

Implementing Destination Governance

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Abstract

In the tourism management literature, several authors (Nordin, Beritelli et al, Pechlaner) have promoted the concept of destination governance, to define a coalition of disparate parties with common interests, as a productive approach to tourism promotion at the destination level. In 2005 WTO forecasted that public – private partnerships in tourism promotion will become more and more prevalent during 2006 – 2010 particularly in the more developed countries with a federal political system or a strong degree of decentralization. Although the theoretical concepts in this nascent literature are appealing, little evidence exists as to the operational reality of governance (Beritelli et al, 2007). The open questions include “how governance is produced, who governs, what roles have the actors and the institutions in the process” (Pechlaner, 2009).

In Switzerland, tourist destinations have begun to feel strong competitive effects in international and regional markets, governmental authorities have increased their efforts in collaborative destination governance with private tourist destination operators. Such collaborations often encompass a wide range of players that may include leaders of the public sector from tourists’ destinations, federal or cantonal level government representatives, academic scholars with market and economic analyses, and companies that invest in capital-intensive tourist attractions.

Although observers of the Swiss tourism industry have recognized the need for a more collaborative approach, destination governance is a new phenomenon in many Swiss locations (Beritelli et al, 2007). Furthermore, reports of successful implementation of such alliances are rare. To explore the questions raised above and deepen our understanding of both the theory and practice of destination governance, guided by the “three lenses” of Ancona, et al (2004), the author undertook an action research approach to the study of one such attempt, in Bosco Gurin, a small Swiss resort in the Southern Canton of Ticino.

Key words: governance, 3 lenses, action research

Literature review

The literature in tourism management is very rich when it comes to destination management and marketing (Go&Govers, 2000; Gilbert,1990; Middleton, 1994; Bieger, 1996, 1998, 2000, Buhalis,

2000, Pechlaner, & Weiermair 2000, Flagestad & Hope 2001, Weaver 2000,) but until recently was less concerned about governance theories.

Governance in general refers to a variety of network concepts used for describing and analyzing how policy processes are shaped, managed and organized. Lannoo, 1995 defines governance as the whole system of **rights, processes and controls** established internally and externally **over the management** of a business entity with the objective of **protecting** the interest of stakeholders. Rhodes (1997), defines governance as “self organizing, inter-organizational networks characterized by interdependence, resource exchange, rules of the game and significant autonomy from the state’ (p 15). For Stoker (1998) governance is the ‘action, manner or system of governing in which the boundary between organizations and public and private sectors has become permeable’.

In the field of tourism the concept of **network-based Destination Governance** describes a form of self-organization of tourist destinations, based on the cooperation of the persons and companies involved, and shaped by the institutional context as well as rules of organization and code of conduct (Pechlaner 2009). The focus is on relationship, networks and partnerships between public and private. As Nordin (2007) asserts, destination governance is clearly it is about actors, their roles and relations.

Hakansson & Johansson discussed, as early as 1993, tourist destinations that organized the relevant actors into one or more networks. In those cases, each actor was a responsible contributor to the development of the destination, with both involvement and capital, resulting in both competition and co-operation. However, this decentralized model risked having several parallel networks, each run by a different interest group, potentially fragmenting the destination. For such a structure to work well, the actors must internalize the consequences of such a system and be prepared to change some of their priorities (Grängsjö, 2003). Su et al. (1997) and Telfer (2001) discuss the importance of working collaboratively using both formal and informal agreements to give a sense of direction and a unified voice in dealings with the government and to reduce conflict among members. In such arrangements, the smaller actors could benefit by taking advantage of joint marketing initiatives.

Most of these models, however, took a narrow view of the appropriate participants, focusing primarily in the business owners in the destination, and typically excluding the interests of the local residents, for example. A broader perspective on the stakeholders' need for involvement in the management was often overlooked. Yang (2006) advocated creating a common management mode where stakeholders' participation is fully enabled and a reciprocal mechanism exists

between destination and stakeholders to facilitate effective and sustainable development of the destination. This model suggests the need for governance structure and process to direct destination managers to pursue particular objectives that are desired by the stakeholders. The governing body may also oversee the management activities to ensure that the organization is achieving the desired outcomes and to ensure that the organization is acting prudently, legally, and ethically. The stakeholder theory supports the governance model because it helps the public-private interactions, coordinates tourism planning, and enhances community involvement (Moscardo 2008).

Beritelli, Bieger & Laesser (2007) analyze the contribution of corporate governance theories to the explanation of destination governance structures and evolution and conclude that for “community-type destinations, the development process involves informal connections, knowledge, and trust, making the dynamic dimension (and therefore a historical view) crucial for the analysis of the formation and evolution of the network”.

In 2007 Nordin & Svensson explored the link between governance structure and destination development and growth in order to discover whether and how governance matters in terms of performance. Their results indicate that public-private relationships built on trust, joint risk taking, informal structures and strategic consensus do have a positive impact on the level of growth at a tourist destination.

A great deal of attention has been given to the differences in cultural values which can occur between the public and private sector members of an alliance (Rainey 1983; Ring & Perry 1985). Pre-conceived stereotypes of the other party can inhibit the development of joint problem solving activity, for example in the way private sector members may perceive public sector collaborators as being overpaid and under-worked (Palmer 1995). To address these issues in the case study described here, the governance platform was created with explicit reference to the framework proposed by Ancona, et al (2004) through which the behaviors and motives of the actors are considered from a strategic design perspective, a political perspective and a cultural perspective.

The strategic design perspective emphasizes the importance of organizational design and structure and focuses on formal roles, policies and procedures. From the strategic design perspective we derive the notion of organizational-environmental fit, where the primary factor driving organizational success is how well the organizational characteristics match the needs of the environment in which the organization operates.

The political perspective emphasizes the varying interests of multiple stakeholders in the struggle to control the organizational agenda. From this perspective we see how resources are

allocated and how networks and coalitions emerge, submerge, converge and diverge in ongoing organizational functioning.

The cultural perspective emphasizes the creation of meaning in organizations and how deeply held attitudes, values, beliefs and assumptions guide organizational behavior in ways that may not necessarily be obviously understood or explicitly recognized by organizational members. Culture is often formed early in an organization's life and it is passed along through organizational symbols, rites, ceremonies and myths. Culture is often quite persistent and its effects can be profound.

Each of these perspectives provides unique insights into the design and functioning of organizations and the case study attempts to integrate the perspectives to provide a richer understanding of organizations in the context of destination governance. In particular, this study attempts to bring more empirical evidence to the development of a destination governance theory by answering questions such as "how is governance produced, who governs and what are their roles." The study also addresses how governance structures can be actively managed, because they do have a significant impact on the destination's development path (Beritelli et al 2007).

Setting

Instilled in Southern-Central European heritage, an evasive yet enduring culture remains in the high valleys of Ticino—that of the Walsers. The published history of Bosco Gurin begins in 1244, when it was settled by Walser groups descended from the mountains of the northern Alps, in search of richer farmland for their animals. They settled their communities in remote locations, to lead lives as subsistent farmers. From their closeness to nature, a rugged characteristic of self-preservation emerged. The resulting community culture has proven confrontational toward outside social forces, particularly new business prospects from the cities. In picturesque Bosco Gurin, however, the seemingly unshakable culture has been rocked by change for nearly a decade.

Despite the social underpinnings of community isolation, Bosco Gurin stands alone as an all-season resort in Ticino with long-term potential to sustain tourism. Though small, with a year-round population of 37, Bosco Gurin offers the raw materials necessary for tourism: strong cultural identity, cultivated scenery, mountains for sport, clean air, as well as basic infrastructure: 40 km of slopes, ski lifts, a hotel, a hostel, a museum, a restaurant, and even the smallest grocery store in the country. A pre-existing tourist demand flows during summer and winter seasons, represented by a wide span of demographics. Summer draws retirees, mostly Swiss German and German, attracted by the Walser culture and the fact that this is the only German speaking destination in sunny Ticino. In addition, a younger segment, wishing to experience the softer side of nature

through hiking and biking, also flocks to the village in summer. In contrast, the typical winter tourist, young and dynamic, arrives from within the predominantly Italian-speaking Canton of Ticino and parts of Northern Italy to ski, often as excursionists.

The skiing segment, the major private investment in the destination, started to grow in the 1970's but with a strategy poorly aligned to the offerings of most of the other Swiss ski resorts. In Bosco, the startup ski resort entrepreneur launched a minimally ambitious business plan that included support for decades by public subsidies. Distressed by lack of snow for several seasons and lacking professional skills in marketing and management, the ski resort experienced a sharp drop-off in visitors and went into bankruptcy in 2009. At this point, the prospects for recovery appeared very bleak.

Methodology

In order to answer the questions raised by the destination governance literature, we take the perspective that a process can be best understood through full immersion in it. Following classic ethnographic practice (van Mannen, 1988), the author relocated for a year to the alpine village of Bosco Gurin, a skiing and hiking hub for both Swiss locals and European visitors. The methodology proceeded with an action research approach: action to bring change in the community governance processes and research to increase the understanding on the part of the researcher of the governance process. Participatory observation and in depth interviews with stakeholders, community members and visitors were also a rich source of information that helped define the process.

Findings

Destination environments are often complex, dynamic and fragmented across multiple firms and organizations. Although these organizations may have numerous linkages and interdependencies, typically none of them is able to **control** the destination (Sigalla 2009, Rodriguez & Rodriguez, 2008). DMO's (Destination Management Organizations) are chartered to foster a more active and collaborative participation of various stakeholders in the decision making process and to reconcile the diverging interests of these stakeholders (Hardy & Beeton, 2001; Selin, 1991, Sigalla 2009). Such a collaborative form of governance allows the players to become involved in decision and policy making processes and to control the development of the destination. However, a DMO cannot necessarily resolve all the dynamic issues that arise in the evolution of a destination.

Bosco Gurin was an excellent candidate for the analysis of destination governance processes. This small tourist destination was the nexus for various stakeholders torn by divergence of interests, inadequate communication, and collective discord, set in a turbulent political environment. This conflicted context seemed like an unlikely setting for collaboration due to the long history of mutual suspicion among stakeholders and the overpowering presence of the dominant local entrepreneur. As Palmer & Bejou (1995) describe, two prerequisites for collaborative destination management are a motivation for creating collaboration and a champion to promote the cause of collaboration. This champion could be within a private or public sector stakeholder. In the case of Bosco Gurin, the catalyzing forces were an alignment of a destination in crisis, political and entrepreneurial changes in the locale, and a strong scientific interest accompanied by the action research methodology. Although the collaboration was triggered by the action research process, it was supported by a strong and respected champion within the community, here identified as the “cultural actor.” This person played a key role in suggesting expansion of the process to a larger group (RS, n.a.).

The case offers a view of the production process for destination governance. In part, destination governance occurs through raising levels of community trust. The action research approach influenced some members of the community to start a communication process and encouraged increasing levels of dialog amongst members, even rebuilding a small bridge between the community representatives and the dominant local entrepreneur. The increased trust supported improved communication of the interests of the various governance members of the platform, thus creating awareness and eventually alignment of the others’ perspectives.

The case also suggests that the three lenses approach provides a critical instrument for aligning stakeholders from public and private sectors in a productive forum setting, making destination governance possible. Highlighting the multiple perspectives to each individual, gives each stakeholder a richer sense how to procure what each of them desires. Educating the members in the challenges involved in governance and providing an understanding of the implications of individual decisions on the aggregate level also played an important role in building a collaborative culture in the governance process. For example, members came to understand why the business arm could not legitimately make autonomous decisions in the process. Slowly, they began to understand one another, reducing some of the egotism that previously stood at odds with progress.

In summary, destination governance is produced through a process of collaboration, cooperation and leadership and through finding a common understanding. Furthermore the three lenses help raise awareness of others’ perspectives and improve collective understanding. The governance process requires constant political negotiation, continuous learning, and a business model with

high tolerance for trial and error. The target is an integration of interests and alignment of goals. From a practical perspective, destination governance production involved the act of creating a physical forum and formalized proceeding for regular face-to-face meetings.

The roles of the board members are a reflection of the lenses they wear. The political actors are negotiators, coalition builders and they reason to power, influence, networks and interests. The strategic actors are the implementers of tasks, the designers and engineers of strategies. The cultural actors are symbols and shapers of culture, and articulators of visions.

The question of who governs is always debatable. At some level, all collective stakeholders do but in our case the empirical data suggests that even in the face of strong **strategic** reasoning for an integrated tourism governance approach, we observed a powerful role for the **political** and **cultural** lenses in the development of the destination and an integrated tourism experience model. We conclude that no one unique approach is applicable in all destination environments and we argue that the process should control the outcome.

Conclusions

Governance becomes an issue in a multiple actor setting where the main question is often “who controls whom”? The answer is the process should control the outcome; it has to depend on institutions, not solely on people.

Destination governance can be produced in an expedited manner when the three lenses approach is employed, setting the stage for successful destination renewal. In effecting change, action research can be an effective catalyst. The action research process adapts itself entirely to the reality of a given place, and allows for the application of theory in a scientific, controlled manner, giving the researcher rich background information and the opportunity for complete implementation.

Research limitations

Since the literature lacks examples illustrating the operational reality of destination governance models, we undertook this approach to "bridge the gap between theory, research and practice" where these three aspects could be integrated. However, this research was limited to a single case study. Clearly more research is required to explore the generalizability and replicability of the results observed here.

As a caveat, for this process to work, the responsibility of the primary researcher toward the partnership, as well as to the research project, was very high. In addition, the level of involvement in the set up was very high and time consuming.

Future research

The governance process is not a management organization; it should not be operative in any management process. The private-public structure should be mainly responsible for creating vision, mission and giving control and support to the operational hand. Public systems don't have a good historical record in managing private enterprises. WTO (2005) also acknowledges the need for government funding but recognizes the promotion as a skill-set better suited to the private sector, so future research should look into whether destination management organization can and should be outsourced to the most competent and competitive private players while the process is governance controlled. Finally, the three lenses perspective supports an understanding of the life cycle model of a destination and the key personas that influence the evolution of the destination (Keller, 1998), so further investigation of the mix of these personas in the life cycle could bring an interesting setting.

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