the top three Czech destinations, measured by the number of guests and overnight stays; whereas, UA is one of the worst three Austrian destinations. The number of guests and overnight stays in UA is about 2.2 times higher than those of SB, and accommodation capacity (number of beds) only 1.1 times higher than those of SB. These facts demonstrate higher usage of beds in UA.

It is also worthwhile to compare Defert's function  $T(f)$  index, that measures tourism intensity and activity in a tourism destination. The Defert tourist function represents the ratio between the capacity of the region for receiving visitors, measured by the number of beds ( $N$ ), and the number of the host population to receive them, measured by the resident population ( $P$ ). The index can be measured by the formula (Boniface, Cooper, Cooper, 2012, p. 53):

*Equation 3-1 Defert's tourist function*

$$T(f) = N*100/P$$

According to this index, the intensity of tourism should be higher in SB. Defert's function does not include the ratio of bed use, and this is acknowledged as a limitation of this index. However, it is also possible to compare intensity by another index – the modified Tourism Intensity Index (TI), which is calculated as the ratio of the number of overnight tourists and number of residents (Musil et al., 2008, p. 48). This index shows a very similar intensity of tourism in UA and SB.

A summary comparison of SB and UA as administrative and geographical units, as well as tourism destinations, is shown in Table 3-1.

Many differences between these two regions were identified. The areas of SB and UA are similar, but the number of inhabitants is approximately twice as many in UA. That is why the Land of Upper Austria belongs to NUTS II and the Region of South Bohemia to NUTS III. From a tourism destination perspective, SB is a leading destination in the Czech Republic; whereas, UA does not enjoy equivalent status in Austria. However, the number of visitors and overnights is higher in UA than SB. The tourism intensity index, in both destinations, is similar, but the Defert tourism function index is higher in the Region of South Bohemia.

### 3.5.2 Analysis of strategic documents of tourism development

The strategic documents of tourism development were analysed, according to predefined indicators identified earlier (in the Research and Methodology section). The aim was to establish whether these

Table 3-1 Comparison of geographical, social-economic and tourism data (South Bohemia vs. Upper Austria)

Indicators	Regions	
	South Bohemia <sup>1</sup>	Upper Austria <sup>2</sup>
Official name	The Region of South Bohemia (Jihočeský kraj)	Land of Upper Austria (Land Oberösterreich)
Area (km <sup>2</sup> )	10,057	11,987
Number of inhabitants	636,707 (2013)	1,421,939 (2013)
Gross domestic product (GDP) per capita	306,421 CZK (12,256 EUR) <sup>3</sup> (2009)	32,800 EUR (2009)
Rate of unemployment	5.7% (2012)	2.9% (2012)
Nomenclature Units of Teritorial Statistics (NUTS)	NUTS III	NUTS II
Number of guests in collective accommodation establishments	1,138,549 (2013)	2,511,551 (2013)
Number of overnight stays in collective accommodation establishments	3,188,706 (2013)	7,080,831 (2013)
Average length of stay (nights)	2.8 (2013)	2.8 (2013)
Capacity of collective accommodation establishments (number of beds)	61,761 (2013)	67,900 (2013)
Defert tourism function index (T(f))	9.70	4.78
Tourism intensity index (TI)	1.79	1.77
Current documents of tourism development	<i>Strategy of Tourism Development in the Region of South Bohemia for the period 2009 – 2013</i>  (Strategie rozvoje cestovního ruchu v Jihočeském kraji na roky 2009 – 2013)	<i>Course book of Tourism – Upper Austria 2011 – 2016</i>  (Kursbuch Tourismus Oberösterreich 2011 – 2016)

<sup>1</sup> Source: Czech Statistical Office, own calculation (T(f) and TI), Regional Authority of South Bohemia

<sup>2</sup> Source: Statistics Austria, own calculation (T(f) and TI), Authority of the Land of Upper Austria

<sup>3</sup> Exchange rate: 1 EUR = 25 CZK

documents contained the most important information for strategic decisions for tourism development in their respective destinations. The findings are summarised in Table 3-2.

The comparative table shows that the biggest difference, in the strategic documents of the two regions, lies in the balance of analysis and proposals. Whilst, in the SB document, the ratio of analysis/proposals is 40/60%, the UA document only contains a brief summary of the current situation, dealing, instead, in detail with specific processes and proposals for the defined period. The ratio of analysis/proposal for UA is 8/92%.

The sections of analysis and proposals are worked up in a different way in each document. While only one of the predefined indicators does not occur in the analytical section of the document of SB (i.e. by the scale rating only one value "NO" was identified by indicator "Evaluation of the importance of tourism for the region"), the analytical section of the document of UA does not contain them at two of the predefined indicators (i.e. by the scale rating the value "NO" was identified twice by indicators "SWOT analysis" and "Analysis of competitors"). The situation in the proposals sections is contrary. While 3 from the predefined indicators do not occur in the proposal section of the document of SB (i.e. by the scale rating the value "NO" was identified three times by indicators "Defined measurable strategic goals", "Defined marketing strategies" and "Defined system of evaluation and success controlling"), only one of the predefined indicators is missing in the proposal part of the document of UA (i.e. by the scale rating only one value "NO" was identified by indicator "Proposal of financing of implementation").

The current strategic documents of UA and SB are not defined for the same period (*Strategy of Tourism Development in the Region of South Bohemia 2009 – 2013*, *Course book of Tourism – Upper Austria 2011 – 2016*). The most significant difference in the strategic documents of the two regions is clearly seen in the balance between analysis and proposals. The part of analysis and the part of proposals are worked up differently in each document. The document of UA contains only a brief summary of the current situation and deals in detail with specific processes and proposals of strategies for the defined period. It is possible to find a more proper situation analysis in the document of SB, as well as case studies of tourism development from other tourism destinations abroad. The most problematic issue for continuous and final evaluation, which was analysed in both documents, is that measurable strategic goals are not defined. In the case of the strategic document of SB, it is also connected with the fact that no system of evaluation is defined in the document. Another fact is the essential marketing strategies are missing in the document of SB and the proposal part is aimed more at the marketing communication of the destination.

### **3.5.3 System of contracting, processing, approval, implementation and evaluation of tourism strategic documents**

The strategic documents of tourism development in both regions are supplemented by more detailed *documents of implementation*. However, there are few similarities between the documents of implementation of SB and UA. The documents of implementation of UA are worked up as long-term partial documents (2011 – 2016) and, for example, the implementation of partial strategies is solved in these documents ("lighthouse" strategy and brand strategy). The aim of the "lighthouse" strategy is to present UA by using extraordinary products = lighthouses, such as the Danube Cycling Route. The goal of the brand strategy, in this case, is to create an "endorsed brand" of a chosen target destination and smaller region in UA, such as Salzkammergut. Similarly, implementation documents are also created in SB, but these are typically short-term (1 year validity) and focus only on a specifically

Table 3-2 Comparison of strategic documents of tourism development (South Bohemia vs. Upper Austria)

Indicators	Evaluation Parameters	Strategic Documents of Tourism Development	
		Strategy of Tourism Development in the Region of South Bohemia for the period 2009 – 2013 <sup>1</sup>	Course book of Tourism Upper Austria 2011 – 2016 <sup>2</sup>
<b>Tourism strategic document as a whole</b>			
Period of validity	Years (period from/to)	5 years (2009 – 2013)	6 years (2011 – 2016)
Extent	Number of pages	115 pages	101 pages
Ratio of analysis / proposal	%	40% / 60%	8% / 92%
Approval of the document by the highest regional bodies	YES / NO	YES	YES
<b>Analysis section</b>			
Evaluation of the importance of tourism for the region	scale YES / PARTLY / NO <sup>3</sup>	NO	YES
Analysis of tourist offer	YES / PARTLY / NO	YES	PARTLY
Analysis of tourist demand	YES / PARTLY / NO	PARTLY	PARTLY
SWOT analysis	YES / PARTLY / NO	YES	NO
Analysis of competitors	YES / PARTLY / NO	YES	NO
<b>Proposals section</b>			
Defined mission and strategic vision	YES / PARTLY / NO	YES	YES
Defined measurable strategic goals	YES / PARTLY / NO	NO	PARTLY
Defined priorities and measures	YES / PARTLY / NO	YES	PARTLY
Defined marketing strategies	YES / PARTLY / NO	NO	YES
Defined target markets and target segments	YES / PARTLY / NO	YES	YES
Proposal of financing for implementation	YES / PARTLY / NO	PARTLY	NO
Defined system of evaluation and success controlling	YES / PARTLY / NO	NO	YES

<sup>1</sup> Source: Based on the Strategy of Tourism Development in the Region of South Bohemia 2009 – 2013

<sup>2</sup> Source: Based on the Course book of Tourism – Upper Austria 2011 – 2016

<sup>3</sup> This scale is used according to Vystoupil et al. (2007) and Štumpf & Dvořák (2011)

chosen marketing communication topic for the current year. For example, in 2011 it was The Year of the Rosenbergs, and in 2012 it was the 20 Years Anniversary of UNESCO in South Bohemia – we live in historical sights.

The processing of general strategic documents, also displays similarities and differences. In both regions these documents were produced by external consulting companies (hereinafter called the processor), chosen through public competition against predefined criteria. The contracting authorities in UA were the Land of Upper Austria, the Chamber of Commerce Upper Austria and the Tourist Board of Upper Austria (as an official partner); whereas, in SB the Regional Authority of South Bohemia was the only contracting subject (hereinafter called the contractor).

The Tourist Board of Upper Austria was the only contractor of the former strategic document of UA (Kursbuch Tourismus und Freizeitwirtschaft 2003 – 2010), which probably explains why its processing is much simpler than the current *Course book*. Not surprisingly, when there is more than one contracting authority, the process is more complex and lengthy, with responsibilities, rights and duties divided at the onset among more tourism and destination key stakeholders. The rules for all stakeholders and the responsibility for all activities by implementation of the strategy are clear in this case.

An obligatory methodology for the processing of tourism strategic documents does not exist at either the regional or national levels in the Czech Republic and Austria. That is why the methods used in processing these documents are proposed by the contractor or the processor. The methodology in UA was fully proposed by the processor (i.e. external consulting company); whereas one in SB was proposed, partly, by the contractor (i.e. Regional Authority of South Bohemia) and, partly, by the processor (i.e. external consulting company).

The processing of the *Course book Upper Austria 2011 – 2016* was very wide-reaching, with many stakeholders and participants involved. All processes were controlled by the managing group (30 participants), which was established in the first phase of the processing. The task of the processor (external company) was to propose the methodology of processing, coordinate the professional teams and make out the final document. The content of the document (destination strategies) was developed by experts and professionals involved in the whole process. In the second phase, 50 experts were questioned as part of qualitative research and 500 representatives of the private sector took part in online interviewing. In the third phase, the strategic document was developed. During the first common workshop, eight specialised teams were established (50 participants). Then, open-space technology was used for the development of the destination strategies in the workshops. In total, three workshops involving the managing group were run during the processing of the document, and meetings of the contracting authorities and the processor were held regularly (every 3 weeks).

Different methods were used for the processing of the strategic document of tourism development in SB. Again, a managing group (15 participants) was established, but the method of quantitative research was used for the testing of the defined strategic vision and mission statement (138 tourists from the Czech Republic, 100 foreign tourists, 107 residents of SB, 50 entrepreneurs). The quantitative research was supplemented by using focus groups with representatives of the target groups (62 tourists from the Czech Republic, 43 residents of SB). A case study was another method that was used for processing of the document. Case studies of tourism development and destination marketing are also involved in the document (e.g. from the UK, Ireland, the USA and Australia). The processing of the strategic document of SB was controlled by the managing group at regular meetings

(every week). The document was distributed for comments to the tourism professionals before the final version was presented to the group of key stakeholders.

The final strategic documents of tourism development in the regions of UA and SB were both approved by the highest regional authorities – the Land Government of Upper Austria and the Regional Council and the Regional Assembly of South Bohemia, despite this not being obligatory. The document, in Upper Austria, was submitted by the Land's councillor (responsible for tourism development) to the Land Government for discussion and was approved afterwards. The strategic document of the Region of South Bohemia was submitted for discussion by the Regional councillor (responsible for tourism development) and approved, at first, by the Regional Council and, after that it was discussed and approved at a meeting of the Regional Assembly.

The cooperation of all stakeholders is the most important element in the implementation phase. The role of the regional authorities is primarily in terms of administration and financial support. Authorities of both regions provide financial support for implementation of their tourism strategies using official Programmes for Tourism Support, from which the individual projects can be co-financed.

The task of the Tourist Board, in general, is to coordinate the activities of all stakeholders, especially between the public and private sectors, to actively communicate with all stakeholders and create strong partnerships in a destination. One of the most important parts of the Tourist Board's activities is destination marketing.

Providers of tourism services play the most important role by implementing destination strategies. Customers satisfy their needs by using services they wish to have and experience. That is why the destination strategies should be aimed at the customers (what they wish) and to the providers of tourism services (what they can provide). The Chamber of Commerce plays an essential role by the coordination of individual providers in both regions. The Chamber of Commerce provides information about destination strategies to members – how to join together the implementing of the strategies. In UA, there is a duty for each entrepreneur to be a member of the Chamber of Commerce Upper Austria; whereas, membership in the Chamber of Commerce of South Bohemia is voluntary.

Providers have to consider if it is favourable for them to join the regional tourism strategy and if they can derive a profit from doing so. This all depends on how the destination products are defined. For example, expert estimation shows that approximately 30% of tourism enterprises in UA will not be involved and influenced by the destination strategies in the current period 2011 – 2016. According to the experts, the destination strategies have an indirect impact on enterprises. They have their own strategies that determine the success of the enterprises, but if they adjust their strategies to the regional strategy, they can make a profit from this central support (even though it is not by way of direct financial support).

Evaluation of the success of the strategy in UA will be realised in two essential steps – continuous evaluation and a final evaluation of the success of the destination strategy. Briefing of the managing group, for the evaluation of the strategy, will take place in the middle (2014) and at the end of the current period (2016). The system of evaluation is defined directly in the strategic document of UA. The Regional Tourism Satellite Account (TSA) will be used for checking the strategy's success. The system for the evaluation of strategy success was not defined in the strategic document of SB. Indicators for evaluation of tourism strategy success in SB are not defined in the document, because the regional TSA for the NUTS III regions in the Czech Republic is missing due to a lack of regional statistical data.

The whole process of: contracting, processing, approval, implementation and evaluation is shown in Figure 3-1 (Upper Austria) and in Figure 3-2 (South Bohemia).

The whole process is more "democratic", but also more complicated, in UA because, in the processing of the document, a wide range of participants is involved. The essential stakeholders cooperate in the development of the strategic document, i.e. the responsibility in the phase of implementation is shared right from the beginning. The process lasts longer and it is difficult to keep the participants motivated. It is more difficult to make a final decision between so many opinions due to the high number of stakeholders.

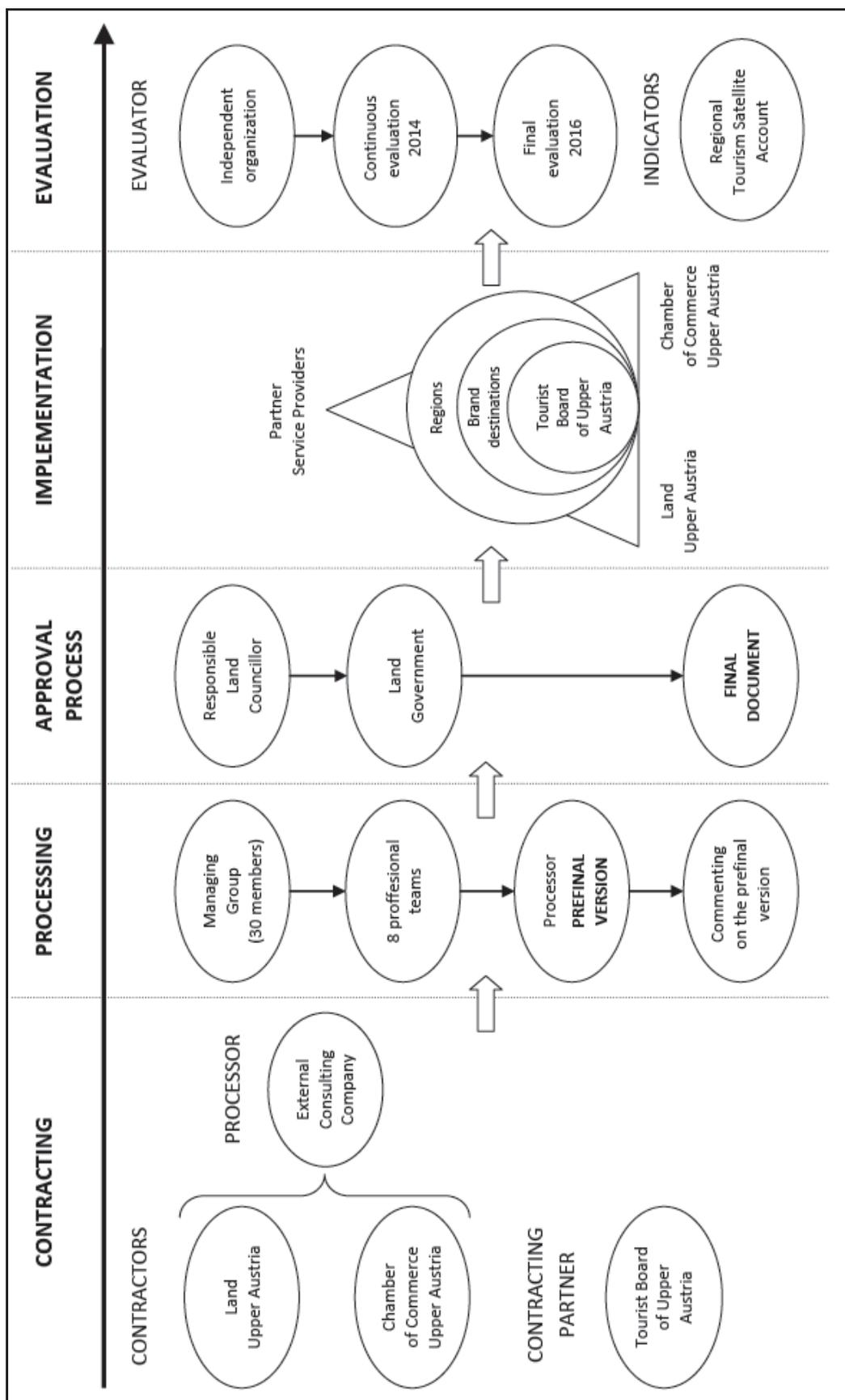
The process in SB is not as "democratic" as that of UA. However, a smaller managing group and lower number of participating organisations can lead to strategic decisions being made more quickly and that is why the whole process goes faster and it is easier to manage the participants and to implement their requirements. The disadvantage, in this case, is the smaller interest of the other stakeholders who are insufficiently in accord with the proposed strategies.

### 3.6 Conclusion and further research

The most important issues from the research are summarised in the previous part of this chapter and the research questions are answered on the basis of the secondary and primary data. The following can be recommended from the findings of the research for future development of strategic tourism documents.

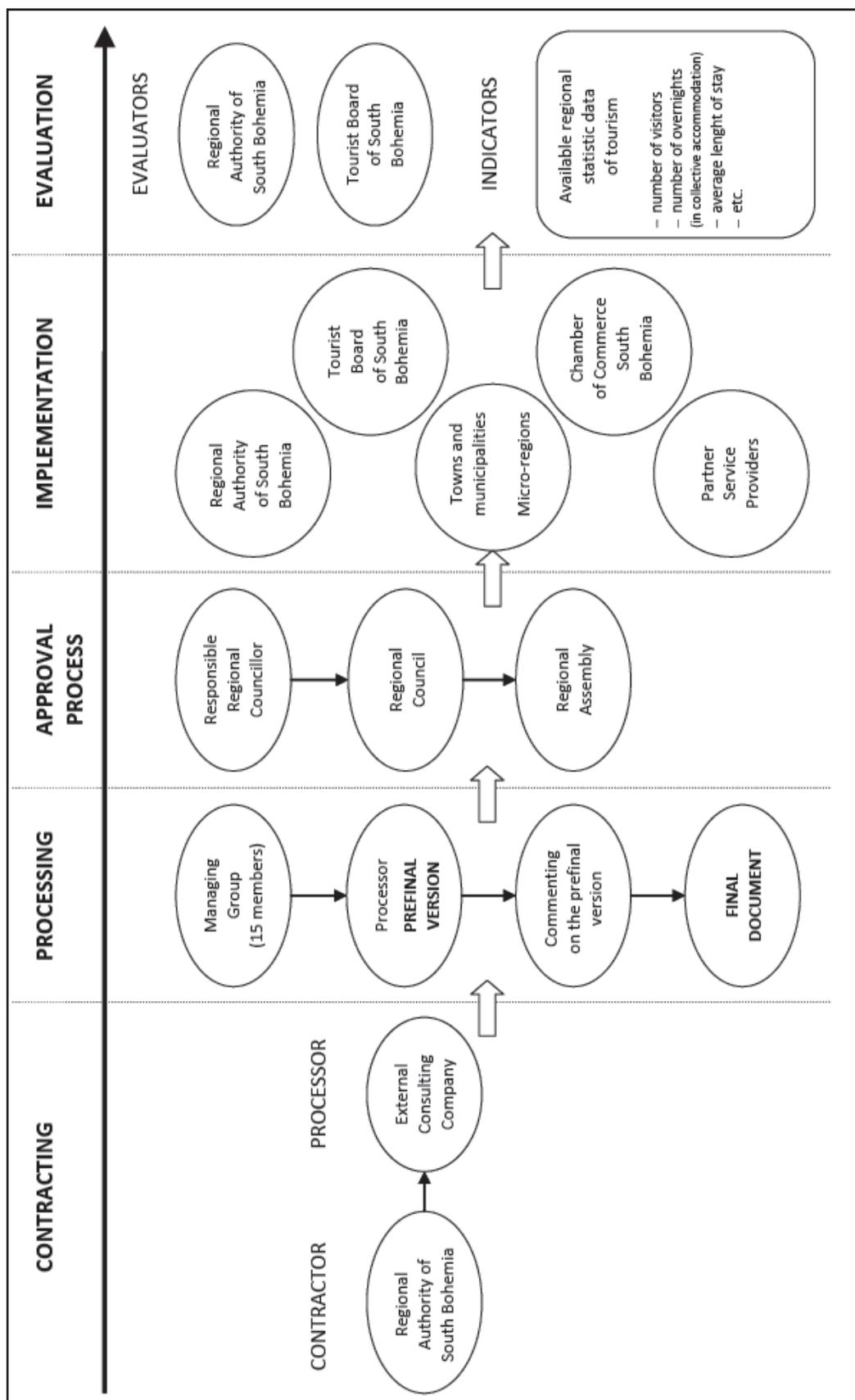
- 1) *Net of stakeholders involved in processing.* A total cooperation of all stakeholders in all phases of destination strategic planning is crucial for the success of the strategy. A key factor of success for destination strategies, according to the experts, is partnership of all stakeholders in a destination. Involvement of the stakeholders (incl. host community) and unity in all phases of the process provide for their engagement by achieving strategic visions and goals in the regions of UA and SB. At the beginning of destination planning, important roles are played by the contractor and processor of the strategic document. The contracting authority must be a coordinator of activities in all phases and have a clear vision of what all stakeholders in a destination want to achieve. This vision must be clearly presented to the processor of the strategic document. The processor must be highly experienced, not only in developing the tourism strategic documents, but also in implementing the destination strategies themselves.
- 2) *Regional tourism satellite account as a controlling system for destination strategy success.* The regional tourism satellite account is implemented in UA, but not in SB. The number of visitors and number of overnight stays may not be very revealing indicators. It is more important to monitor the impact of tourism on the regional economy in making meaningful strategic decisions. The lack of statistical data, at a regional level, is a significant limitation in implementing a regional tourism satellite account in the Czech Republic.
- 3) *New approach to the document – strategic tool and marketing concept in one.* As was mentioned above, the most significant difference in the strategic documents of the two regions is in the balance of analysis and proposal sections. It is more important to know "what to do" than "how it is now" for all stakeholders in strategic decision making. It means that, specific proposals and implementing the destination strategies, must create the core of the document. If we come from the premise, "destination as a product in the tourism market", i.e. tourism destinations are considered as competing units, then, marketing concept must be a philosophy in all phases of destination

Figure 3-1 The process of contracting, processing, approval, implementation and evaluation of tourism strategic documents (Upper Austria)



Source: Based on own research and Course book of Tourism – Upper Austria 2011 – 2016

Figure 3-2 The process of contracting, processing, approval, implementation and evaluation of tourism strategic documents (South Bohemia)



Source: Based on own research and Strategy of Tourism Development in the Region of South Bohemia for the period 2009 – 2013

planning. Subsequently, the document is a strategic tool for the sustainable development of a tourism destination as a competitive product in the tourism market.

Despite the differences between UA and SB, these regions solve similar problems and not only in the field of tourism. They could be considered as competitors, but first of all they are natural partners of cooperation.

This research creates a methodological framework for collaboration between similar cross-border regions of EU countries as well as between EU countries and EU candidates in the field of destination planning. This research also provides a basis for a broad area of study of border regions with the aim to harmonise planning processes and to cooperate in common tourism development in those regions.

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## 4. The effect of social capital on the performance of corporate associations for tourism sustainability in Slovenia

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*Abstract:* In this chapter we examine social capital and its relationship with the performance of corporate associations in tourism in Slovenia. Corporate associations in tourism involve many stakeholders who have different impacts on sustainable development activities. However, relations between the stakeholders involved are crucial in achieving these goals. The relationship creates social capital that allows players to work together and share knowledge and experience to ensure that development brings a positive experience for tourism associations in Slovenia. Given the inconsistent definition of social capital, as well as the mission of associations, we consider all possible assumptions and challenges that arise, both in the definition and measurement of social capital. Social capital has a crucial impact on the performance of tourism associations in order to benefit sustainable development. From the results of the survey, "collective action" and "social inclusion" feature as the most important factors for the success of tourism associations and, therefore, sustainable development in tourism. Consequently, it may be argued that based on these dimensions of cooperation it is necessary to create a sustainable development strategy for the future.

*Keywords:* social capital, success, tourism association, sustainable development, fuzzy-set analysis

### 4.1 Introduction

Every organisation has social capital and may use it without formal recognition of its existence. A firm is often established to take an organisational advantage to the market system and, in this way, facilitates cooperation motivated by social capital, which often operates in a more effective, less costly manner. Additionally, social capital serves to signal the success of tourism associations as a leading indicator, or an evaluation criterion, for sustainable tourism. These applications of social capital can be developed and applied strategically to many aspects of tourism associations. Tourism associations comprise many stakeholders who have different impacts on development activities. However, relationships between the stakeholders involved are crucial in achieving these goals. The relationship creates social capital that allows players to work together and share knowledge and experience for the benefit of all. Broadly, definitions of social capital include reference to social networks and the productive benefits stemming from them. In recent years there has been unprecedented acceptance and application of these concepts, with authors from a variety of disciplines applying these to numerous circumstances. The authors commonly cited as the source of contemporary debate are Pierre Bourdieu, James Coleman and Robert Putnam. What is clear from the literature is that social capital is in a relatively early stage of theoretical development and much work is required to obtain validity of both its conceptualisation and operationalisation. Social capital can be developed by tourism associations and the amount of social capital within the organisation, theoretically, will enhance economic efficiency and enhance long-term success. Only successful associations can become important factors

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in achieving these goals – the tourism industry and individual organisations and members of these associations.

Regarding the dependence and possession of social capital, however, a tourism association is an organisation collectively possessing much more social capital than other individual business organisations. By design, an association is a network of organisations. It is formed with the motivation of mutual benefit and the expectation of collective actions among members. Therefore, a tourism association is an organisation that depends on social capital and, consequently, possesses an abundance of social capital. However, there has been little research on social capital with regard to tourism and there has been no empirical study, to date, to support this argument. This chapter will also discuss how these resources can be utilised as social capital to facilitate business activities in tourism associations in Slovenia. Additionally, the factors of social capital will be operationalised and the frameworks used to measure them will be examined with the aim of establishing a standard global measurement system of social capital in tourism associations.

Following a theoretical foundation in the social capital integrative approach, in this chapter we examine the effects of social capital on organisational performance. Our basic premise is that social capital can enhance performance of tourism associations and that its benefits are a result of the relationships between members. An investigation was conducted with associations active in the field of tourism in Slovenia. The following research questions were set at the beginning of the research:

- Does social capital impact on the performance of the association?
- What are the dimensions of social capital that can affect the performance of the association?

In order to answer the research questions above, data was derived from in-depth semi-structured interviews with pre-qualified respondents from selected associations. Data were subjected to qualitative, quantitative and comparative analyses to determine whether: a) social capital affects the performance of an association, and b) which dimensions of social capital have a decisive influence on the tourism associations and can, therefore, be developed in order to increase performance. However, we did not rely solely on social capital as the cause of failure, as other contributing causes were considered, such as the influence of social capital and its dimensions. An analysis of dimensions was also made as to how performance affects social capital of associations.

## **4.2 Social Capital**

### **4.2.1 Definition of Social Capital**

To measure social capital in a consistent and coherent manner in tourism associations in Slovenia, definition issues are important. In the literature, several definitions of social capital can be found. Social capital was first, systematically, theorised by Pierre Bourdieu, who distinguished it as a resource available to individuals, unique from other forms of capital (Wetterberg, 2007 as cited in Kibblewhite, 2009). This concept has been greatly stimulated by the writings of authors such as Coleman (1988, 1990) and Putnam (1993). Coleman (1988) defined social capital as people's ability to work voluntarily together. Putnam (1993) defines social capital as those features of a social organisation, such as networks of individuals or households, and the associated norms and values, that create externalities for the community as a whole.

Social capital is generally defined as the actual and potential resources embedded in relationships among actors and is increasingly seen as an important predictor of group and organisational

performance (Leana and Pil, 2006; Adler and Kwon, 2002; Leana and Van Buren, 1999; Nahapiet and Ghoshal, 1998; Portes, 1998).

Social capital, at the organisational level, has been used to describe both, the aggregate form and the nature of relationships among organisational members (Leana and Pil, 2006; Coleman, 1990; Leana and Van Buren, 1999), as well as the linkages between an organisation and its external stakeholders, competitors, or partners (Kale et al., 2000; Uzzi, 1997). Both conceptions of social capital focus on the nature and strength of relationships and the communication flows in which individuals and organisations are embedded. External social capital is often operationalised in research as the connections held by top managers (Leana and Pil, 2006). Collins and Clark (2003) find that the strength and range of external connections made by top managers in high-technology firms are significant predictors of a firm's sales growth and stock returns (Leana and Pil, 2006). Additionally, social capital theory and research are increasingly integrative, so they incorporate multiple forms of social capital (Seibert et al., 2001; Collins and Clark, 2003 In Leana and Pil, 2006).

The advantages of social capital include: better group communication; more efficient collective action; enhanced stocks and use of intellectual capital; and better access to resources (Leana and Pil, 2006; Adler and Kwon, 2002; Leana and Van Buren, 1999; Nahapiet and Ghoshal, 1998; Hansen, 1999).

Much of the social capital literature at the organisational level in the business strategy area has focused on external relations between an organisation and important stakeholders (Dyer and Singh, 1998; Koka and Prescott, 2002). Research has shown both forms of social capital to be important predictors of performance at the organisational level. Additionally, social capital theory and research are increasingly integrative, with models and research studies incorporating multiple forms of social capital (Seibert et al., 2001; Collins and Clark, 2003).

Grootaert (2002), applies this concept and extends the social capital analysis onto three basic sets of indicators: 1) membership in associations and networks (structural dimension); 2) trust and adherence to norms (cognitive dimension); and 3) collective action (an output measure) in the Social Capital Assessment Tool (SOCAT) of the World Bank. Although collective action is not as rigorously distinguished compared to the structural and cognitive dimensions, it is emphasised by many researchers such as Grootaert, Van Bastelaer, Gittel, Claridge and Vidal.

From a different point of view, Krishna and Uphoff (1999) distinguish the concept of social capital into structural and cognitive components where the proxies of social capital reside. The structural dimension describes the networks in which people or organisations retain their relationships. Structural social capital facilitates collective actions through roles, rules, procedures, and precedents. The cognitive dimension delineates norms, values, attitudes, and beliefs, where the proxies reside in the agents' perception. Cognitive social capital predisposes people toward collective actions. Structural social capital refers to relationships, networks and associations, while cognitive social capital refers to norms and values as the driving force behind these visible forms of structural social capital. It is usually interpreted as the density or strength of the structural dimension (Hong and Sporleder, 2007).

Gittel and Vidal (1998) also suggested a distinction between bonding and bridging social capital. The categories help define the coverage and functions of social capital. Bonding social capital describes the links between individuals or groups with similar goals within the network. It is a form of social capital that results in tightening the internal relationships, which reinforce identities and maintain homogeneity. It refers to trust and reciprocity in dense, closed and homogenous networks. Bridging

social capital describes the capacity of individuals or groups to make links with others outside their organisation, particularly across social networks. It is a form of social capital that results in connecting external resources horizontally and brings together less homogeneous people across diverse social divisions. This facilitates the process of "getting ahead", which involves overlapping networks, possibly making accessible the resources and opportunities of one network available to members of another. Heterogeneity or diversity of network members is argued to enhance the bridging capabilities of social capital. In later research, Woolcock (2001) extends this distinction with linking social capital. Linking social capital describes the ability of groups to engage vertically with external agencies such as governments, regulatory agencies and higher-level organisations. This may be done to influence their policies or to draw on their resources. It involves social relationships with those in authority, which might be used to garner resources or power. Krishna and Shrader (2002), argue that structural social capital is supplemented by previous collective action and claims, in the study of local development in Latin America, that prior experiences with collective activities can provide powerful cognitive scaffolding for cooperation in the future.

In accordance with the general definition, it is regarded that an organisation is successful to the extent that it achieves its stated goals. However, achieved or partially achieved, their objectives are not enough to define an organisation as successful. It is also necessary that there is an association with the economics of an organisation as a stable business and that members are satisfied with its operations and that it is in the interests of non-members to become members.

#### **4.2.2 Operationalisation and measurement of social capital**

In this chapter, the association between the field of tourism and its social capital is examined and conceptual measures are discussed. Compared with physical or human capital, social capital is less tangible and, therefore, is more difficult to measure. Currently, not only is the concept of social capital presenting researchers with definition headaches in empirical analysis, but there is now also considerable debate, controversy and concern over measurement issues (Ferri et al., 2009). However, there has been little research into measuring social capital in tourism associations and no attempts have been made, to date, to measure social capital in tourism.

Krishna and Uphoff (1999), argue that a valid and accurate tool for measuring social capital must consider both its structural and cognitive dimensions. Some authors i.e. Narayan and Cassidy (2001), Whiteley (2000), Paldam (2000) apply Krishna and Uphoff's (1999) concept, while other authors i.e. Brehm and Rahn (1997), Paldam and Svendsen (2001) have assessed social capital only by network density or purely by a measure of trust and other cognitive proxies. Krishan and Uphoff (1999) assessed the collective actions aspect as the benefits flowing from social capital. However, they do not conceptualise them with a separate dimension. The analysis, here, treats collective actions as a separate dimension.

As previously explained, structural social capital facilitates collective actions through roles, rules, procedures, and precedents. The cognitive dimension delineates norms, values, attitudes, and beliefs, where the proxies reside in an agents' perception. Cognitive social capital predisposes people toward collective actions (Gittell and Vidal, 1998). The association should develop a large enough initial coalition of potential memberships, and build a sufficient number of members so as to realise economies of scale. Successful collective actions reinforce the cognitive dimension, induce members to connect with stronger ties in the structural dimension, and, thereby, enhance the stock of social capital (Krishna and Uphoff, 1999). If tourism associations have an adequate amount of social capital,

it can be presumed that collective actions are more easily achieved, and businesses are more easily achieved (Gilson, 2003).

To lead members and to make them follow up, tourism associations should maintain loyalty and trust from members. In terms of quality control, social capital can help improve product quality by encouraging members to disseminate information on tourism strategies and policies, and customers will be more encourage to consume tourism products if they know about them and get more confidence with them. This is one of the organisational advantages of associations with a superior communications and information flow.

The cognitive dimension of social capital can also be generated and reinforced through social interactions. Institutional instruments are known to be better in creating the cognitive dimension of social capital. Having institutional traits for cooperation such as norms, reciprocity, rules and orders helps to reinforce expectations of cooperative behaviour (Hong and Sporleder, 2007).

The framework adopted in this chapter captures Putnam's concept (Putnam, 1993) and the concept of the Social Capital Assessment Tool (SOCAT) of the World Bank. This study examines social capital in the forms of the following dimensions: groups and networks; trust; collective action (or cooperation); social inclusion; and information and communication (Narayan and Cassidy, 2001).

### **Groups and networks**

Social capital helps to disseminate information, reduces opportunistic behaviour, and facilitates collective decision-making. The effectiveness with which structural social capital, in the form of associations and networks, fulfils this role depends upon many aspects of these groups, reflecting their structure, their membership, and the way they function (Grootaert et al., 2004). Groups and networks can be operationalised as the links between individuals or groups with similar goals within a network. It is a form of social capital that results in tightening internal relationships, which reinforce identities and maintain homogeneity. It refers to trust and reciprocity in dense, closed and homogenous networks (Gittel and Vidal, 1998).

Using membership in local associations as an indicator of structural social capital, consists of counting the associations and their members and measuring various aspects of membership (such as internal heterogeneity) and institutional functioning (such as the extent of democratic decision-making) (Grootaert and van Bastelaer, 2002).

### **Trust**

The measurement of cognitive social capital is organised around the theme of trust. Trust is an abstract concept that is difficult to measure in the context of an organisational questionnaire, in part because it may mean different things to different organizations (Grootaert et al., 2004). The dimension of trust can be operationalized as the mutual sense of reciprocity and trust that enables groups of people to live and work together successfully (Grootaert et al., 2004). Measuring trust (cognitive social capital) requires asking respondents about their expectations and about their experiences with behaviour requiring trust (Grootaert and van Bastelaer, 2002).

### **Collective action**

Collective action is the third basic type of proxy indicator for measuring social capital. The usefulness of this indicator stems from the fact that, in the vast majority of settings, collective action is possible

only if a significant amount of social capital is available in the community (Grootaert et al., 2004). The provision of many services requires collective action by a group of individuals. The extent to which this collective action occurs can be measured and is an indicator of the underlying social cohesion (at least to the extent that the cooperation is not imposed by an external force, such as the government) (Grootaert and van Bastelaer, 2002).

### **Social inclusion**

The section on inclusion ranges from general perceptions of social unity and togetherness of the community to specific experiences with exclusion (Grootaert et al., 2004). "Communities" are not single entities, but rather are characterised by various forms of divisions and differences that can lead to conflict. Questions in this category seek to identify the nature and extent of these differences, the mechanisms by which they are managed, and which groups are excluded from key public services. Questions pertaining to everyday forms of social interaction are also considered (Grootaert et al., 2004).

### **Information and communication**

Access to information is being increasingly recognised as central to helping poor communities have a stronger voice in matters affecting their well-being (World Bank, 2002). This category of questions explores the ways and means by which poor households receive information regarding market conditions and public services, and the extent of their access to a communications infrastructure (Grootaert et al., 2004).

These five sets of indicators provide a helpful framework for designing a measurement instrument for social capital. Of course, the exact questions and indicators for each analysis have been adjusted to tourism associations.

## **4.3 Organisational Performance**

Over the past two decades, it has become generally accepted that performance is multidimensional and the measurement of performance must take into account more than a single measure. Measures, such as market share and customer satisfaction, have a bearing on a firm's profitability; whereas those of sales, sales growth, market share, customer retention is a measure that highlights an individual aspect of marketing performance (Ali and Bhargava, 1998). The relevance of specific measures is contextual and depends upon organisational objectives and goals (Rust et al., 2004). From the literature, it can be derived that organisational performance is a multidimensional construct, including financial, operational, and customer related performance dimensions (Kaplan and Norton, 2000, 2000a; Venkatraman and Ramanujam, 1986).

It has been suggested that an ideal measurement of performance should be based on a balanced incorporation of various measures (Kaplan and Norton, 2000); the manner in which a balancing mechanism might be affected. Growth reflects performance trends in terms of sales and market share gains. Growth in sales and market share are important to a business to ensure long term viability and resource availability (Kaplan and Norton, 2000; Kaplan and Norton, 2000a). Profitability reflects an efficiency view of current performance (Venkatraman and Ramanujam, 1986). Customer satisfaction (Day and Wensley, 1983; Kaplan and Norton, 2000; Kaplan and Norton, 2000a) represents the effectiveness of an organisation in delivering value for its customers; while adaptability represents the ability of a firm to respond to changes in its environment (Ruekert et al., 1985). Even though

achieving improved sales and market share is essential to any organisational effort, many firms consider financial impact the most crucial measure of success for any organisational activity. Financial benefits from organisational effectiveness can be evaluated in several ways. Return on investment (ROI) is a traditional approach used to evaluate return relative to the expenditure required to obtain that return. Financial performance involves an increase in revenues (Rust et al., 2004).

According to the literature on organisations, organisational performance's indicators can be divided into subjective and objective indications. Subjective indicators are based on a subjective assessment of a company's past performance in comparison with that of its competitors. The more frequently used subjective measures are ROI, profits, and sales (Strandskov, 2010; Moore and Fairhurst, 2003; Le Meunier-FitzHugh and Lane, 2009). Objective performance indicators are based on official data from financial statements of a company.

However, it has been recognised that all measures have their specific strengths and weaknesses (Fahy et al., 2000). Absolute performance figures are difficult to compare between firms of different sizes, operating in different markets, using different accounting standards and defining their markets in different ways. But non-profit and public sector organisations (e.g. some of corporate tourism associations), by definition, have objectives that are different from those of a profit maximising businesses. Non-profit and public sector organisations have different designs for the efficiency measurement model of strategic goals realisation. The foundation for this design is based on their strategic goals. Rules have been determined to achieve efficiency of the strategic goal.

### **4.3.1 Operationalisation and measurement of Organisational Performance**

This study examines the organisational performance of institutions using the Common Assessment Framework (CAF) model. CAF is a total quality management (TQM) tool generally inspired by the major Total Quality models and by the Excellence Model of the European Foundation for Quality Management (EFQM) in particular. It is especially designed for public-sector organisations, taking into account their characteristics.

CAF is based on eight "principles of excellence", which can be used in the public sector at different levels. CAF has nine criteria, representing the main aspects requiring consideration in any organisational analysis. There are five enabler-criteria (Leadership; Strategy & Planning; People; Partnerships & Resources and Processes) and four result-criteria (Citizen/Customer Oriented Results; People Results; Society Results; and Key Performance Results). The Enablers cover what an organization does. The Results cover what an organization achieves. By performing a self-assessment with CAF, public sector organisations can find areas for improvement in the functioning in the organisation in pursuing the desired results (Križan, 2009).

### **4.3.2 Networking and Associations in the field of tourism in Slovenia**

An association in the field of tourism is an organisation with specific purposes. The Slovenian National Organisation (slov. Slovenska turistična organizacija – STO), for example, was formed to establish unity within the Slovenian Tourism and Hospitality Industry, providing a single voice to Federal Government on issues of common interest to the Slovenian tourism and hospitality industry. Membership includes key national and state industry associations and all State Tourism Industry Councils.

The first step of the research was to choose tourism associations in Slovenia. When examining associations in tourism, we were limited to associations whose members are business companies and can be defined as business associations in tourism. In accordance with the Companies Act (ZGD-1), Tourism associations include the following types of company: economic interest associations; chambers of commerce; and cooperatives or limited liability companies. In the Agency of the Republic of Slovenia for Public Legal Records and Related Services (slov. AJPES) in 2012 were registered forty-four business tourism associations in Slovenia. Since it was also decided to include in the population, associations with social capital, which combines membership corporations with business objectives that met the criteria below were included in the research framework:

- association has worked at least since the beginning of 2010;
- members of associations are corporations with expressed business interests;
- the goal of the establishment is to support members;
- association does not appear externally as a service provider; and
- membership may be compulsory or voluntary.

Individuals were contacted from all associations meeting these criteria. However, upon completion of the interviews, it was subsequently discovered that some did not qualify when applying the criteria defined above. These were mainly operating associations with a past (passive) membership, so they did not fit into the research frame. When the selection was completed, a list of twelve tourism associations in Slovenia that corresponded to the research framework were identified.

## 4.4 Methodology

In-depth and semi structured interviews were conducted with a sample of twelve representatives of senior management in the tourism associations and six with members of tourism associations. In order to protect confidentiality and anonymity data were coded and only acronyms TA1 through TA12 used in reporting and discussion in this chapter. After the selection of members of associations was completed, interviews were conducted with representatives from large and small companies across all regions in Slovenia. Individuals actively involved in the operation of the association and who were familiar with its activities were chosen. As representatives of management, these individuals perform the function of President, Director or Secretary of the association. The basis for the interview method was tested, as were the interviews and questionnaire, which were conducted with the help of the "guide" to interviewing organisations as recommended by the World Bank in the context of the "Social Capital Assessment Tool" (SOCAT). For executives, an interview guide to management was used and, for the members, the interview guide for members was used. Interviews were structured so the substantive questions related to the five indicators of social capital.

All interviews were carried out between 02 February and 12 June 2012. Interviews were conducted with office representative in their association's headquarters, and were audio recorded with the consent of the interviewees. The smaller number of member interviews reflects the inability to obtain participation from smaller associations, or those experiencing problems in their operations.

Answers were analysed and a double-level matrix structure designed (Miles and Huberman, 1994) that allowed the analysis on two levels. The first-level analysis of individual responses focused on the association of all research topics, i.e. the impact of social capital on the performance of the association and the investigation of the dimension of social capital. The second level of analysis of responses focused on each dimension for all investigated associations.

In the content analysis of responses, evaluations were made of the association of social capital using the five indicators mentioned earlier. To recall these are:

- Groups and networks;
- Trust;
- Collective action;
- Social inclusion; and
- Information and communication.

The comparative method of truth tables (Ragin, 2007), and the method of Fuzzy Sets proposed by Charles Ragin (2000), were used to analyse the data. In social science there has been a constant dilemma on how to use the same method for both quantitative and qualitative studies. Ragin (2000) presented a method of fuzzy sets, representing the link between the qualitative and quantitative approaches, combining features of both. That method allows us to numerically evaluate qualitative data and to determine the value of the interval between 0 and 1. Where full membership in the set (or studied value) meets the defined conditions completely, this is represented by 1 and where these conditions are not met, this is represented by 0. Individual values may also be located between 0 and 1, depending on the level of achievement of the defined conditions. With the use of mathematical calculation we can obtain the values which are a basis for performing necessary and sufficient conditions. These conditions are necessary in examining cause-and-effect relationships and the analysis of the consistency and coverage. For this analysis, the computer programme fsQCA Ver. 2.0 was used. With the method of fuzzy sets, differences between successful and unsuccessful associations were found, and this provided answers to the research question.

#### **4.4.1 Comparative analysis of the impact of the dimensions of social capital on the performance**

Based on an analysis using the matrix approach, the answers provided can be evaluated and appropriately classified. Twelve cases were investigated using the five social capital indicators listed in the previous section, with two possible outcomes: success or failure. We were looking for diversity among the cases, aiming to explain what the causes for their occurrence were. The focus was on the characteristics affecting the outcome or success. For the purpose of identifying the different dimensions of social capital that are associated with different outcomes of performance, the comparative method of Charles C. Ragin (2007) was used to study the diversity. The comparative analysis is based on a dichotomy, i.e. the presence or absence of certain features in each case. Determination of the values of individual associations for each indicator was made on the basis of the analysis of the matrix approach described in the previous section.

It can be observed from Table 4-1 that successful associations, labelled TA1 through to TA7 all each have indicators of social capital, whereas unsuccessful associations, labelled TA8 through to TA12, have absences of at least one of the identified indicators.

#### **4.4.2 Analysis of the causes of failure with the method of Fuzzy – Set**

Aiming to determine the impact of individual indicators on the performance of the association, quantitative and qualitative research methods were combined using the Fuzzy Set method, because it was considered that the analysis of the causes and consequences need more accurate measurement results.

Table 4-1 Comparative analysis of effectiveness within dimensions

	Groups and networks	Trust	Collective action	Social inclusion	Information and communication	Successful
TA1	1	1	1	1	1	1
TA2	1	1	1	1	1	1
TA3	1	1	1	1	1	1
TA4	1	1	1	1	1	1
TA5	1	1	1	1	1	1
TA6	1	1	1	1	1	1
TA7	1	1	1	1	1	1
TA8	1	1	0	0	1	0
TA9	1	0	0	1	1	0
TA10	1	1	0	1	1	0
TA11	1	1	0	1	1	0
TA12	1	0	0	0	1	0

Source: Own elaboration

The indirect method of calibration of six values (1, 0.8, 0.6, 0.4, 0.2, 0) was used, with which it was possible to quantitatively evaluate results. Individual facts of each case and the presence of the indicator were determined on the basis of the degree of membership in a set. The anchors defining the degree of membership were determined and the following values were assigned:

- 1 in the target set;
- 0.8 mostly but not entirely in the target set;
- 0.6 more inside than outside of the target set;
- 0.4 more outside than inside the target set;
- 0.2 mostly, but not completely, outside of the target set; and
- 0 outside the target set.

Comparative analysis showed indicators "groups and networks" and "information and communication" were present in all associations, and were, therefore, excluded from the analysis using the Fuzzy Sets method. Analysis of the causes of (non) performance was made using indicators "trust", "collective action", and "social inclusion".

Based on qualitative analysis using the matrix approach, the value of each indicator levels of membership in the set was estimated. The values were then converted to mathematical values based on theory of sets and associations, and for each section an attempt was made to find a cross-section of the set and its inclusion in a statement.

This statement, confirmed with the Fuzzy Sets methods is: "If the association has trust and social inclusion, inclusion and implementation of collective action is successful." Based on estimated values for each unit, and for each measured feature, the aim of the research was to find the minimum value or the cross-section of the set.

Table 4-2 Presence of the indicators of "social capital" in the set

	Trust	Collective action	Social inclusion	Effectiveness	Inclusion in the statement
SUCCESSFUL					
TA1	1	1	1	0.8	1
TA2	0.8	0.8	0.8	0.8	0.8
TA3	0.8	0.8	1	0.8	0.8
TA4	1	1	1	0.8	1
TA5	1	1	1	0.8	1
TA6	0.6	0.6	0.6	0.6	0.6
TA7	1	1	1	1	1
UNSUCCESSFUL					
TA8	0.6	0	0.4	0	0
TA9	0.4	0.4	0.8	0.4	0.4
TA10	0.6	0.4	0.8	0.2	0.2
TA11	0.6	0	0.6	0	0
TA12	0.2	0.2	0.4	0	0

Source: Own elaboration

The Analysis of the inclusion of a statement in Table 4-2 shows that the cause of failure is significantly less pronounced in the successful associations, since the failure of individual associations is due to the absence of various indicators. Therefore, we can suggest that the impact of the absence of a particular indicator is reason enough for an association to be defined as an unsuccessful.

The more successful organisations have not only consistently higher scores, but also scores in each of the indicators shown in Table 4.2. This means that for an association to be successful, it requires the presence of all indicators of social capital.

It was found that the presence of all three dimensions of social capital (please list the three dimensions here for the benefit of the reader) is a necessary precondition for the success of the association and that the absence of these dimensions leads to failure. Consequently, we question whether a single indicator is a sufficient condition for the success of an association, or whether its absence means failure. At first it may seem acceptable (or plausible) that "collective action" is a sufficient condition, but in testing the consistency and coverage, it can be shown this is not so.

From the analysis, it can be found that the presence of all three dimensions is a necessary condition for the success of tourism associations, but that none of the dimensions alone can guarantee the success of an association. Success means a combination of all dimensions, but certainly from the analysis arise that the "collective action" is that the dimension that mostly affect the performance of the association and has a significant impact is on the other four dimensions. It was found that "groups and networks" and "information and communication" indicators were present in both successful and unsuccessful associations.

## 4.5 Conclusion

This study found that social capital has an impact on the performance of an association, but the impact of the dimensions of social capital is very different. Some dimensions greatly affect performance, whereas the effect of others is negligible. The tourism association that connects business stakeholders, i.e. members who have a common commercial interest, is that the association has a subordinate role against its membership. The association is established by its members and they determine its purpose and the objectives to be achieved, taking into account that the stated objectives are compatible with the objectives of included companies (members).

The study also found the dimension of "collective action" mostly affects the performance of an association. This dimension has been identified as the one having the most direct effect on performance, as well as on other causes of failure. Another important dimension is "social inclusion", which has a very strong impact on the success of an association. The necessary and sufficient conditions for the success of an association have been identified by our study. The results show all the dimensions of social capital are necessary for its successful performance, but that not one of them is so prevalent that it may be a sufficient condition for successful performance.

Social capital has an impact on the success of an association. However, it can't be claimed that the impact is critical or that high social capital is a sufficient condition for the success of an association, but, from the results, it can be argued that the presence of social capital can enable the successful operation of an association.

The tourism association is mainly reflected in the fact that it is structured with a bottom up order and expectations are designed accordingly. This is expected from such organisations that operate, primarily, in the field of collective action, and this type of operation is also an essential, but not sufficient, condition for the success of an association.

The survey showed the current situation is not in the line with the development strategy of the tourism economy in Slovenia. Connectivity is essential to achieve synergistic effects. The current situation shows participants of such integration pursue short-term political and economic interests, rather than long-term interests, which represent stable cooperation and operations. The goals of such associations are, consequently, of secondary importance.

A successful association, both in terms of tourism and the wider dimension, should have a strong social capital in all dimensions. As the survey results demonstrate, both "collective action" and "social inclusion" are important factors of success and it is necessary to create a development strategy for the future based on these dimensions of cooperation.

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## 5. Means of transport as a factor in maintaining mobility in terms of sustainable tourism

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*Abstract:* Demographic trends create an important determinant of individual passenger transport and influence development of transport automobiles. The car is the subject of such consumption it affects the quality of free time and has become an irreplaceable factor of mobility. But vehicles also have a number of negative impacts, particularly in relation to the environment (emissions, noise, occupying free spaces, etc.) and community life. Regional development includes issues of personal transport solutions, in a broader sense, including efforts to ensure population mobility in the region. Such solutions should result in efforts to preserve principles of sustainability for all participating entities by addressing these problems.

*Key words:* tourism, trends of individual car transport, mobility, ecologisation of transport, bicycle as a conveyance, structure of bicycle selling, brand satisfaction strengthening, marketing strategies

### 5.1 Introduction

The growing problems of tourism pose a potential threat to the social-economic and environmental spheres in tourist destinations (Williams, 1979 cited in Haralambopolous and Pizam, 1996; Upchurch et al., 2000; Sheldon and Abenoja, 2001; Gursoy et al., 2002). This increases the need to find an alternative that would be benign, both for the environment and for the local population (Saarinen, 2006).

Currently, we face the dilemma of how to maintain economic growth while preserving unspoilt locations (Navratil and Schleger, 2000). *"Tourism can also be seen as a commercial activity that has a significant impact on the natural and socio-cultural environment in which it is located"* (Garrod, 1998 cited in Sheldon and Abenoja, 2001).

Tourism has a unique position in the sense it is able to provide economic and social benefits for local communities, and has resources to maintain and protect the environment. For sustainability, however, this is the responsibility of all stakeholders involved (UNEP and UNWTO, 2005).

Favourable solutions offer soft forms of tourism, as opposed to hard tourism (Najmanová, 2004). Hard tourism does not take into account the socio-cultural impacts and negative impacts on the environment, in contrast to soft tourism, whose philosophy is to minimise the impact on local communities and the environment. These are efforts to involve local resources and avoid mass tourism (Pásková and Zelenka, 2002).

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## 5.2 Discussions on definition of sustainable tourism

Sustainability of tourism is defined on the basis of environmental, social and cultural considerations. Butler (2006), argues it is completely illogical and unrealistic to consider sustainability in only one direction. Sustainable tourism is based on several principles:

- 1) Both natural and cultural environment have an intrinsic value and their protection is essential for long-term success;
- 2) The relationship between tourism and the environment, both natural as well as cultural, must be designed to be sustainable;
- 3) Tourism can enhance the unique natural and cultural elements;
- 4) Tourist activities should fully respect and reflect the natural environment;
- 5) Carrying capacity of the environment should be a major consideration in managing protection of natural and cultural heritage;
- 6) A balance should be attained between the needs of visitors, the environment and local residents; and
- 7) The involvement of a local planning process for sustainable tourism is essential for harmony between tourism and the local population.

Sustainable tourism brings long-term benefits, not only for humans, but also for the environment. Management of tourism, in a sustainable form, requires a long-term perspective and the consideration of the many directions in which the majority of tourism and the environment diverge. Everything must be carefully and precisely planned and in order to avoid environmental damage. A crucial role here is the continuous monitoring of the impacts (FNNEP, 1993; Sheldon and Abenoja, 2001; UNEP and WTO, 2005).

Tourism can support development, which stabilizes the appearance and function of the landscape, strengthens cultural identity and the social fabric of the local community and has a positive effect on the local economy. The stimulation of tourism in the direction of environmentally friendly development pressure is exerted mainly in protected areas.

Recently, there has been a growing interest in new alternative forms of tourism such as "*cycling, rural tourism, eco tourism, travelling along thematic lines with historical, cultural, technical and natural monuments*" (Hošek, 2002).

## 5.3 Forms of sustainable tourism

### 5.3.1 Rural Tourism

Rural tourism activities take place in accordance with nature, landscape and the rural environment. Rural tourism is used to refer also to the social, cultural and natural space of the countryside (Mourek, 2000; Čertík et al., 2000). In the Czech Republic, it is possible to divide the country into two specific categories. The first is the phenomenon of cabins and traditional country cottages, that has grown to massive proportions, and the second is a one-time stay in the country, to date, not very popular yet.

Čertík et al. (2000) list several objectives of rural tourism, including:

- to develop small business activities in the country;
- to ease the congestion in cities;

- to make efforts to reduce migration of people from rural areas and the overall stabilisation of the rural environment;
- to care for the natural environment and rural character of the landscape;
- to zoom on local tourist attraction, culture and traditions, which should lead to their development and protection; and
- to bring more humans back into the natural environment.

### 5.3.2 Agritourism

Agritourism is tied to farms and ranches. This is an active way for a vacation that offers the opportunity to help with animals work on the farm, as well as horse riding, cycling, etc. (Mourek, 2000). Agritourism, does not yet, in most cases, provide a principal source of income. It provides opportunities to generate income additional to normal work which, in this case, is agriculture (Čertík et al., 2000).

### 5.3.3 Ecoagritourism

This is agritourism operated on organic farms (Mourek, 2000). The Netherlands was the base for the ECEAT (European Centre for Ecology and Tourism), established in 1994 (Čertík et al., 2000). ECEAT operates in several nations in Europe under the ECEAT International umbrella. In the Czech Republic the ECEAT chapter (or branch) operates as a non-government organisation, bringing together experts on sustainable tourism. *"Its aim is to contribute to sustainable development through responsible tourism."* (www.eceat.cz)

### 5.3.4 Ecotourism

It is a form of tourism that is operated with the utmost consideration for the environment and also proposes a target for visitors' education in terms of sustainable development (Wood, 2002). The term "ecotourism" is less used in Europe than in other continents, but the concepts and principles of ecotourism are equally as important as anywhere else (Quebec Ecotour Declaration, 2002).

The International Ecotourism Society (TIES) defines ecotourism as a "responsible form of tourism to natural areas that protect the environment and maintain the prosperity of local people" (Wood, 2002). Profits from ecotourism are meant to remain in the local community and protect and preserve traditions – protecting the natural environment and the maintenance of social, cultural and religious values (Wood, 2002; Lončar, 2004).

Eco-tourists can be characterised as highly conscious tourists, who minimize their impact on the environment by selecting appropriate transport and favouring certified products and services and friendly behaviour in the area. These people favour regional products and services, and while supporting the local community are interested in education for sustainable development and are willing to contribute to nature conservation in the areas visited (Burkoň, 2007).

It should be noted that ecotourism is run for small groups of people. As one of the tools for controlling and managing ecotourism activities is charging for entrance to protected natural areas, part of this fee is subsequently used to maintain and protect these premises (UNWTO, 2001). One form of ecotourism is bird watching, an activity popular in the Amazon, Central America, New Zealand, the Danube Delta, etc. In the Czech Republic, however, this form of tourism is still, unfortunately, in its infancy (Tape, 2007). Although ecotourism has the potential to create environmentally and socially beneficial effects, if not well organised, it can be harmful (Wood, 2002).

### 5.3.5 Sustainable Tourism

Sustainable tourism is characterized as tourism that respects the culture, way of life and socio-economic structure of a local population – creating a balance between production and consumption and is considerate to the environment without reducing economic gains. It combines environmental protection with economic development. However, it is important to define the role of the state, local initiatives and private owners in the preservation of the natural and cultural heritage (Lončar, 2004).

The European Charter for Sustainable Tourism defines protected areas as a *"form of development or management of tourism activities, ensuring long-term protection and conservation of natural, cultural and social resources and contributes in a positive and fair manner to economic growth and good coexistence of individuals living, working or visiting the protected area"* (Novotný and Moravec, 2004).

Sustainable tourism should not exceed the carrying capacity of the environment, or it may be just as harmful as the effects of mass tourism. The carrying capacity of sustainable tourism has been categorised as follows:

- environmental – the capacity to accommodate an environment without causing the destruction or loss of "meaning" of the place;
- cultural and social – the capacity in which the number of visitors can negatively affect local communities and their way of life; and
- psychological – the capacity to offering values for reasons that people seek protected areas (peace and other disturbing factors).

Pásková (2003) states that in addition to the three categories above, there are more tolerable distribution capabilities. These are: physical, economic and institutional carrying capacity. Carrying capacity is based on the concept of sustainable development and the level of such consumption that does not cause environmental or socio-cultural deterioration (Saveriades, 2000).

Basic carrying capacity is monitoring the development of tourism, which is a matter not only for the experts, but it should also be regarded as a relevant general problem, that should consider local residents. Carrying capacity is not a fixed value, but the value which is dependent on external and internal factors affecting the quality of destination management.

### 5.3.6 Geotourism

Geotourism was first defined by National Geographic as *"tourism that sustains the geographical character of the tourist area and supports its environment, heritage, aesthetics, culture and prosperity of the people"* (Burkoň, 2007).

A geotourist is characterised as an environmentally conscious tourist who respects the local culture, its customs and traditions, and whose shopping preferences are for local products and services. The destination experience is usually for a longer period of time, which in turn also supports the local economy and is focused on the quality, and not the quantity, of experiences.

The philosophies of geotourism and ecotourism are very close. Ecotourism is defined as an activity that contributes to conservation, and geotourism, in addition to nature also contributes to local culture, traditions, and all the peculiarities of the site (Burkoň, 2007).

### 5.3.7 Community Tourism

Community tourism is a "*Kind of tourism whose tender is based on the activities of local people, traditions, customs, culture, local crafts and its implementation based on local economic structures and infrastructure*" (Pásková, 2007). It is based on community planning and an external investor is typically involved as a consultant.

## 5.4 Means of transport as a factor in maintaining mobility

### 5.4.1 Problem of development of individual transport

Regional development is based on the efficient use of regional potentials. It is a process of functional land use and creation of conditions to provide a continuous harmony of natural, cultural and civilisation values in an area, particularly with regard to caring for the environment.

In recent years, sustainability has often been linked to issues of regional development. In this context, one may question whether this is, in fact, just an effect of the creation of regional territory plans or whether it really provides an essential criterion for achieving the harmonious development of regions.

To evaluate the level of population mobility within the sustainability framework, it is necessary to consider a number of factors, including: social; economic; technical; and psychological. According to experts in the sphere of transport (Schmeidler, 2005), free choice of transport means should be kept as a determinant of population mobility. This is leading to a situation where public transport that is environmentally friendlier (from sustainability perspective) is replaced by individual means of transport.

It should be noted that regional issues are also influenced by the single European market. From this perspective, it is apparent that an increase in international traffic (e.g. the Alpine regions affected by overloaded trucks traffic), will also have significant effects on regional level.

As indicated, in the case of transport, this is a complex problem. In practical terms, it is clear that the solution will contain a number of compromises that cannot achieve the simultaneous satisfaction of all parties.

One example may be related to maintaining levels of labour mobility which further increases the gradual deterioration of the environment and transport infrastructure. Statistics on means of transport present clear facts. Developed nations are estimated to have 85% of cars and 15% of trucks, yet these nations only account for 20% of total world population (Apetauer, 2002). In this study, according to Apetauer (2000) a strong correlation is demonstrated between the development of the automobile and the size of the gross domestic product per capita. From this perspective, the highest rate of car ownership is in the USA, with 800 cars per thousand inhabitants, meaning every adult American owns a car. In the European area the trend is the same, except Switzerland, where there is relatively smaller number of used cars – only 520 cars per thousand inhabitants. In the Czech Republic, more than 60% of households are equipped with a car.

Individual cars, on the one hand, lead to increased mobility of the population but, on the other hand, this also means increased consequential negative environmental impacts. One solution might be in regulations and policies, i.e. EU policies aiming to replace gasoline and diesel with alternative fuels (especially gas, biofuels, hydrogen etc.).

Another important determinant in the development of passenger transport is the demographic structure of the population. It has been shown that the population age structure affects car ownership. In passenger transport, it is necessary to reflect on the ageing factor, which will not only lead to an increase, both in consumption and ownership of cars, but will also modify the requirements for transport as a whole.

According to a recent study future demand for leisure in the UK will also cause an additional demand for individual mobility (Schmeidler, 2005). Due to demographic changes and the growth of private car ownership, it is necessary to reconsider the need for mobility according to age segments as already indicated.

### **5.4.2 Trends of greening transport**

Proposals for sustainable transportation strategies for modern urban as well as rural settlements assume that the solution will be based on specific conditions relevant to each area. Professional studies and research were carried out (Schmeidler, 2005) according to several basic principles of which the most interesting ones are a principle of zoning and a combination of different means of transport.

In the South Bohemia, there is great opportunity for providing greener solutions for transport by promoting the use of bicycles. This notion is based on the complementary relationship between both a car and a bicycle as individual means of transport that can specifically help to increase population mobility and decrease negative impacts on the environment.

### **5.4.3 The means of transportation**

Research clearly shows that about 90% of individual transport is by individual car traffic (Apetaur, 2002) and this is confirmed by the results of our own research in the South Bohemia. In Central and Western Europe, between 10% and 40% of passenger transport is undertaken using some sort of bicycle transport. In addition to the effect on the overall transport situation, this is an opportunity for entrepreneurs (producers, traders, technical and tourist services), as well as for the municipal sector (part of the solution to the traffic problem from a regional perspective). The bicycle is more than a mode of transport, hidden within an old worldly charm; it is the fastest way to provide movement using a person's own power and is a symbol of an idiosyncratic way of life.

The history of the bicycle is associated with, for example, drawings found in the form of hieroglyphs in the tomb of the Egyptian pharaoh, Tutankhamun (1350 BC). The bike is, also, shown on drawings from the workshop of Leonardo da Vinci. The first person to apply for a patent for a wheeled vehicle – called the Velocipede – was K. Drais in 1817. And the first factory to manufacture bicycles was founded by Frenchman E. Michaux in 1867.

Not much later, the bicycle popularity and production expanded very quickly also in Bohemia. From the 19th century the bicycle started to compete with the car. Before the 1980s bicycles were used to different purposes, including:

- Going to work or school every day;
- Cycling for leisure;
- Cycling for sporting activities; And
- Bicycles used for shopping.

The characteristics of bicycles have remained, essentially, the same for decades. Bicycle as an individual means of transport (Walk, 1993) has the following attributes/benefits:

- Cheapest form of transport;
- Fastest means of transport in a town centre;
- Does not need fuel;
- Is silent and does not harm the environment;
- Almost everyone can learn to ride it;
- On average it is 4 times faster than walking;
- It needs ten times less space than a car parking area;
- Turns around in smaller area than a car;
- Technically a bicycle consumes one third of the energy a walker needs, 1/26th the energy a bus needs for transporting passengers. A cyclist using the energy from a corn cob can cover the equivalent distance of up to 5.5 km of driving power;
- Regular cycling prolongs life by about five years;
- Regular cycling helps cyclists to keep in good physical and mental condition;
- Bicycle rider can almost instantly become a pedestrian;
- Bicycle provides the most freedom of movement;
- There is a gradual increase in tolerance between cyclists and motorists; and
- Around the world, the bicycle has become a symbol of social status.

In many European countries it is possible to speak about a "bicycle culture". It is the culture of the new millennium. An example of this concept can be found in the Netherlands and Belgium.

In the Czech Republic, people use a bicycle for the following purposes (Smyčková, 2007):

- 15% of people use the bicycle as a means of transport to travel for shopping, work, and school;
- 45% of bike rides are for shorter trips;
- 25% consider bicycle as a lifestyle issue – they have it as a main hobby;
- 8% use the bike for tourism (the hallmark of the bag carrier);
- 5% are athletes; and
- 2% of people use their bicycles for other reason (e.g. at work).

This information corresponds with the data in Table 5-1. It is evident that the purchase of bicycles in the Czech Republic, in comparison with the Netherlands, is still minimal. Even so, Czech consumers show a preference for using their own bicycle as a sporting lifestyle activity.

For Czechs, the bicycle is mainly for leisure purposes. The bicycle, as means of transport in peoples' opinion, is really for those in socially weaker groups, pensioners, workers and students (Smyčková, 2007).

About 15% of cyclists in the Czech Republic use their bike for shopping, going to school or work. Other bike use is for short trips, improving physical fitness or as a form of tourism. The attitude of Czechs towards usage of bicycles as sports equipment is reflected in the sales of bicycles. Czechs are part of the European phenomenon in shopping for cross country bikes. In the Netherlands, the "city" bikes have sales of approximately 59%; in Germany 25%; in Switzerland 26%, and in France 19%. In contrast, Austrians and Czechs are very similar, with only 6.5% of bikes sold in this category.

Table 5-1 Structure of sales of bikes in selected countries in 2006 (bikes sold in each category in %)

Category	Netherland	Germany	Austria	Switzerland	France*	Czech Republic
City	59	25	6.5	26	19	3
Trekking	15	30	28.5	X	X	5
ATB	X	13	13.2	X	X	X
Cross	X	X	X	4	X	45
MTB	4	12	33	46	34	35
Children	15	9	15.5	17	42	10
Electric	3	X	X	1	X	X
Road	X	8	3,3	4	5	1
Others	4	3	X	2	X	1
<b>The number of cycles total (thousand)</b>	1323	4448	390	348	3777	350
The number of inhabitants (thousand)	16,407	82,431	8184	7489	60,656	10,306
Number of bikes sold per 100 inhabitants	8.06	5.40	4.77	4.65	6.23	3.40

Source : Statistics ASPK 2007

\* Data from 2005

## 5.5 Development strategy for bicycle transport in the Czech Republic

The basic framework for the development of bicycle traffic is the "National Cycling Strategy in the Czech Republic" approved by the Decree of the Government of the Czech Republic No. 678, 2004. An update was approved in 2013 (Decree of the Government of the Czech Republic No. 382, 2013). The strategy sets out four main areas for the development of this mean of transport:

- 1) Finance;
- 2) Safety and legislature;
- 3) Bicycle Academy and education programmes; and
- 4) Cyclo-tourism.

The strategy has also identified many advantages of bicycle transport, e.g. health benefits, environmental friendliness, no need for extensive parking space, ideal mean of transport for kids, cost-benefit efficiency and specific culture related to cycling.

For the purpose of support of cycle transport development, trails are built, mostly out of town in tourist locations. There is a minimum number of cycle roads within cities and towns, which are,

primarily, intended to provide transport through the use of individual bicycles. For this reason, it is not yet possible to actually talk about bicycle transportation in terms of the whole country.

## 5.6 Conclusion

Sustainable tourism development can be defined as one that provides security to the current needs of tourists, while helping to develop the territory. Taking into account the economic use of natural and cultural values leads to long-term prosperity of an area.

Tourism plays a significant role in the development of an area. After decades of continuous development, it has become one of the world's most important industries as it produces 11% of world GDP. The environmental impacts of tourism development that are comparable to the effects of any other industry have not been given enough attention for a long time. Only the massive development of tourism in recent years, coupled with the growth of living standards in developed countries, has highlighted the importance of addressing the issue of sustainability. In the prognosis for the development of this promising sector of the national economy this fact is underlined.

One of the benefits of tourism for the development of an area is the creation of new jobs. Revenues from tourism are also important components of the revenues of state and local budgets. Finally, tourism contributes to learning about new places, natural and cultural heritages of other nations, and helps to better understand their mentalities, customs and practices, and the development of the idea of peaceful coexistence.

In contrast, the massive, uncoordinated tourism development in certain areas can lead to environmental degradation, over-exploitation of natural resources, especially non-renewable ones, and the emergence of conflicts between natives and visitors can be seen, for example, because of different habits use and behaviours.

To address the increase of individual transport, it is necessary to look for fuel as well as car alternatives. One of such approaches might be related to the support of bicycle as a mean of transport with many environmental and health benefits. We see a lot of potential for such bicycle transport development in the Czech Republic which should be further supported by public policies not only related to the development of tourism but also as a stand-alone mean of transport.

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## 6. Effects of externalities on the hotel business

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Ludmila Novacká<sup>1</sup>

*Abstract:* The chapter focuses on the effects of externalities within the sustainable attitude of the hotel and restaurant units. The theory review and the issues published in the introduction are the starting scope and basis for their application in two case studies. The first case study presents the economic impacts of copyright fees established by legal rules to the hotel economy. The second refers to the influence of the Ramadan period on demand in a restaurant and its consequential economic impact. The calculation of impacts documents that both externalities are not so significant. Both of the identified hotel and restaurant are able to solve negative economic impacts of analysed externalities.

*Key words:* externality, impacts, economy, hotel, restaurant

### 6.1 Introduction

The term "externality" was coined by the economist A. Marshall at the beginning of the 20th century, but his opinions did not gain much attention at that time.

Generally, we can say that externality is characterised as: "An effect of a purchase or a usage decision by one set of parties on others who did not have a choice and whose interests were not taken into account." (About.com. Economics. [online])<sup>2</sup>

Samuelson and Nordhaus (1998) explain externality as being when firms, or other people, bear costs or profits as a result of the activities of others involving a good which these others place in the market<sup>3</sup>.

Externalities are defined as spill over effects. They emphasise the possibilities of negative and positive effects towards those affected bodies.

Ronald Coase (1960) dealt with externalities in terms of transaction costs. His views are presented as the Coase Theorem. According to Coase (1960), the problem of externalities is seen as a problem of social cost. He rejects Pigou's (1960) view that the best solution to the problem of externalities is to tax the originator. Coase (1960) argues that taxation leads to some results which are not always desirable and necessary. Coase (1960) rejects Pigou's (1960) statement, that whoever causes harm, should be controlled, arguing that, regardless of the allocation of responsibilities, the result of the transaction will always be Pareto efficient (neutral allocation). Pigou presents so-called welfare economics, favour imposing taxes on the agents of externalities. Pigou (1960) argues national income is maximal in the case when social and private products are equal and that, otherwise, there is inefficiency. He suggests the solution lies in pricing and tax policies. He combines a centralised and decentralised approach.

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<sup>2</sup> <http://economics.about.com/cs/economicsglossary/g/externality.htm>

<sup>3</sup> According to Samuelson, P.A., Nordhaus, W.D. (1998). *Economics*. Irwin/McGraw-Hill, p. 36.

<sup>4</sup> Elaborated in reference to Pigou, A.C. (1960). *The Economics of welfare*, 4th edition, London: Macmillan, p. 235-370 and Friedman, M. (1980) *What's wrong with welfare?* Rochester, University of Rochester, lecture, [http://www.youtube.com/watch?v=m\\_q\\_YOU1Qcl](http://www.youtube.com/watch?v=m_q_YOU1Qcl)

Central elements constitute subsidies and taxes. These taxes are called "Pigovian taxes". Originally, they were designed to deal with the environmental problems of externalities on the environment, or on property of affected owners. Decentralised elements are formed by companies and producers. Producers decide about the volume of production. The Pigou amount of tax is equal to the marginal social harm, which is induced by an externality. However, this approach is difficult to apply in practice. The reason being we are not able to precisely quantify any marginal social damage. A prerequisite for the accurate determination of externalities is to define property ownership and property rights. These are necessary for establishing the originator of externalities, on the one hand, and influence of externalities to the recipient on the other. In countries where the legal system protects property rights, those rights are respected. Here, it is theoretically possible, to make an agreement for compensation between the victims and those who cause the damage. Real life, however, shows that the willingness of an externality originator to pay for damages they have caused and to make a mutual agreement is illusory, especially in countries where there is legal uncertainty.

Economists deal with the effect of externalities on the enterprise does increase private costs, or the company does increase the social costs. Samuelson and Nordhaus<sup>5</sup> (1998) deal with the problem of externalities in relation to the duty of the Government to tackle the negative effects of externalities on the environment and to take direct control by setting emission charges. Bull stresses that government imposed taxes can be cumbersome, therefore, he proposes local taxes should be set. These can be determined on the basis of concrete data, "demand", i.e. on the volume of existing damage.

The Coase Theorem states that, in the presence of complete competitive markets and the absence of transactions costs, an efficient set of inputs to production and outputs from production will be chosen by agents, regardless of how property rights over the inputs were assigned to the agents. Economists call the effects on those not involved in market externalities. Externalities vary along two dimensions: 1) the dimension of impact; and 2) the dimension of object, as shown in Figure 6-1 and discussed below.

- 1) The dimension of impact: Externalities can be either negative or positive.
  - negative externalities impose spill over costs on otherwise uninvolved parties, and
  - positive externalities confer spill over benefits on otherwise uninvolved parties. (When analysing externalities, it is helpful to keep in mind that costs are just negative benefits and benefits are just negative costs.)
- 2) The dimension of object: Externalities can be based on either production or consumption. An externality may originate, or an externality may arise, in production or consumption. On this basis, we are referring to the following relationships (Tribe, 2003)<sup>6</sup>:
  - Externality of production on production; and
  - Externality of consumption on production.

In these cases the spill over effects occur when an item is produced.

- Externality of production on consumption; and
- Externality of consumption on consumption.

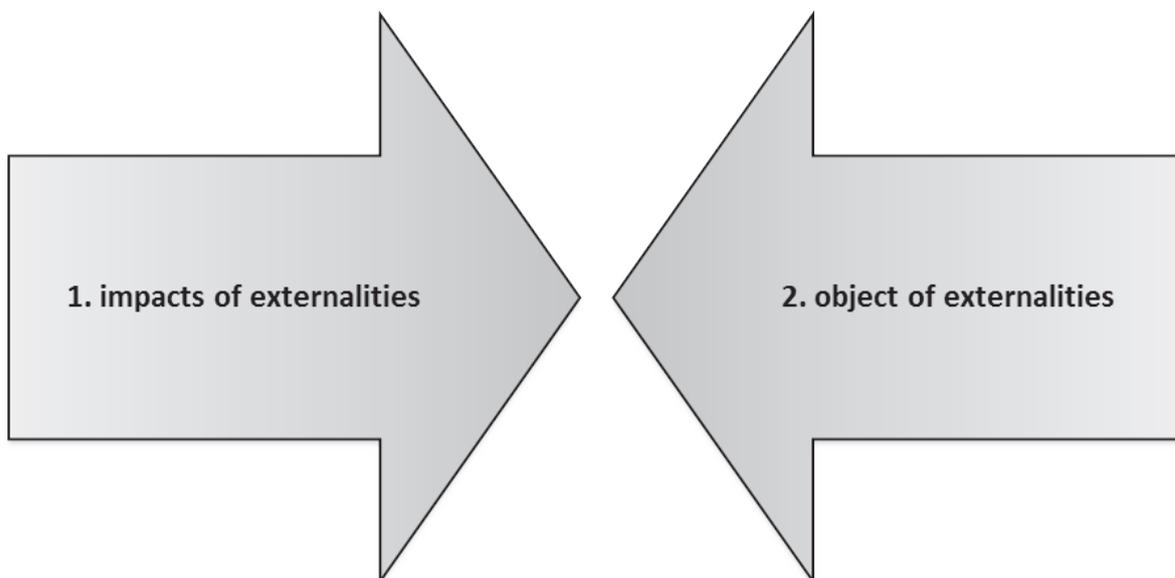
In these cases the spill over effects occur when a product is consumed.

Combining the two dimensions creates four possibilities, as shown in Figure 6-2.

<sup>5</sup> Elaborated in reference to Samuelson, P.A. and W.D. Nordhaus (1998). *Economics*. Irwin/McGraw-Hill, p. 337 and Samuelson, P.A. (2010). *Economics*. TATA McGraw Hill, p. 37.

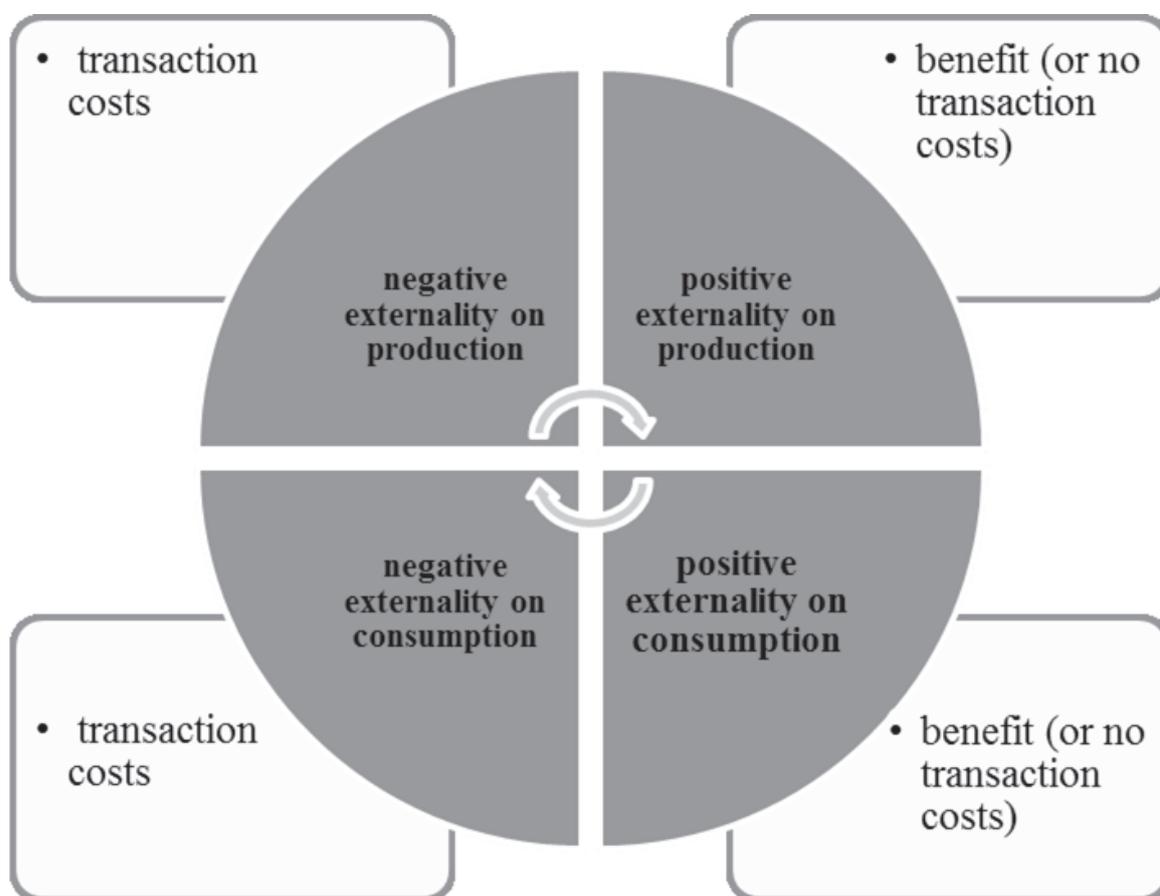
<sup>6</sup> Tribe, J. (2003). *Economics of Leisure and Tourism*, Butterwoth-Heinemann, UK, p. 366.

Figure 6-1 The basic dimensions of externalities



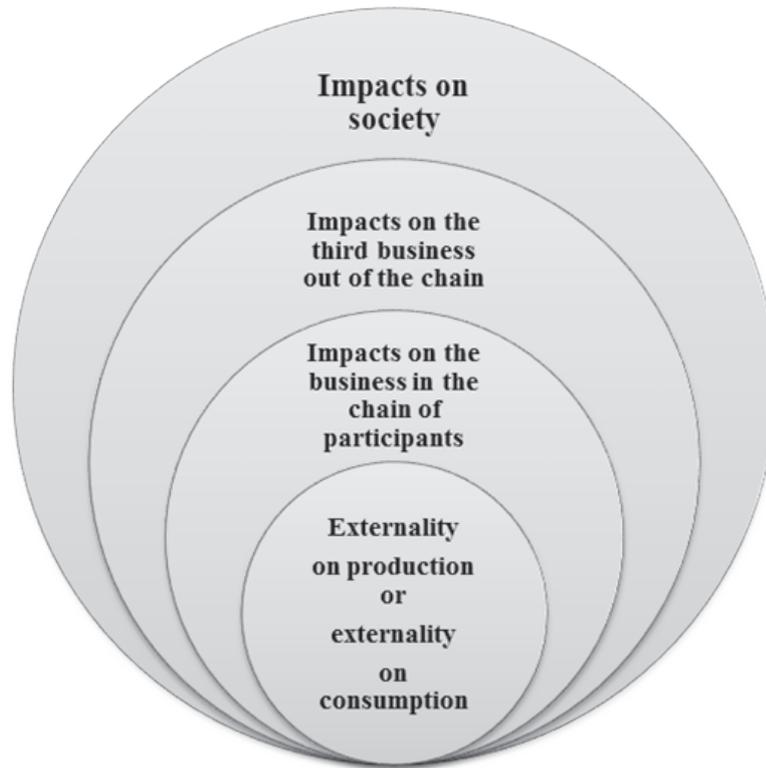
Source: Own elaboration

Figure 6-2 Four possibilities of externalities' impacts on business



Source: Own elaboration

Figure 6-3 The impact of externalities on business and on society



Source: Own elaboration

As shown in Figure 6-3, externalities may impact both the business and social environments. In the situation of an active functionality of externality, the impacts are more intensive. Positive or negative impacts are also present in society.

A negative externality on production occurs when the production of a good or service imposes a cost on third parties who are not involved in the production or consumption of the product. When a negative externality on production is present, the private cost to the producer of making a product is lower than the overall cost to society of making that product, since the producer doesn't bear the cost of the pollution that it creates

To better understand this, we can use the formula:  $\text{cost to society} = \text{cost of producing} + \text{cost of externality}$ <sup>7</sup>. (About.com. Economics. [online])

A negative externality on consumption occurs when the consumption of a good or service imposes a cost on third parties who are not involved in the production or consumption of the product. When a negative externality on consumption is present, the private benefit to the consumer of a product is greater than the overall benefit to society of consuming that product, since the consumer doesn't incorporate the cost of the externality that he creates.

It is possible to express the situational benefit of consumption versus benefits to society by the formula:  $\text{benefit to society} = \text{benefit of consuming} - \text{cost of externality}$ <sup>8</sup>. (About.com. Economics. [online])

<sup>7</sup> <http://economics.about.com/od/externalities/ss/A-Negative-Externality-on-Production.htm>

<sup>8</sup> <http://economics.about.com/od/externalities/ss/A-Negative-Externality-on-Production.htm>

When a negative externality on consumption is present in a market, the government can, actually, increase the value the market creates for society by imposing a tax equal to the cost of the externality.

Economists present several dynamic models for the calculation of effects caused by externalities, especially in countries which are successful in terms of tourism (Spain, Italy, France)<sup>9</sup>. The result is a proposal to constitute a system of taxes and fees in order to mitigate the effects of negative externalities for tourism businesses.

In relation to welfare problems in island destinations, economists are looking for a relative balance to derive the possibility of negative externalities on the local population. A concrete example of positive economic and environmental impacts of externalities can be presented by the useage of geothermal energy in the territory of the Azores in Portugal (Novacka & Nunes, 2012).

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Other writers, dealing with tourism, perceive externalities like the side-effects of economic activity that does not take place in or through the market. According to their opinions, these externalities represent off-market externalities. These authors, also, highlight the variant of positive or negative effects related to externalities. In case of a positive character of the externality, recipients receive partial free of charge benefits (e.g. in case of public infrastructure in tourism, free education of the local population, etc.). According to several authors, it is very difficult to determine the value of damages, because the externalities are caused by things which are often valued within the market (e.g. distracting neon signs, personal watercraft and water attractions near the beach, snowmobiles and snowcats on ski slopes etc.).

Two case studies are presented below. One focuses on copyright issues and hotel theme, the other focuses on a religious customs and demand for restaurant services.

## 6.2 Case Study: Copyright and Hotel Therme

It is difficult to imagine the atmosphere in cafes, clubs or during many other leisure activities without the sound of music. Regardless of the fact that the music is performed live (played by local musicians), or it is a reproduction – each type of music has its value. Copyright protects the authors of music. In terms of externalities, we can suggest three entities that enter into this relationship:

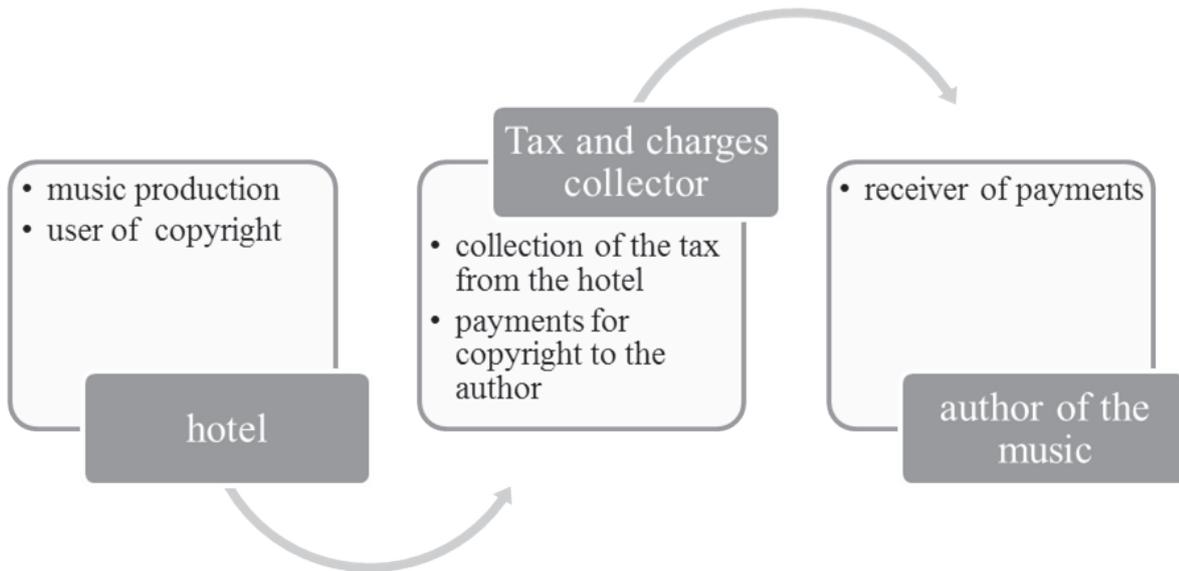
- a composer, who is entitled to protect his/her copyright;
- a State, which introduces a system of taxes or fees and entrusts the institutions with the collection of taxes or fees; and
- a restaurant, disco, or hotel, which are obliged to pay taxes or copyright fees.

Questions: What are the relationships among them? Where is there an externality? What impact does the externality have – negative or positive?

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<sup>9</sup> Authors Candela, G., Castellani, M., Dieci, R.C., Gomez, C.M., Lozano, J., Rey Maquiera, J., Chao, C.C., Hazari, B.R., Laffargue, J.P., Segro, P.M. & Yu, E.S.H., Nowak, J., Sali, M., Cores Jimenez, I., Garin-Munos, T., Figini, P., Castella-Ani, M., Vici, L. and others.

Figure 6-4 Relations in the process of action externality



Source: Own elaboration

Table 6-1 Copyright and their impact on the economy in terms of hotel

Music Production	Price of the service	Total sale incomes for the service	Fee for music production	Total music production fee per year
TV – Music television channels and radio channels	Included in accommodation price	No separate calculation	€ 32	€ 2,816
Disco/minidisco	Included in accommodation price	No separate calculation	Fee per year for 50 pax 6x per week	€ 880
Night disco	5 €/person		Fee per year for 100 pax 3x per week	€ 1,150
Sporting animation activities	Included in accommodation price	No separate calculation	Fee per year	€ 160
Events and evening performances	Included in accommodation price	No separate calculation	Fee per year for 100 pax 6x per week	€ 1,450
Fitness centre	Included in accommodation price	No separate calculation	Fee per year	€ 160
Summer open door refreshment	Included in food price	No separate calculation	Fee per year	€ 40
Total amount			Fees per year	€ 6,656

Source: author's own calculations in reference to official price list of Slovgram (Slovgram [online])

The presentation of a musical performance is a concrete product of the hotel. There are two producers within the hotel.

The producer and consumer of externality: the composer of the music, who is not paid and who is an object of negative externality. The company tries to compensate for this negative externality by way of copyright fees. In relation to the hotel, it acts as a producer of negative economic externalities

Consumer and producer externality no. 2: a hotel, which offers a pleasant environment in the cafeteria, or runs a disco, or provides an animation live program. The author's music is a part of each bid. The hotel operates as the consumer of externality towards the author (composer) of the music. In the case of production, the hotel acts as a producer of negative externalities in relation to the author.

The relations in the process of action externality in the hotel are possible to delineate along the line of Figure 6-4.

From the hotel's perspective there is a relationship: externalities of consumption on production. The economic evaluations of the externalities are reflected in the transaction costs of the hotel.

It follows that the hotel offers music as a necessary part of their service to the customer. TV is part of the standard equipment in a hotel room or other accommodation. The cost of the TV set, and the costs of music are reflected in the accommodation price. There is another fee that is not subject to externality copyright, that is, the cost of TV transmission. Animation activities are part of the hotel's

*Table 6-2 Transaction costs of the copyrights proportion within hotel revenues per year*

Category	Twin or double rooms	Triple rooms	Suites	Total
Number of rooms in the hotel	70	10	5	85
Average price per day in €	58	68	110	5,290
Occupancy per year	60%	48%	36%	59%
Accommodation : Revenues per year in €	864,780	120,700	78,100	1,063,580
Copyrights proportion within the costs, including all free of charge services in the revenues for accommodation in %	-	-	-	<b>0.5</b>
Night disco: Entrance fee - revenues (average 70 pax/ disco) in €	-	-	-	52,500
Proportion of the copyright costs within the revenues of a night disco in %	-	-	-	<b>2.2</b>

*Source: author's own calculations in reference to the hotel data*

product. Costs for personnel and animation activity material are reflected in the accommodation price . The fee for the provision of music has to be included in this price.

Possibilities of solving the negative impact of externalities within the hotel: copyrights are protected by law; the effect of externality is included in the law. The hotel has to calculate the consequences of externality (fees) to the cost of the service, which includes music production. Ultimately, these costs are reflected in the price of the service. This shows charges for music provision actually represent a negative externality effect on the hotel. The amount of transaction costs, that is, the amount of fees, affects the hotel revenue to a lesser extent. The threat to the hotel is not the amount of these costs, but the eventuality the hotel neglects its obligations to pay copyright fees for the provision of the music. The hotel is obliged to pay these fees at defined time intervals. A hotel's negligence causes the threat of penalties. Penalties may significantly increase the cost of the hotel price. Penalties are not transactions costs and, therefore, penalties cannot be characterised as a negative externality impact.

### **6.3 Case Study: Ramadan and tourist restaurant Kaunos**

During the summer, restaurants located on the banks of a river are frequently visited by the participants of boating excursions in the river delta. There are foreign clients and domestic guests. Ramadan is a time when the orthodox Muslim clientele celebrate their religious rules, meaning travel limits and a requirement to fast during the day. The period of Ramadan shifts by ten days in each successive year. In the practice, Ramadan affects and continues six year's summer seasons.

In terms of the creation of an event and the tourism business for this event (product) we indicate two entities entering into mutual relationship:

- a restaurant that produces lunch for visitors,
- the client – the consumer – who is a consumer and a customer.

Question: What relationships are formed between them? Where is an externality? What impact does the externality have – negative or positive?

Lunch, during a tour, is the product of particular restaurants. Within this product appear two bodies at levels of consumption. Producer of externality "force majeure" – religious rule, consumers' custom. Consumer externality: restaurant, whose production is affected by the action of consumers' customs during Ramadan.

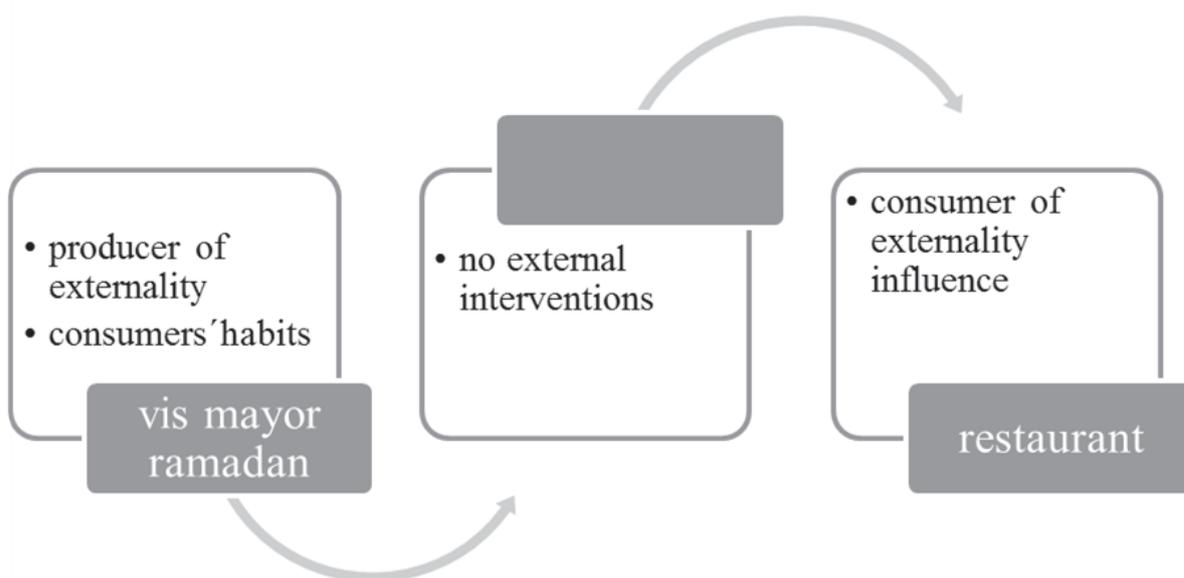
The relations in the process of action externality in the restaurant are possible to delineate along the line of Figure 6-5.

From the restaurant's perspective there is a relationship: externalities of consumption on consumption. Economic evaluation of the externality is reflected in reduced sale incomes of restaurants.

A simple negative impact from externality on restaurant sales can be observed from Table 6-3. There is also a certain significance of the social externality impact in taking into consideration the impacts that act on the following socio-economic phenomena:

- employment of local population. Negative externality impacts are demonstrated by a reduced number of jobs. In the case of a restaurant, it is a reduction in the number of employees by 1 cook, 1 assistant worker in the kitchen and 3 waiters;
- reduction in the multiplier effects of employment in the supply systems (eg. food and drinks); and

Figure 6-5 Relations in the process of action externality



Source: Own elaboration

Table 6-3 Externality impacts on the performance of a restaurant

Number of lunches	Number of lunches in two top season months, July and August	$\Sigma$ Incomes for lunches sold during top season in July and August in €	Number of extra drinks/beverages	$\Sigma$ Sale incomes of extra drinks = extra beverage sales in €	Number of extra souvenirs	$\Sigma$ Sale incomes of souvenirs in €	Total sale incomes in €
In regular season Max 500 / day	30,000	150,000	20,000	40,000	10,000	30,000	220,000
During Ramadan 300 / day	18,000	90,000	12,000	24,000	6,000	18,000	132,000
Negative externality effect on sales in the restaurant	-12,000	-60,000	-8,000	-16,000	-4,000	-12,000	-88,000

Source: author's own calculations

Table 6-4 Externality economic impacts on transaction costs of the restaurant

Economic processes	Total amount
Sale of the total number of lunches (number of portions) during two top season months -July-August for substitute foreign clients	12,000
Σ incomes from sold lunches during top season in July and August in € for substitute foreign clients	60,000
Commission for the organisers of excursions and tours for brokering 10%, the total amount of in €	6,000

Source: Author's own calculation

Table 6-5 Transaction costs of externality influence and the possibility of it reducing

Economic category	Incomes	Costs	Revenues
Incomes from sales of lunches	60,000		
Transaction costs, based on the negative effects of externality (10 % sum of the total commission for the organisers of excursions or 10 % reduction in the lunch price in €)		6,000	
Incomes for the extra sale of beverages in €	16,000		
The total cost for buying beverages from the manufacturer in €		5,600	
Incomes from selling extra souvenirs in €	12,000		
The total cost for buying souvenirs from the manufacturer (wholesale supplier) in €		4,000	
The total revenues	88,000		
The total costs		15,600	
The final result of gross revenues			72,400

Source: Author's own calculations

- reducing the multiplier effects of revenue for the supply of goods and services systems (e.g. producers of food, energy, transport and raw materials etc.).

Possibilities for solving the negative impact of externalities on the restaurant: Ramadan is a time when the consumer's customs of Muslim clientele are influenced by religious rules. Restaurants are not able to affect these rules, so they have to deal with a lack of Muslim clientele. Possible solutions include:

- collaborate with excursion organisers to arrange substitution with foreign clientele not from Muslim countries, with no Ramadan associated consumption limits; and/or
- reduction of production capacity in the restaurant, meaning a decrease in food production and a reduction in workers.

Where a restaurant wants to keep its production programme and achieve production volumes at the same level as in the period before Ramadan, the restaurant must apply a given variant. This means along with the organisers, ensure non-Muslim foreign clients for the excursion, not limited in consumption during Ramadan. To obtain this replacement clientele, organisers of excursions, incoming tour operators, incoming travel agencies or organisers from abroad (outgoing foreign tour operators) need to provide clientele from other countries. All the above mentioned organisers expect a commission for their intermediary service. The commissions represent, for the restaurant, an item that is called transaction costs.

Considering the calculation shown in Table 6-4, it is clear the commission charged by excursions organisers represents increased transaction costs for a restaurant. If the tour operator does not demand a commission for brokering, there is a demand for a reduced price for lunch, a minimum of 10%, increasing transaction costs. The value of the costs is the same, only that the official cost item for the restaurant is expressed differently.

Due to the presence of foreign customers, there is an expectation of consumption and the purchase of additional services. Restaurants can reduce the negative effect of externalities through the sale of other goods and services.

In considering the mentioned survey, it is possible to conclude that externality "force majeure", does not have a positive influence on restaurant revenue. Only an active marketing sale policy can effectively deal with that influence – it is a policy that is oriented towards client substitution. In the case that a restaurant manages a substitution of clients for lunches, transaction costs hold no cardinal importance. The restaurant makes more revenue from sales of additional extra goods and services and, consequently, has more returns. As shown in Table 6-5, the €72,400 of revenues are significantly higher than the €6,000 of transactional costs items which were caused by the negative effects of externality.

## 6.4 Conclusion

The business units have to account economic impacts of externalities. They have to live with these impacts by seeking of convenient solutions. The achievement calculation in case studies documents that both externalities are not so significant. The named hotel and restaurant they are able to solve the negative economic impacts of externalities by business activities in the area of demand market. The analysed externalities in the hotel and in the restaurant do not present significant barrier in the aim to reach sustainability in economic and social attitude in the business.

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## 7. Sense of the city: Competitiveness of place identity as perceived by tourism stakeholders

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*Abstract:* Cities are increasingly adopting the concept of place identity for use within city marketing, in pursuit of wider urban management goals. Still, few attempts have been made to examine the current state of knowledge regarding place identity as it specifically applies to city tourism. This study argues that place identity is a critical concept, not only for providing optimal city tourism experiences, but also in understanding the stakeholders' proper role and reaction to city tourism policy. A case study of Ljubljana, the capital of Slovenia, is used to examine how the imperative of place identity is interpreted in the city tourism policy discourse. Findings show that the incorporation of place identity into tourism strategies might lead to social and environmental sustainability of city tourism development. Guidelines for integration of place-based values into city tourism marketing and management are discussed.

*Key words:* place identity, sense of place, city tourism, competitiveness, Ljubljana.

### 7.1 Introduction

Tourism is, essentially, place-based and involves the production of a destination identity of different scales. Whether the destination is a country, a region or a city, its tourism marketing and planning are involved in the production of a distinctive and competitive place identity. By the beginning of the 1990s, there was a serious attempt to create a distinctive place marketing approach (e.g. Ashworth and Voogd, 1990; Berg et al., 1990; Kotler et al., 1993) and cities, especially, are increasingly adopting the concept of place identity for use within city marketing (Kavaratzis and Ashworth, 2005). City marketing is aimed at a series of different objectives, such as raising the competitive position of the city, attracting tourists and inward investment, improving its image and establishing identity. According to Inn (2004), city marketing consists of two parts: place assets making and place promotion. The originality, specificity, and indispensability of place assets have been acknowledged as the main sources of place competitiveness (Inn, 2004).

Originality, specificity or uniqueness of place in the field of city research are commonly related to the concepts of place identity, sense of place, genius loci, and place attachment (e.g. Relph, 1976; Canter, 1977; Proshansky, 1983; Altman and Low, 1992; Jorgensen and Stedman, 2001; Farnum et al., 2005). These concepts are based upon the idea that each place (city) has its own individual special uniqueness, character, identity, or spirit which differs from all other places. Referring to Harry (1985), a unique character or strong sense of place is often based upon the following items: architectural style; climate; unique natural setting; memory and metaphor (what the place means to people who experience it); the use of local materials; craftsmanship; sensitivity in the siting of important buildings and bridges; cultural diversity and history; people's values; high quality public environments which are visible and accessible; and city wide activities (Harry, 1985).

Local authorities, increasingly, use the local touristic system as a vehicle to demonstrate the city's originality, and its openness to the world (Go and Trunfio, 2012). They are actively engaged in

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assessing, protecting and promoting place identity in order to attract tourists and increase market share. However, they often lack, or have little understanding of, the key stakeholders' positions in local asset creation, asset protection and asset promotion. In city marketing, emphasis would have to be not only on how tourists, but also how tourism stakeholders experience the city they visit, or live in, how they make sense of it, and which physical symbols, or other elements, they evaluate in order to make their assessment of the city.

In this study, we argue that place identity is a critical concept, not only for providing an optimal city tourism experience, but also in understanding the stakeholders' proper role and reaction to city tourism policy. The focus of the study is place identity in terms of there being a place-specific competitive advantage and the attractiveness of the city. Based on the argument that the key factor of competitive place asset making is the participation of stakeholders, we highlight interconnections between place identity and the institutions of tourism planning and policy-making at the local level. The main purpose of the study is to provide the theoretical background and practical strategies for utilising city identity as a basic tool of city marketing. We begin with a brief review of place-related concepts, tracing their genealogy and definitions. After unravelling the concept of "sense of the city" and highlighting why it is applicable in tourism marketing, a case study of Ljubljana is used to examine how the imperative of city identity is interpreted in city tourism policy discourse.

## **7.2 Place-related concepts: from place identity to sense of place**

Place-related concepts are only, recently, receiving attention in tourism studies, although place has a strong theoretical foundation within other disciplines, particularly human geography, psychology, outdoor recreation and architecture. In this chapter, we suggest that the field of tourism marketing has much to gain from adopting and applying the concept of place identity as a marketing tool to create competitive tourism destinations.

Tourism offers a way of experiencing places and of knowing places. Although a promising framework, place-related concepts, such as place identity, sense of place, genius loci or place attachment have been little discussed within tourism marketing literature. When referred to, marketing specialists (e.g. Berg et al., 1990, Kotler et al. 1993) have given much thought to their application to places, treated as products. However, they too easily assume that places are just spatially extended products that require little special attention as a consequence of their spatiality (Kavaratzis and Ashworth, 2005). Yet the place is just too complex to be treated like a product. The city, for example, is simultaneously a place of residence and a place of work for the people that live in it, a destination for the people that visit it (or plan to do so), a place of opportunity for the people who invest in it and so on. We should think of the place from the viewpoint of different users in terms of how they sense, understand, use and connect to the place.

Since Tuan's (1974) seminal work on *topophilia* (in Greek: topos "place" and -philia, "love of") – translated as a strong sense of place – various fields, such as geography, architecture, environmental psychology, urban design and sociology have contributed to the development of specific scientific concepts of place. Tuan (1974), views place as the embodiment of feelings, images and thoughts of those who live, work or otherwise deal with that particular space. To differentiate from the term "*genius loci*" (in Latin: spirit of place), Tuan used the term "sense of place" to describe people's positive feelings for a place. Sense of place gained prominence especially in phenomenological

research, architecture and geography (e.g. Relph, 1976; Canter, 1977; Proshansky, 1983; Altman and Low, 1992). Different concepts that have been used in relation to place, such as: "sense of place"; "place attachment"; "place identity"; "place dependence"; etc., are difficult to separate, since they have parallel definitions representing positive connections to a place.

A place is often associated with a certain group of people, a certain lifestyle and social status. Places can be easily assumed to possess characteristics of identity, differentiation and personality. Identity is related to characteristics of a place that, *"tell us something about its physical and social environment. It is what a place has when it somehow belongs to its location and nowhere else"* (Dougherty, 2006, p. 5). This author argues identity is formed by the natural environment and people's reactions to places they inhabit and changes they make to them. Design elements, including plants, materials, art objects, views, and references to the historic uses or architecture of the site, further enhance the experience and reinforce its meaning and bring out *"those qualities that make a region or a city or a neighbourhood unique"* (Dougherty, 2006, p. 5).

The concept of identity, when applied to a place, may carry two altogether different meanings. In the first meaning, identity refers to the term place and means a set of place features that guarantee the place's distinctiveness and continuity in time, as stated by Dougherty (2006). This concept derives from the concept of *genius loci* (Norberg-Schulz, 1980), used to describe the unique character of a place. Architect and phenomenologist Norberg-Schulz (1980) used the concept of *genius loci* to describe the sense that people have of a place and understood it as all physical, as well as symbolic values of a place. This author distinguishes three basic place characters, understandable as ideal types, which are (p. 48):

- Romantic;
- Cosmic; and
- classical characteristics<sup>3</sup>.

An alternative meaning of place identity, as it is used by psychologists, conceives of it as a feature of a person, not a place (Proshansky, 1978; Moore and Graefe, 1994; Uzzell, 1996). According to Moore and Graefe (1994), place identity (often written as place-identity) is developed over a longer period of time and builds emotional and symbolic meanings of a place. Place-identity is formed through individual awareness and perception of the world as represented by a collection of memories, conceptions, interpretations, ideas, and related feelings about specific physical settings and types of settings. It is implied that people recognise a place as an important part of themselves, and as an integral component of self-identify from their experiences of the surroundings and the environment. Consequently, place identity represents people's symbolic/emotional relationships with places (Proshansky, Fabian and Kaminof, 1983).

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<sup>3</sup> In the highly competitive global environment the necessity of differentiation of place characteristics is continually growing. Rider (2012) presents following profiles of city characteristics:

- Creative city (e.g. Berlin, Barcelona)
- City of culture (e.g. Vienna, Bilbao)
- City of science (e.g. Cambridge, Bologna)
- City of sport (e.g. Valencia, Innsbruck)
- City as a history teller (e.g. Rome, Prague)
- Cool city (e.g. Amsterdam, New York)

Place identity can arise from individual as well as from shared social processes. As Stokowski (2002) and Williams (2002) pointed out, in tourism, the primary emphasis has been on the individual as the unit of analysis and little work has been done on how meanings come to be shared within groups. Place identity research focusing on individual factors demonstrates that place meanings and attachments are much more than just innate preferences. Places have symbols that have meaning and significance to us. Places represent personal memories, and because places are located in the socio-historical matrix of intergroup relations, they also represent social memories (shared histories) (Hauge 2007).

Places do not have permanent meaning – their meaning is continually renegotiated and, therefore, their contribution to identity is never the same. Breakwell (1983), formulated an identity process theory that has been useful for research on place identity. Breakwell (1983) argues that places are important sources of identity elements. Identity is seen as a dynamic, social product; both a structure and a process. Breakwell (1983) does not make any distinctions between personal and social identity, but differentiates between the content and value dimensions of identity. Content dimension incorporates both personal and social identity, and value dimension contains the positive or negative values of these categories.

It is generally acknowledged that people encounter places through perceptions and images. Symbolic meanings of a settlement are important for society's cultural interpretation of place. The field of cultural geography has dealt with the construct of places using three processes: (1) through planned interventions such as planning and urban design; (2) through the way in which people use specific places; and (3) through various forms of place representations such as films, novels, paintings, news reports etc. (Holloway and Hubbard, 2001). Jiven and Larkham (2003) argue it is the people that integrate features of a place through their value systems, to form a sense of place. Stedman (2003) suggests there are three main aspects used to consider sense of place. These include the characteristics of the physical environment (setting), human use, or the interactions and behaviours within the setting, and meanings. Additionally, a fourth aspect is added to consider evaluations of place: landscape attributes and nature, particularly in places which are richer in natural elements, and these serve as the foundations which foster meanings and attachment (Stedman, Amsden & Kruger, 2006).

Sense of place is a factor that makes an environment psychologically comfortable, argues Zakaria (2009). In his study four major components that contribute to a sense of place are suggested. These are:

- toponymic (related to naming places);
- narrative (involving personal or group stories or legends);
- experiential, and
- spiritual.

Any time a location is identified, or given a name, it is separated from the undefined space that surrounds it. Some places, however, have been given stronger meanings, names or definitions by society than others. These are spaces said to have a strong sense of place. Zakaria (2009) views a sense of place as a factor that makes an environment psychologically comfortable. Recently, scholars in the field of public health (DeMiglio and Williams, 2008; Williams and Patterson, 2008) have recognised a strong sense of place as a potential contributing factor to well-being. Spaces that lack a sense of place are referred to as placeless or inauthentic. Such places have no special relationship to spaces in which they are located – they could be anywhere or be any type of space, such as, fast food chains and chain

department stores, thematic parks and, even, some historic sites or districts that have been heavily commercialised for tourism (Augé, 1999; Zakaria, 2009).

Many authors, (e.g. Altman and Low, 1992; Jorgensen and Stedman, 2001; Farnum et al., 2005), suggest that sense of place is the most encompassing place-related term, referring to the entire group of cognitions and affective sentiments held regarding a particular place. However, scholars in the field of tourism and marketing research (Stedman, 2002; Kyle et al., 2005; Lewicka, 2008) commonly used other place related concepts, such as place identity and place satisfaction. In a marketing sense, places should be treated as organisations, while place identity should be treated as corporate identity. The main suggestion of corporate identity is that the whole organisation is managed and marketed, not each product. Each product of the place can enjoy the benefits of belonging to place identity as a brand. Also, place identity, as corporate identity, is attached to more universal values such as social responsibility, environmental care, sustainability, progressiveness, competitiveness, innovation and trust (Kavaratzis and Ashworth, 2005). A place, as a tourism destination, needs to be differentiated through unique place (brand) identity if it wants to be recognised as existing, perceived in the minds of place users as possessing qualities superior to those of its competitors, and used in a manner compatible with the objectives of the place. Thus, brand identity, personality, differentiation, positioning, and thereby competitiveness, are all transferable concepts attached to places.

### **7.3 Competitiveness of place identity and the role of tourism stakeholders**

Places need to nurture, support and strengthen their competitive advantages against other places in projecting an identity that separates the place from the rest of the competition. Competitiveness of place identity is becoming much more than an academic curiosity on the fringe of tourism marketing. A number of studies have introduced and applied the concept of competitiveness in the area of tourism destinations (Bordas, 1994; Buhalis, 2000; Crouch and Ritchie, 1999; d’Hauteserre, 2000; Go and Konečnik, 2007; Gomezelj-Omerzel, 2013; Hassan, 2000; Kozak, 2001; Kozak and Rimmington 1999; Mihalič, 2000; Ritchie and Crouch, 1993; Thomas and Long, 2000; Woodside and Carr, 1988; Yoon, 2002). The major interest of existing studies has been to investigate how destination competitiveness can be sustained, as well as enhanced, while maintaining a market position among other destination competitors. Additionally, studies have investigated the key environmental factors, determinants, or strategies that affect the enhancement of destination competitiveness. In particular, destination attractions and resources have been acknowledged as sources of competitive advantage factors in destination competitiveness (Mihalič, 2000). These factors are essential motivators for visiting a destination and, also, an essential component for destination sustainability and prosperity (Crouch and Ritchie, 1999; Hassan, 2000). As the destination possesses a mixture of attractions and attributes to be experienced by tourists, destination strategic planning should be focused on capitalising these attributes. Mihalič (2000) emphasised destination appeal as a key factor of competitiveness. Destination appeal refers to destination attractiveness. According to Mihalič, (2000) destination appeal includes the following elements that correspond to place identity:

- natural features;
- climate;
- culture and social characteristics; and
- uniqueness of place.

Destination marketing, based on place identity, is neither neutral nor pure. Trueman et al. (2001), stress that the transfer of conventional marketing analysis of brand identity to place identity is possible only if sufficient weight is given to different stakeholders. For the purpose of enhancing place competitiveness, decision-makers should engage stakeholders in place identity assessment and place asset creation that stakeholders perceive as democratically engaging and pragmatic. Go and Trunfio (2012) suggest that to ensure such policy as coherent, decision-makers should take several steps, including the reframing of place marketing discourse and mapping of mental, symbolising processes of various place stakeholders.

Stakeholders have been defined as any individual or identified group who is affected by, or who can affect the achievement of strategic objectives (Brysen and Crosby, 1992; Getz and Timor, 2004). Stakeholders are either those who have the power to influence the decision-making processes, or have a stake in the performance of the tourism sector (Donaldson and Preston, 1995). Multiple stakeholders should be included in tourism planning and development of places. Clearly, local authorities face a challenge in that there will be multiple senses of places, multiple place identities and a variety of possibly conflicting meanings and attachments to a place, depending on different ethnic, social, and cultural backgrounds, personal experiences, group membership, and other characteristics (Farnum et al., 2005).

Local authorities need frameworks, tools, processes, and protocols to help them understand and better incorporate elements of place identity into their strategies. A better grasp of how sense of place is transformed into politics of place, and how vested interests, place identities, and other identities combine to influence people's views and actions toward management might help them to understand these situations and to design strategies and processes to help achieve more acceptable outcomes (Farnum et al., 2005). These authors argue it is worth the extra effort to work with the community and stakeholders to identify a place's unique and special meanings. "*Although the outcome may fall short of achieving an equitable decision that is fully acceptable to all stakeholders, managers may experience increased acceptance and trust from the community*" (Furnam et al. 2005, p. 51). Last, but not least, stakeholder's participation in place identity assessment and local asset creation is a potential component of socially responsible tourism development. If tourists fail to 'see' or to be involved in places, they are "geographically alienated" (Relph, 1976). To avoid this, nurturing a sense of place could provide the feeling of authenticity and intimacy missing for so many travellers and visitors.

An analysis of urban practices in successful European cities such as Barcelona, Paris, Berlin and Birmingham (Dimitrowska-Andrews et al., 2007), shows local authorities in these cities have been aware of strong connections between competitiveness and place identity. They have developed modern planning strategies and long-term visions supported by appropriate administrative planning and financial mechanisms aimed at strengthening the identity of their cities. According to Jevremović (2011), three conditions must be met to provide such a strong competitiveness of a city's identity. These are:

- strong links between various stakeholders;
- modernisation and innovation of different aspects of urbanity; and
- harmonious place identity.

Harmonious place identity, especially, refers to the holistic nature of sense of place and place attachment. In the case of cities, it is strongly connected to the quality of life concept "of being a liveable city" (Rogerson, 1999). Competitiveness of cities reflects, not only their current capacity to engage with the global capital and (tourism) market competition, but also a function of quality of life

attributes, such as: public transport; safety and security from crime; education provision; environmental quality; place aesthetics; recreation; arts and cultural diversity; and climate.

Effective local authorities should harmonise a city's economic, social and environmental identities and build on these to ensure the best possible outcomes.

## **7.4 A case study of Ljubljana**

A case study of Ljubljana is used to examine how the imperative of place identity is interpreted in city tourism policy discourse. Due to the need to explain how place identity is used within strategic city marketing planning, a multiple case study method was deemed to be the most appropriate approach (Yin, 1994; Go and Trunfio, 2012) for the present study. Therefore, the analysis of the case study of Ljubljana is based on several sources of information: secondary data; master plans; local reports; official and institutional documents; statistics; and primary data. The case study begins with a description of the tourism context of Ljubljana. The main body of the case study is then presented, with sections that outline the city's tourism management approach, the methodology of empirical research and the interpretation of outcomes.

### **7.4.1 Ljubljana as a tourism destination**

Ljubljana is the capital of Slovenia, a country of 20,000 square metres and 2 million inhabitants. Since 1991 Slovenia has established itself as a developed economy, become a member of the European Union and adopting the Euro. Ljubljana is the national cultural, university and business centre of Slovenia. It has a continental climate in winter influenced by the proximity of the Alps and being only a 30 minute drive from the nearest ski resort. During summer, however, it reflects a strong Mediterranean influence, as it takes only an hour to reach the Adriatic coast. In 2014, Ljubljana celebrated 2000 years of Emona – a Roman colony dating from 14 A.D., which is considered as the foundation milestone for today's city. Through its history, the territory of Ljubljana has always been the crossroads of Slavic, Germanic and Latin cultures. The historic growth of Ljubljana can be traced through the still preserved elements of Roman, medieval, Baroque, Art Nouveau and modern architecture. According to the famous Slovenian architect Jože Plečnik (1872 – 1957), who created unique architectural projects and landmarks in Ljubljana, the city has two vital lines – the water line of the Ljubljanica river and the green line connecting the two central parks – Tivoli and Castle Hill. These lines actually meet at Triple Bridge, one of Plečnik's most renowned masterpieces. Triple Bridge not only connects different banks of the river, but also binds together different historic parts of the town. This is why the river is a meeting point, where locals and visitors alike gather regardless of the season. According to the 2012 Roland Berger Survey, Ljubljana is among the leading Central European capitals in terms of innovation, research and development. Most residents are fluent in at least one foreign language, with English being the most widely spoken. Locals are also known for their willingness to share their place and their knowledge with visitors looking for insiders' tips. All these individual elements make the city of Ljubljana attractive as a tourism destination. Tourism brochures describe and paint it as an "energetic, creative, passionate and lively city with a young beat, softened by a tinge of romanticism and nostalgia". According to Readers Digest and Forbes magazines, Ljubljana is perceived as, "the most honest" capital and the third "most idyllic city" in Europe (Visit Ljubljana, 2012).

Ljubljana Tourism is the public tourism organisation under the auspices of the City of Ljubljana. Its main task is international tourism promotion and marketing of the Slovenian capital. Together with the

tourism industry and other tourism stakeholders, Ljubljana Tourism encourages tourism development and promotes tourism in Ljubljana, which includes: investment in the tourism infrastructure; city tourism brand management; guided city tours operations; events management; promotional publications; presentations of the city at tourism trade fairs and other marketing events; and management of the Visit Ljubljana tourism web. Ljubljana Tourism is a founding member of the Slovenian Convention Bureau, which remains its most important partner. Recently, they have started a public-private initiative, the Ljubljana Strategic Bidding Team, whose aim is to attract more international congresses in Ljubljana.

Ljubljana Tourism is also the prime source of information about tourism facilities, services and statistics in the Ljubljana area. The latest data shows an increase in the share of tourists visiting Ljubljana for holiday, leisure, and entertainment. The share of these visitors grew from 32% in 2003 to 62% in 2012. The most frequent foreign visitors come from Italy, accounting for 12% of all international arrivals. They are followed by visitors from Germany (8.0%), China (5.8%), and United Kingdom (5.4%). The numbers of visitors from Italy, Germany, and China have been on a steady increase over the last three years of the decade observed (2002 – 2012), while the numbers of visitors from the UK did not change. Another important tourism market for Ljubljana is the USA. Visitors from the USA are placed only seventh in terms of the number of arrivals, but in terms of overnight stays they are placed fourth, just behind the Chinese. The analysis of the monthly data on tourist arrivals from the key foreign markets shows that the largest number of visitors from Italy arrived in August and December, while tourist arrivals from Germany and the UK were concentrated in the summer, the main tourist season. Arrivals from China were more evenly spread over the period May to October.

A survey involving Ljubljana's hoteliers (2013) suggests that as much as half of the business generated by the hotels came from business visitors. An average of more than 60% of business visitors stayed in higher rated (four or five-star) hotels and less than 40% in lower rated hotels which is where the majority of holiday visitors typically stay.

The latest survey of the structure of tourists' spending in Ljubljana shows the average daily spending of surveyed tourists amounted to an average of € 125.79. The cost of excursions, visits to cultural attractions and events, entertainment, and personal services such as spas, sports and recreation together account for about 7 %. An above-average total daily spending per person is recorded among: tourists aged 40 to 59; British and American tourists; business and convention visitors; tourists in four and five-star hotels and tourists who have visited Ljubljana at least three or more times.

Based on data obtained from all researched sources, the profile of Ljubljana's tourism is presented in Table 7-1.

The process of developing a new tourism master plan started with a detailed analysis of tourism development between 2002 and 2012. The analysis has shown strong growth in tourism demand, with an average yearly increase of 10.9% in arrivals and of 11.3% in terms of the number of nights spent on a stay. It also recognised tourism as being a strong economic activity and an important job provider.

Following this analysis, Ljubljana Tourism began with a bottom-up method of building the master plan. The process began with a series of four workshops attended by tourism stakeholders from the public and private sectors, as well as from civil society. The purpose of the first workshop was to identify elements of Ljubljana's identity to form the basis for vision and mission statements, as well as

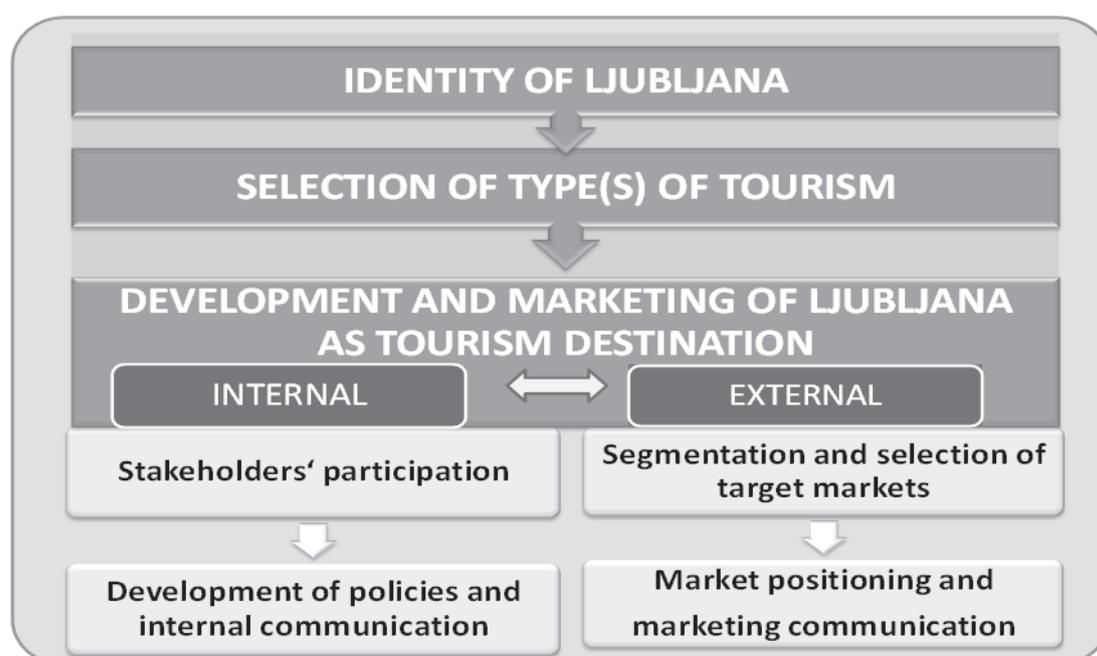
Table 7-1 The profile of Ljubljana as a tourism destination

Number of tourists:	456,659 (13.8% of all tourist arrivals in Slovenia)
Number of nights:	851,386 (8.9% of all overnight stays in Slovenia)
Number of rooms:	4040 (9.3% of all Slovenian rooms in all tourism accommodations)
Number of beds:	9056 (7.5% of all Slovenian beds in all tourism accommodations)
Average length of stay:	1.9 days (in Slovenia amounted to 2.9 days )
The share of foreign/ domestic tourists in %:	95.5 / 4.5 (in Slovenia this ratio is 60.7% of foreign tourists / 39.3% of domestic tourists)
Number of companies in the hospitality industry:	749 (27.4% of all Slovenian companies in the hospitality industry)
Number of employees in hospitality industry:	4439 (27.2% of all employees in Slovenian companies in the hospitality industry)

Source: Own elaboration

for setting strategic goals and policies. The principle of rooting Ljubljana's tourism strategy in its identity is shown in Figure 7-1.

Figure 7-1 Strategic model of sustainable development and marketing of Ljubljana as a tourism destination



Source: Own elaboration

## 7.4.2 Tourism stakeholders' interpretation of identity of Ljubljana

Reviews of place identity are recorded in texts reflecting the perception or feeling of a place, usually accompanied by a rating. This empirical research, also aimed to capture the tourism stakeholders' perception and sense of Ljubljana by collecting texts and ratings. Texts were collected by interviewing representatives of tourism organisations and hospitality firms in Ljubljana, that were participating in the workshops organised by Ljubljana Tourism in June 2013. A semi-structured, individual questionnaire was used to elicit and assess the components of the identity of Ljubljana. The samples, constituted by these tourism stakeholders, are a representation of the population, accounting for 38% of local tourism organisations and hospitality firms in Ljubljana.

The research into tourism stakeholders' perceptions of the identity of Ljubljana was designed on the basis of Daugherty's (2006) framework for assessing urban place identity. For methodological purposes, city identity was broken down into three components: place attachment, tourism identity, and place personality. Place attachment refers to the bonds that stakeholders formed through direct experiences in, or engagement with a place (Semken and Butler Freeman, 2008). This component is composed of three factors: culture, people, and the environment of the city. The second component, tourism identity, refers to two aspects – continuity and distinctiveness (Lewicka, 2008). This component includes specific elements that help to understand perceptions of continuity and distinctiveness of the tourism business environment, tourism attractiveness, and tourism activities in Ljubljana. Finally, city personality was included as the third component of city identity. City personality reflects, at least in part, the psychological characteristics of the residents (Arreola and Curtis, 1993) and brings about a deeper symbolic understanding and sense of the city (Jiven and Larkham, 2003). The specific framework for assessing the identity of a tourism city is illustrated in Figure 7-2.

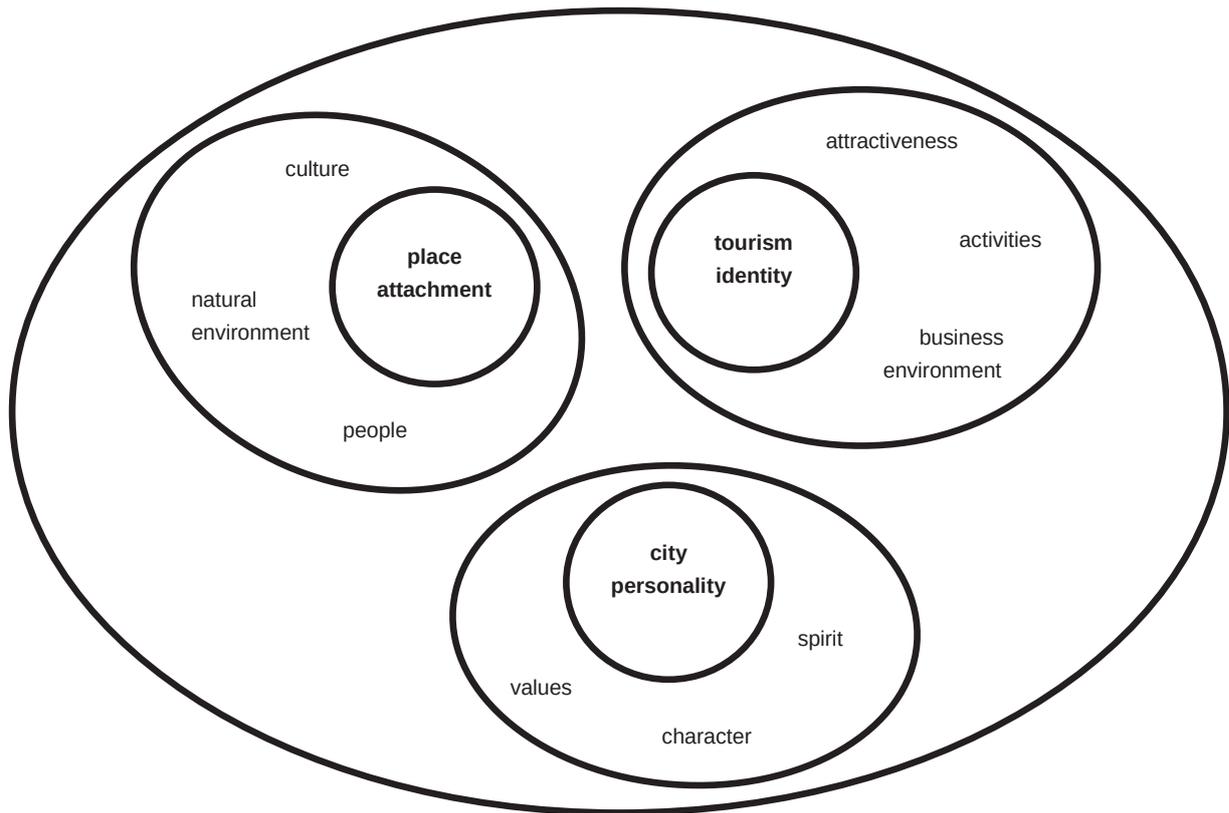
The research into city identity, as perceived by tourism stakeholders, was largely exploratory. It concerned the content of stakeholders' perception and interpretation of attributes of Ljubljana's identity (what they know and how they construct Ljubljana's identity). Along with ratings of attributes that were elicited during the interviews. Other aspects further explored included how much they knew, and how they assessed the competitiveness of specific attributes.

Attributes and competitiveness of the place attachment component were elicited and assessed by the question about their positive and negative feelings towards Ljubljana. Within this component, self-categorisation of stakeholders, in terms of place, and deep feelings of being a resident of Ljubljana were shown. The following elements of Ljubljana's identity were elicited and assessed as competitive:

- living in a beautiful natural environment, with easy accessibility to different natural attractions;
- a feeling of personal safety and security;
- love for the architectural style and lifestyle of the city
- feeling of being connected; and
- nurturing and interpreting of place memories – history, art and cultural heritage.

Within the component of tourism identity, stakeholders expressed features that guarantee the city's distinctiveness and continuity in time, in terms of its tourism. They generally agree upon the unique

Figure 7-2 Framework for assessing tourism city identity



Source: Own elaboration

tourism characteristics of Ljubljana. Competitive attributes of tourism identity, according to tourism stakeholders are:

- natural attractiveness and uniqueness;
- attractiveness of cultural sites and events;
- culinary experiences in the specific ambience of the old town;
- shopping, meetings and events; and
- road accessibility and being "near to..."

Within the component of place personality, stakeholders discussed the "character", "spirit" or "atmosphere" of the city (Jiven and Larkham, 2003). Personality research, in psychology, states that personality characteristics that are most important in peoples' lives will eventually become a part of their language (Tanasescu et al., 2013). Stakeholders' elicitation and interpretation of Ljubljana's personality refers to a combination of two personal characteristics. Ljubljana seems to have, at the same time, an active and a romantic spirit. According to stakeholders, she is charming, warm, expressive, sensitive, kind, honest, artistic, gentle and easy-going, which expresses a romantic city personality. However, she is also creative, innovative, hardworking, organised, and outgoing – characteristics of an active city personality. Stakeholders chose, as references, various European cities and compared them with Ljubljana's "character". Cities such as London, Barcelona, Belgrade and Milan were taken as examples of an active "spirit"; while Paris, Venice, Vienna and Prague were the best references of cities with a romantic profile. However, Ljubljana is still not competitive enough, either within the segment of romantic city (low international visibility/recognition of Ljubljana, absence of storytelling and less

impressive architecture, according to tourism stakeholders) or within the segment of active ("cool") cities (not entrepreneurial enough, not active enough in terms of happenings, events, night life). In order to express its unique characteristics, Ljubljana will have to emphasise its individual, subjective nature. In particular, emphasis should be placed on the visual form. Although cities are also perceived through other senses, there is an innate conflict between verbal and visual thinking about a space.

Tourism Ljubljana, has based its mission and vision statements for the strategic tourism development of Ljubljana also on its tourism stakeholders' perception and competitiveness assessment of Ljubljana's identity.

The following vision of Ljubljana, as a tourism destination, was written and accepted by all stakeholders:

*By the year 2020, Ljubljana will be recognised as an exciting European city tourism destination, offering active and romantic city break experiences and business meetings throughout the year. Stakeholders will jointly develop a sustainable and quality tourism system, which will have positive effects on the quality of life and pleasant atmosphere for its residents, visitors and tourists.*

Based on the master plan's vision, managers of Tourism Ljubljana have set strategic and operational goals for the development and marketing of Ljubljana as a tourism destination for the period 2014-2020. Just to illustrate, priority tasks include:

- stronger public-private partnership;
- setting a stimulating environment for economic growth;
- strengthening efforts for better international visibility/recognition of the capital;
- development of integral, authentic and innovative tourism offer;
- targeted information and distribution in the market segments compatible with Ljubljana's 'spirit';
- sustainable tourism development that will harmonise the city's economic, social and environmental needs and ensure the best possible returns; and
- intensive and responsible branding of Ljubljana as an active and romantic destination for short city breaks and professional conferences (a film "Ljubljana/The Beloved", promoting the romantic-active atmosphere can be seen on YouTube).

## **7.5 Conclusions and future research**

The Ljubljana case study shows how the concept of place identity can be used within city tourism strategic planning. It also shows local authorities can be a key factor in prioritising this concept within a tourism development strategy. For Ljubljana tourism authorities, sustainable tourism development, based on city identity, is seen as an opportunity for economic growth as well as quality of life improvement. For more effective tourism development and increased competitiveness of the city, it is suggested that competitive attributes of city identity as perceived by tourism stakeholders are highlighted.

This study has drawn on selected theoretical and empirical contributions in the field of place identity. The wider, multidisciplinary exploration of literature and the multiple case study leads us to conclude that theoretical perspectives on place identity are very complex and, sometimes, also confused. However, several researchers, represented in this study, have suggested place identity (sense of place, genius loci, place attachment, place atmosphere) is intimately tied to the politics of place. The main

contribution of our study is a better grasp of how place identity is transformed into the tourism policy of a city.

The policy implications of this study are that it is most important for the success of city tourism management to develop competitive assets and to promote a distinctive and authentic city identity with potential to increase competitiveness of the city. City identity attributes with a competitive potential are: its specific natural environment; lifestyle; architectural style; and city memories (stories) that represent the main positive attributes of place attachment. In terms of tourism identity, cultural sites and events, culinary experiences – in particular the ambience of the old town, street and business life and easy accessibility to Ljubljana, should all be emphasised within tourism products and communications. In order to express the city's unique and competitive characteristics, Ljubljana has to emphasise its individual personality, unique spirit and sense of place. Although we perceive cities with all senses, there is an innate conflict, especially between verbal and visual thinking about a space. Therefore, special emphasis should be put on the visual forms of competitive attributes of city identity. In this way, the image of Ljubljana would be strengthened, and it would be more internationally recognised as a tourism destination.

This approach, sensitive to individual cases, allows for the evaluation of attributes and factors of city identity to a greater extent than it does for the case of Ljubljana. Hopefully, this study can serve as a critical review and an explicit case for those interested in integrating place identity into harmonious and sustainable city tourism development.

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## 8. Child sex tourism – trend or a permanent fact of global tourism?

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*Abstract:* The underlying causes of sexual exploitation and prostitution include: poverty; inequality between women and men; high population growth; and rural-urban migration. Victims are, predominantly, women and children from lower socio-economic status. One particular form of sexual exploitation is child sex tourism. This ruthless exploitation of children occurs throughout the world, predominantly in third world and developing countries. Children, mainly between the ages of 6 to 14, are trapped in a vicious battle between large impoverished families who are dependent on their support, and a society that ruthlessly exploits them. In line with the trend in increasing child exploitation, there is also an increasing exploitation of children for the purposes of child sex tourism. Based on the analysis of types, reasons, impacts, consequences and trends of child sex tourism, it has been possible to develop some necessary measures to prevent this practice from occurring. Tourist operators around the world have a moral and ethical duty, based on the relevant international legal acts and tourism Code of Ethics, to take measures necessary to prevent such forms of tourism. Like all forms of commercial sexual exploitation of children, the battle against child sex tourism is a complex problem requiring answers at several levels and involving different protagonists, especially in the area of tourism. An analysis of the phenomenon of child sex tourism has highlighted some fundamental conditions for preventing it becoming a social phenomenon. These include strict implementation of laws against child labour and a political will to enforce them.

*Keywords:* tourism, sexual exploitation of children, child sex tourism, poverty, social discrimination

### 8.1 Introduction

Tourism is one of the most important industries in the world, providing development and business opportunities across the globe, constant growth and, often, the only industry in developing countries. In 1950, 25 million tourist arrivals were recorded globally. By in 2000 it had increased to 700 million, and the World Tourism Organisation (UNWTO) predicts 1.5 billion tourist arrivals globally for the year 2020 (UNICEF, 2005). The economic importance of tourism is emphasised by data revealing that, globally, tourism generates 9.3% of GDP and employs 8.7% of the population (Černič, 2013). The development of tourism in a particular country or region, is often considered as an economic opportunity for poverty reduction in that it offers many new job opportunities. It reduces unemployment, and increases the opportunity for different forms of earnings, which influence living standards of the population and improve the economic state of a tourist destination. Areas that are largely dependent on a single industry for employment, usually agriculture, can derive a more diverse composition of local activities, increased opportunities for investment and development and improvement of local infrastructure through development of tourism. Additionally, tourism development also boosts economic growth for the destination itself, triggering investment in improvements and repairs of public services (water supply, sanitation, lighting, parking lots, etc.), and transport infrastructure (roads, airports, public transport, etc.). Investment in public transport infrastructure benefits both the local community as well as tourism, as it increases its competitiveness

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– a precondition for tourism development. Successful development of tourism increases the inflow from a variety of taxes into the budget at the local or state level. Most of the community finances that come into the budget are from taxes on services (accommodation, catering, transport, tourism services) and income taxes from new jobs (Kreag, 2001). Tourism, therefore, is no longer just a trend, but has become the driving force behind many national economies. A continuous growth in tourism is welcome for both tourist offerings, as well as tourist demand. However, there are recent growing concerns about the speed and nature of such tourism development (Grublješič, 2007).

Growing numbers of tourists, with different needs and motives, are travelling the globe as tourist trips become increasingly accessible and popular. Alongside the positive economic and development opportunities, tourism also brings many risks. Natural and cultural heritage, as the most important part of sustainable development, is primarily overburdened by rapid and uncontrolled development of tourism. One particularly exposed tourist product, which discards the principle of sustainable development and sustainable tourism, is mass tourism. Mass tourism enables a philosophy of rapid and uncompromising development, exclusive of any element compatible with the principles of sustainable development and sustainable tourism. Besides the economic impact and the impact on the natural environment, tourism has an effect on and marks society itself through its social context. Different forms of tourism have different social impacts and, among them, sex tourism stands out as a negative form which has seen a significant growth trend throughout the world. It is becoming one of the most lucrative tourist activities, earning hundreds of millions of Euros each year. The most popular destinations are Thailand, Kenya, Tanzania, and the Philippines. In recent years, this form of tourism has, also, strongly expanded in Latin America – mainly Brazil, Colombia, Cuba, Costa Rica and the Dominican Republic – with Americans and Canadians most frequently visiting these countries. In Europe, we find an increasing trend in sex tourism in Russia, the Ukraine, Romania, Bulgaria and the Czech Republic (ECPAT<sup>3</sup> International, 2008). In the context of sex tourism, a particular form, referred to as the "dark side of tourism", is applied to child sex tourism. Like sex tourism, child sex tourism shows constant growth, both in supply and demand. For example, in Cambodia among 800.000 prostitutes, one third of them are minors (Hansen, 2005). More and more destinations, typically in poor and underdeveloped countries, offer child sex tourism. This paper aims to present a detailed summary of the forms, reasons, impacts, consequences and trends of child sex tourism around the world. The in depth issues deal with criminology, psychology and sociology, but it seems no study has as yet addressed the phenomenon of child sex tourism from the perspective of the tourism profession. This paper aims to analyse the phenomenon of child sex tourism around the world by reviewing scientific and technical literature and present a synthesis of findings from the perspective of the tourism profession.

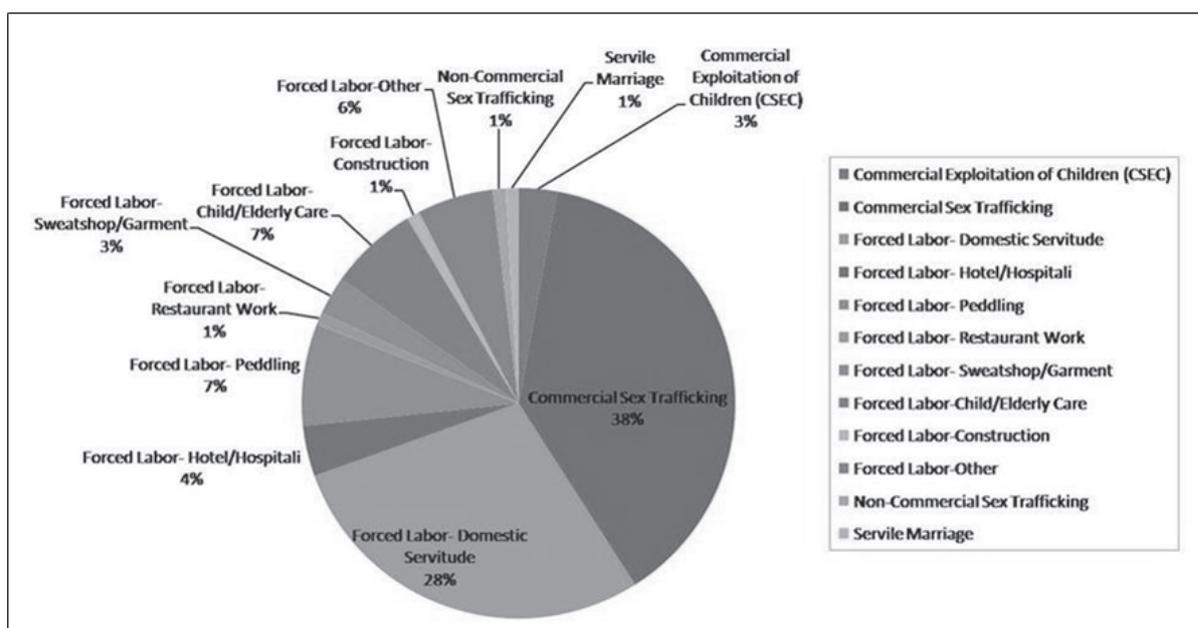
## **8.2 Child sex tourism – the dark side of tourism**

Exploitation of children in different forms has led to a dire situation with wholly unethical and illegal practices occurring in many different parts of the world. As may be observed from Figure 8-1, forms of exploitation can be classified by industries, where commercial sexual exploitation (38%) and forced labour in the form of servitude (28%) dominate. Other forms of forced labour, such as: work in hotels, restaurants, factories and the like; hospitals; begging; child and elderly care are represented by smaller percentages.

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<sup>3</sup> ECPAT – End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes

Figure 8-1 Forms of exploitation depending on the type of forced labour



Source: Seager (2009)

Exploitation of children for sex is a form of sexual slavery amounting to sexual abuse of children and adolescents. Sexual abuse may occur in the form of forced prostitution, sexual slavery, child pornography, commercial sex tourism and other similar activities. Child sex tourism is extremely complex and sometimes hard to recognize. Whitley (2013) outlines Thailand, Cambodia and Vietnam as the leading and most high-profile destinations for child sex tourism in Asia. Child sex tourism has become one of the most profitable segments of the tourism industry in recent years and, at the same time, represents a dark, hidden secret behind global travel and tourism. The International Labour Organisation reported that 2 to 14% of GDP in countries such as Indonesia, Malaysia, Philippines and Thailand in the year 1998 originated from sex tourism (Klain, 1999). While child sex tourism was primarily located in Asian countries, it has more recently also migrated and spread to Mexico and other Central American countries, and also some Eastern European countries (Song, 2013).

Globalisation has undoubtedly facilitated the spread of child sex tourism. International travel has become more affordable and available to a wider circle of people (Seabrook, 2000). This enables greater mobility of individuals towards predominately poor third world destinations, where children sell sex in order to survive. Due to its widespread availability and easy use, the Internet plays an important role in promoting and advertising child sex tourism, especially via online child pornography sites<sup>4</sup> and fora, through which child sex tourists share experiences and information. In other words, the Internet has become an easy and inexpensive tool to obtain information on child sex tourism on offer. The International Labour Organisation (ILO) defines sexual exploitation as, any exploitation of children and adolescents up to the age of 18, by adults and for remuneration in cash or kind (Javornik, 2012). Child sex tourism is the sexual exploitation of children by a person or persons who travel from their home district, to another region in order to have sexual contact with children. Child sex tourism can often include accommodation, transport and other tourism package services, facilitated encounters with children, and allows the perpetrator to remain unnoticed in the environment. CS-Monitor (2013)

<sup>4</sup> Child pornography can be defined as any image of children and adolescents, be it photography, film, video, images, computer or computer-processed image that includes or alludes to the sexual exploitation of children, by showing in sexual intercourse or otherwise focuses on the child's sexual behavior or their sexual organs (Web eye)

report, 25% of all sex tourists in the world are U.S. citizens, followed by citizens of Australia, Japan and Western European countries. Almost 80% of all sex tourists in Costa Rica and 38% of sex tourists in Cambodia are Americans. Child sex tourism occurs in a variety of venues, from five star hotels to brothels and beaches, in urban centres and rural areas. During the "grooming process" a child sex offender often takes a long time to "befriend" the vulnerable child in order to gain their trust. An even more common practice is child exploitation by a third party who exploits the child and makes them available for remuneration in money, clothes, food or other material benefit (ECPAT International, 2008).

### **8.3 Profile of offenders and victims of child sex tourism**

The basis for sexual exploitation of children arises from sexual violence. Findings show that sexual exploitation is a form of sexual violence, and is largely carried out by men against women. In order to reduce sexual exploitation, it is fundamental to eliminate and prevent all forms of violence against women and girls. Child sex tourists are predominantly men, who come from all social classes and may be married or single. It is often wrongly believed that perpetrators are middle-aged or mature males. Recent findings show even young tourists travel to established CST destinations to sexually exploit children (ECPAT International, 2008). In general, sex tourists do not have a good reputation and the general public has formed a stereotype that the sex tourist is an older, bald, white male, with unattractive appearance of north-west European or North American origin, who cures his loneliness and introverted nature by embracing young bodies in the stuffy huts of Southeast Asia where, for him, the prices of food, housing and services are ridiculously low (Modic, 2008). This well-established stereotype is challenged by research findings showing perpetrators to be generally independent and normal persons without distinguishing physical characteristics or patterns of social behaviour.

Offenders can be separated into "situational child sex tourists", who do not travel with the obvious intention of practicing sex with children, but are allured by the offer and opportunity, and "preferential child sex tourists", who travel to specific destinations exclusively for the purpose of practicing child sex tourism. They differ from "paedophiles", a third type of child sex tourists, by the fact that they may also practice sexual relations with adults, which is not the case with paedophiles (ECPAT International, 2008). Seabrook (2000) distinguishes between "circumstantial" and "preferential" sex tourists. He ranks the latter as paedophiles who prefer sex with minors. Seabrook (2000) assumes paedophiles constitute the majority of child sex tourists. O'Connell Davidson (2004) notes factors which affect the "circumstantial" child sex tourists also affect the "preferential" ones. Preferential child sex offenders believe the possibility of being arrested for offenses in relation to the recruitment of children for sexual purposes is less likely abroad. Characteristic of those who sexually exploit children are need and desire for superiority over children. They generally resort to manipulation, which is even easier to implement over children (Cossins, 2000). At the same time, important elements of manipulation include poverty and social risks to children in third world countries or in developing countries, which are the predominant destinations for child sex tourism (Andrews, 2004; O'Connell Davidson, 2004). Ever decreasing airfares, cheap accommodation and service prices that are conditioned by poverty and the low GDP of destinations offering child sex tourism, enable an ever-growing circle of people to practice child sex tourism.

Reasons given for justifying the practice of child sex tourism are varied and often absurd. Some perpetrators believe that by paying for child sex services, they are financially assisting these children and their families, and, thus, actually caring for their welfare. There is also a belief that children from

poor and underdeveloped countries are inferior and, therefore, in a way subhuman, so they have no rights and, consequently, their sexual exploitation is not a bad thing. This is also the reason the perpetrators perceive and treat these children differently from children in developed societies of their home countries, where they do not practice child sex tourism. O'Connell Davidson (2004) points out that "in London, Hamburg or San Francisco ... we can rarely see a middle-aged man or woman flirting with homeless teenagers who sit on the sidewalk and beg for change or inviting them to dinner and then back home to bed". Other child sex tourists try to justify their actions by arguing that in other cultures and traditions, children are sexually mature earlier, and that sexual relations with children are not taboo. Based on this argument, perpetrators also ignore social norms and values that apply in the social environment they come from. Furthermore, there are considerations related to HIV infection, as there is a perception that children are less likely to contract AIDS and, consequently, less chance of infection (Nair, 2007). However, the truth is exactly the opposite, because sexually exploited children are much more susceptible to HIV infection (ECPAT, 1996). The rise in child sex tourism in poor third world countries is, additionally, fostered by the ignorance of governments and local authorities, which are under severe economic pressure to develop tourism as additional source of national income. Authorities in these countries often deliberately ignore the problem of sexual exploitation of children for tourism purposes.

Victims of child sex tourism are children who come from poor socio-economic areas, and many of them from ethnic minorities. Victims are both girls and boys with low levels of education, mostly from neglected families where physical and psychological violence is present. They often have previous experience of sexual abuse and are often sex addicts. These children are treated as objects to satisfy sexual desires and not as individuals with human rights. These children often work in the tourism industry as seasonal workers and provide sexual services for extra income. Many are pushed into child sex tourism by their parents or relatives for extra income or simply for basic subsistence needs, such as food and accommodation. Prostitution is the most common form of child abuse in Asian countries and is the result of socially constructed poverty. The findings suggest income from prostitution in Asian countries can provide for a family of five (Andrews, 2004). Bales (2004) noticed that increasingly affordable luxury items that parents desire (TVs, refrigerators, rice cookers, air conditioners) can be a trigger for parents to either force their children into prostitution, or sell them. Increasing social inequality, therefore, increases the sexual exploitation of children, because parents force them into prostitution for extra income. Orphans and homeless children are frequently among the victims – the children of the streets. There are worrying cases of orphanages where staff and management, as well as organised crime groups, are involved in sex recruitment of homeless children and orphans,.

Children, who are victims of sexual exploitation can suffer serious emotional, psychological and physical consequences. Their genitals may not fully develop and they have a greater risk of injury, pain and sexually transmitted diseases. Acute psychological trauma in these children is reflected in constant feelings of guilt, low self-esteem, depression, and suicidal tendencies. Socially, these children are stigmatised. They are denied rights to education, especially girls who find themselves on the streets without any help or support from society or the community.

## **8.4 Analysis of the impact of corruption and crime on child sex tourism**

Countries experiencing child sex tourism, generally, have serious problems with corruption, organised crime and law enforcement.

Dobovšek (2008) points out corruption<sup>5</sup> is especially present in countries with low levels of democracy. Corruption occurs both at individual and society levels. The fundamental causes are greed, on the one hand, and poverty, on the other. Poor individuals are often forced into corruption to satisfy the minimum needs of life. Child sex tourism is growing in destinations with high levels of corruption, where there is no political will to protect children – the victims – and where legislation to prevent exploitation is inadequate. Sometimes they can also fall prey to inadequate interpretations of the law, where often the victim is singled out as the perpetrator of the crime. In case of Japan's ET law does not require a complaint by the child against the perpetrator in cases of child prostitution and pornography (Seabrook, 2000). Furthermore, in Thailand, it was not until 1996 that by law the Thai Government recognized child prostitutes as "victims of the illegal sex trade" and that "customers and procurers, not the victims, should face punishment" (CATW<sup>6</sup>, 2010).

The connection between corruption and organised crime and the ineffectiveness of police forces was the starting point for a comparative analysis of the results of three different international studies conducted in 2013 across more than 118 nations. These studies examined levels of corruption and crime rates and the effectiveness of police forces. In our comparative analysis, we included 25 countries that are, according to ECPAT (2008), most affected by child sex tourism, as shows Figure 8-2.

A study on corruption in the public sector, the first of the comparative analyses, was carried out in 2013 by Transparency International<sup>7</sup>, covering 177 countries (TI, 2014). The study was based on expert opinions in individual countries. In the study, countries were ranked, depending on the number of points scored, ranging from 0 to 100. Table 8-1 provides a summary of selected nations. A score of 0 represents a country very susceptible to corruption whereas, a score of 100 represents a country with minimal corruption.

For the analysis of the results of the level of corruption, we have ranked 25 countries, where child sex tourism (CST) has been identified, from the ones with the lowest detected corruption to ones with high corruption rate (Table 8-1). The table shows that countries such as Estonia, Costa Rica and Malaysia are not greatly subjected to corruption as they achieved 50 points or more ranging from 0 to 100<sup>8</sup> on the list of 177 countries. Countries at the bottom of the table, such as Guatemala, Russia, Kenya, Honduras, Ukraine and Cambodia have identified high levels of corruption, each achieving less than 30 points on the list of 177 countries.

The second study included in the analysis was conducted by the Numbeo organisation comparing crime rates in 118 countries (Numbeo, 2014). The crime rate was measured by a questionnaire that posted on several websites and accessible to a wide range of participants. The results are shown as a reverse – correlation between the crime rate and the level of security on a 100% scale. A summary of results of selected nations is shown at Table 8-2. Based on these results, Numbeo ranked countries with acceptable levels of crime up to 50%, and those with acute and dangerous (unacceptable) crime rates above 50 %.

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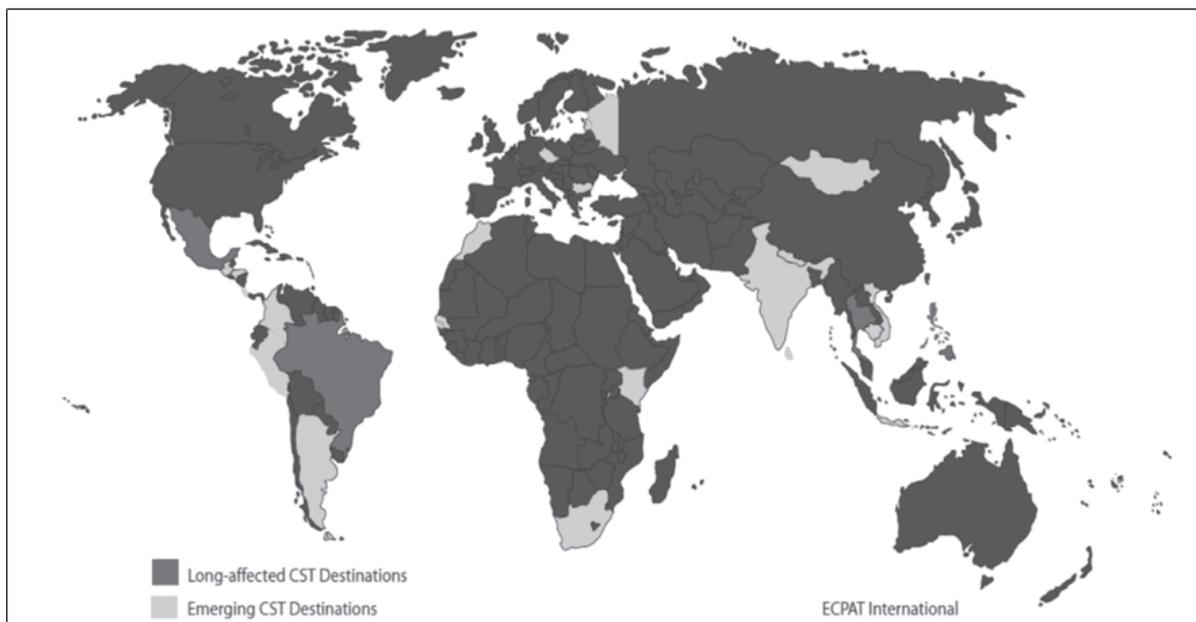
<sup>5</sup> Corruption is in Slovenian Prevention of Corruption Act (2003) defined as "any violation of the due conduct of the official or responsible person in the public or private sectors, as well as the conduct of persons who are the initiators of a violation or persons that can benefit from the breach, due directly or indirectly promised, offered, given, requested, taken or expected benefit for himself or for another"

<sup>6</sup> CATW – Coalition Against Trafficking in Women

<sup>7</sup> Transparency international (TI) – the global coalition against corruption

<sup>8</sup> score 0 – very susceptible to corruption; score 100 – minimal corruption

Figure 8-2 Prevalence of child sex tourism in individual countries



Source: ECPAT International (2008)

Table 8-1 The level of corruption in countries with highest identified rates of CST in 2013

Country	Rank /177	Score
Estonia	28	68
Costa Rica	49	53
Malaysia	53	50
Czech Republic	57	48
Ghana	63	46
Brazil	72	42
South Africa	72	42
Bulgaria	77	41
Senegal	77	41
Mongolia	83	38
Morocco	91	37
India	94	36
Colombia	94	36
Philippines	94	36
Thailand	102	35
Argentina	106	34
Mexico	106	34
Vietnam	116	31
Nepal	116	31
Guatemala	123	29
Russia	127	28
Kenya	136	27
Honduras	140	26
Ukraine	144	25
Cambodia	160	20

Source: adapted from Corruption Perceptions Index (2013)

Table 8-2 Crime and safety in countries with CST in year 2013

Country	Rank/118	Crime index (%)	Safety index (%)
Estonia	13	24.23	75.77
Cambodia	32	32.81	67.19
Czech Republic	36	34.12	65.88
Marocco	37	34.32	65.68
Nepal	46	38.15	61.85
Thailand	52	40.53	59.47
Bulgaria	55	41.47	58.53
India	59	42.12	57.88
Mongolia	70	46.87	53.13
Ukraine	76	48.95	51.05
Russia	84	52.39	57.61
Vietnam	87	53.02	46.98
Columbia	90	54.16	45.84
Philippines	92	54.94	45.06
Mexico	94	56.23	43.77
Argentina	99	59.29	40.71
Brazil	107	62.62	37.38
Costa Rica	109	66.69	33.31
Malaysia	110	67.75	32.25
Honduras	113	72.97	27.03
Kenya	114	74.30	25.70
South Africa	115	76.68	23.32
Guatemala	117	84.87	15.13
Ghana	*	*	*
Senegal	*	*	*

\* – no data available

Source: adapted from 2013 Crime Index by Country

The final study, included in our analysis was conducted by the World Economic Forum (WEF), is comparing tourism competitiveness in 140 countries. The study measured the competitiveness of individual countries in 14 different areas, including security. Security was measured by four criteria, including the effectiveness of police forces. The result of this particular criteria was the focus of our analysis, since the phenomenon of child sex tourism in each destination depends on the efficiency, or inefficiency, of the police. Table 8-3 provides a summary of selected nations. The study measured individual criteria, rated from 1 to 7, where 1 indicates police unreliability and 7 police that can be completely trusted. The criteria were measured on the basis of public opinion data, survey data of the Executive Board of the World Economic Forum and quantitative data from publicly available sources, such as IATA, IUCN, UNWTO, WTTC, UNCTAD and UNESCO (WEF TCI 2013).

Table 8-2 shows countries such as Estonia, Cambodia, Czech Republic and Morocco were regarded as safe countries with not much crime (all under 35 %). Countries such as Honduras, Kenya, South Africa and Guatemala all had a high crime index (over 70%), indicates these countries are unsafe. In

Table 8-3 Reliability of the Police Services 2013

Country	Rank/140	Value
Estonia	31	5.5
Malaysia	40	5.0
Costa Rica	46	4.8
Vietnam	53	4.6
Brazil	60	4.4
Senegal	62	4.4
Marocco	64	4.3
India	69	4.3
Columbia	74	4.2
Mongolia	87	3.8
South Africa	88	3.8
Czech Republic	90	3.8
Philippines	97	3.6
Thailand	98	3.6
Cambodia	102	3.5
Nepal	105	3.5
Bulgaria	108	3.4
Kenya	110	3.4
Ukraine	119	3.0
Honduras	121	3.0
Argentina	127	2.9
Mexico	130	2.8
Guatemala	133	2.6
Russia	129	2.8
Ghana	*	*

\* – no data available

Source: *The Travel & Tourism Competitiveness Report (2013)*

the report by ECPAT international (ECPAT, 2008), countries that occupy the bottom of the crime index scale are mentioned as countries where CST has been present for a long time and, therefore, it is possible to make a correlation for countries with high levels of CST and crime.

Table 8-3 shows police reliability is best in countries such as Estonia, Malaysia, Costa Rica and Vietnam (with a value above 4.5). According to these data, the most unreliable police forces may be found in Argentina, Mexico, Guatemala and Russia (all with a value under 3).

Tables 8-1 to 8-3 reveal correlations between countries having highest and lowest scores in all three studies. Estonia, for example, has low levels of corruption and crime, as well as an effective and reliable police force. Guatemala appears at the bottom of all three scales with a negative rating, indicating high levels of corruption and crime and unreliable police. Costa Rica and Malaysia score well in two of the three studies, in that they do not have high corruption and have relatively reliable police, but interestingly, at the same time, have a very high crime rate – they are respectively ranked

109 and 110 out of 118 countries. Kenya, Honduras and Russia register low ranking in all three studies. Kenya and Honduras have high corruption and crime and also have a low score for police reliability; while Russia has high levels of corruption and unreliable police, but a low crime rate. Even so, we cannot consider Russia as a completely safe country as its safety index is 57.61%. By comparison, Cambodia stands out, as it is at the bottom of the scale for corruption but at the top of the crime index scale with a score just above 67%, placing it among the safe countries.

## **8.5 Preventing child sex tourism**

Effective efforts in curbing sexual abuse and an accelerated introduction of mechanisms that commit developed countries to include legislation policies for prosecution of their citizens for crimes committed abroad and related to the sexual exploitation of children, may reduce interest in this perverse form of sex tourism. The international non-profit organization ECPAT have made great efforts and advancements in raising awareness of commercial child sex tourism. Since 1990, ECPAT has brought together a network of NGOs and individuals working together to eliminate commercial sexual exploitation of children. Exploitation of children for commercial purposes, in addition to child sex tourism, also includes: trafficking of children, child pornography and child prostitution (ECPAT, 2008). ECPAT International initiated a campaign against child sex tourism after research findings on the issue of child prostitution in Asian tourism, particularly in Thailand, Sri Lanka and the Philippines were released. They began with the "End Child Prostitution in Asian Tourism" campaign, which, by 1996, had extended across various countries in Asia, Europe and America. Like all forms of commercial sexual exploitation of children, the fight against child sex tourism is a complex problem that requires responses at several levels. The processes and actions related to child sex tourism involve many different sectors of state, business and society in general and there are, therefore, also various opportunities for preventive action. Among those who can be involved in these actions are NGOs; governments; local authorities and law enforcement agencies; tour operators; management and employees in hotels; local tourism organizations; local transport operators (taxi drivers, bus drivers); tourist guides; and other professionals in the tourism industry. The synergy of actions by various stakeholders can accelerate the trend towards declining interest in child sex tourism. Much can be done on prevention and prosecution of child sex tourism by a country itself. Stricter law enforcement, that prohibits sexual exploitation of children and introduces legal penalties for offenders, is just one of the measures. Even more important is to prosecute offenders, bring them to court, and penalise them. Law enforcement is often lax in countries where child sex tourism exists. In Thailand and the Philippines, for example, there have been some cases where police officers have been found guarding brothels engaged in child sex tourism, and engaged in the recruitment of children for prostitution (Javornik, 2012). In countries where it is hard to rely on the efficient work of local law enforcement, the international community remains weak in their efforts to reduce sexual exploitation of children and, consequently, commercial child sex tourism. In the last five years, many developed countries have strengthened prosecutions for child sex tourism related-offences. Thirty-two nations have enacted legislative policies that allow prosecution of its nationals connected to sexual exploitation of children committed abroad (U.S. State Department, 2013).

The most important legal frameworks, both at the level of the EU and at international level are: the United Nations Convention on the Rights of the Child (Protocol to the Convention on the Rights of the Child on the sale of children, child prostitution and child pornography) adopted 2000; Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing

the United Nations Convention against Transnational Organized Crime adopted 2001; International Labour Organisation Convention<sup>9</sup> on the worst forms of child labour, adopted 1999; Council of Europe Convention on the Protection of Children against Sexual Exploitation and Sexual Abuse, adopted 2007; Council of Europe Convention on Action against Trafficking in Human Beings, adopted 2005; Council Framework Decision<sup>10</sup> on combating the sexual exploitation of children and child pornography, adopted 2004; Directive of the European Parliament<sup>11</sup> on combating sexual abuse and sexual exploitation of children, and child pornography on combating the sexual exploitation of children and child pornography, adopted 2011. Directive covers different aspects such as sanctions, prevention, assistance for victims and harmonised criminal offences relating to sexual abuse committed against children, the sexual exploitation of children, and child pornography throughout the EU. It also lays down the minimum sanctions and includes provisions aimed at combating child on-line pornography and sex tourism and aims to prevent already convicted paedophiles from exercising professional activities involving regular contact with children. This Directive identified offenses divided into four categories: sexual abuse, such as engaging in sexual activities with a child who has not yet reached the age of sexual consent or coercion in such acts with a third party; sexual exploitation, such as forcing a child into prostitution or into participating in pornographic performances; child pornography: possession, access, distribution, supply and production of child pornography; and online solicitation of children for sexual purposes proposing, via the Internet, to meet a child for the purpose of committing sexual abuse and, through the same means, soliciting a child to provide pornographic material of themselves.

## **8.6 The tourism industry fighting against child sex tourism**

The tourism sector has taken measures to combat and reduce child sex tourism and sexual exploitation of children. The International Air Transport Association (IATA) adopted a Final Resolution Condemning Commercial Sexual Exploitation of Children of the International Air Transport Association (UNWTO, 1995). The Federation of International Youth Travel Organisations (FIYTO) adopted a Resolution to Combat Child Sex Tourism of the Federation of International Youth Travel Organisations (UNWTO, 1997). At the EU level, the European Travel Agents' and Tour Operators' Association (ECTAA) adopted in 1996 a Declaration against Child Sex Tourism of the European Travel Agents' and Tour Operators' Association within EU (UNWTO, 1996). Another important international instrument in the fight against sexual exploitation of children for the purpose of sex tourism is ECPAT's "Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism", created in 1996 at the first World Congress against Commercial Sexual Exploitation of Children in Stockholm. The Code of Conduct was initially signed by the three largest tour operators in Sweden in 1998, and to date includes 1,300 signatories in 42 countries around the world. The Code has become a key element for tourist organisations and operators in implementing the concept of responsible tourism, as it involves the protection of children, social responsibility and sustainable development. Code signatories are obligated to integrate six fundamental criteria, to protect vulnerable children in tourism destinations, and incorporate them into their organisation's mission. Tourism organisations and businesses should include an ethics policy regarding sexual exploitation of children. Furthermore, they should introduce a clause on all contracts and agreements

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<sup>9</sup> No. 182

<sup>10</sup> No. 2004/68/JHA

<sup>11</sup> No. 2011/93/EU

expressing zero tolerance to sexual exploitation of children. Other important preventive activities should be regular personnel training regarding: children's rights, the prevention of sexual exploitation and methods of reporting such cases to relevant authorities. They should provide information to their customers and inform them of the Rights of the Child, how to prevent the exploitation of children and how to report suspicious cases. They should participate and support all key stakeholders (non-governmental organisations, law enforcement, law enforcement bodies, etc.) in the prevention of the sexual exploitation of children. The implementation of the above activities establishes principles for the prevention of sexual exploitation of children and leads to active participation. The Code is the first initiative that sought to define and identify the duties and responsibilities of tourism companies in the process of preventing child sex tourism. Collaboration of travel and tourist companies in the fight against child sex tourism is a fundamental objective of the Code. With a commitment to implement the above-listed activities, tourism companies can effectively integrate child protection into their work processes, thus fulfilling their commitment towards responsible and sustainable tourism.

## 8.7 Conclusion

Globalisation has brought a multitude of positive effects and accelerated development in various fields of economics and society. Similarly, globalisation has had a strong influence on the development of tourism, as it reduces the distance between destinations and boosts information exchange. With rapid tourism development, poor third world countries face increases in different forms of sexual exploitation and, especially, child sex tourism. Sex tourism and its even darker side, child sex tourism, is on the rise as more children are drawn into it. A comparative analysis of international studies relating to corruption, crime and police reliability indicates the variables from all three studies and countries where CST is present are correlated. Levels of corruption, crime rate and (un)reliability of the police are correlated with the countries where CST exists. In particular, this applies to countries such as Kenya, Honduras, Republic of South Africa and Russia, as evidenced by their lowest ranking in all three studies, and in each of these countries CST is well established. We find police unreliability, and the high level of corruption in the police associated with a high crime rate, links the combination of these three variables with the emergence of CST.

International tourism associations have adopted several measures in order to prevent and combat CST. Developed countries are very much aware of the importance of responsible and sustainable tourism that includes the fight against all forms of sexual exploitation of children and child sex tourism. The concept of responsible tourism, not only highlights destinations where child sexual exploitation for tourism exists, but equally, the country of origin of abusive tourists. In the countries of origin, society and tourism professionals can raise greater awareness for citizens who travel abroad, especially to destinations where child sex tourism exists. In the European Union, there are multiple examples of good practice, where relevant institutions promote awareness raising and sensitisation through informative materials that include brochures, ticket folders, luggage tags and video spots. Through these media, target groups are informed that sexual exploitation of children is illegal, the consequences for the child and its community, and the procedures for reporting such acts to relevant institutions. In France, raising awareness about the negative consequences of child sex tourism is included in the school curriculum. Its national carrier, Air France, makes donations from the sale of toys on airplanes to programmes that combat child sex tourism. The Brazilian government is responsive to the fact that it has become a destination point for child sex tourists, and has initiated a large-scale national and international campaign to combat sexual exploitation of children in tourism. Italian law enforcement

authorities have partnered with travel agencies, transport companies and tour operators to obtain any relevant data and information in relation to child sex tourism that they encounter in their work. Cambodia, one of the most problematic countries in connection with the sexual exploitation of children, has established a special police unit to combat child sex tourism.

International organisations in the field of protecting children and human rights, national governments, NGO-s and other tourist stockholders should develop common strategies to combat the root causes for sexual exploitation of children in tourism. The strategy should eliminate criminalisation of victims and maintain the coordinated cooperation of all stockholders.

From the evidence, and the fact that child sex tourism is a growing trend it would seem that it is becoming a distinct factor in global tourism. However, this could be reversed if governments, police forces and travel companies, as well as other key stakeholders, implemented the suggestions put forward in this chapter for the prevention of child sex tourism in the future.

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