Stakeholder Engagement as Prerequisite and Crucial Factors for Strategy Development: Experience from a Local Tourist Destination

Tea Golja and Morena Paulišić

The essence of strategy development is making wise choices about where and how to compete. Creating destination strategy in today’s environment of complexity, ever-changing priorities, and conflicting agendas of stakeholders is a daunting task. From public perspective, destination management should develop collective strategic foresight, what isn’t easy. Why? In destination management the strategy development is even more complex, because key outputs of strategy development must include: opportunity developing for all stakeholders; optimised strategy to meet demands of stakeholders; even more outcomes will be achieved by working through stakeholders. The paper will trace the evolution of strategic planning in destination management; outline examples of good proactive practice and suggest a model of stakeholders’ engagement. Primarily because stakeholder engagement is way to successfully manage destination built on trust, supportive initiatives and strategy acceptance. Destination strategy development is searching for the “balance”, memorable, inspiring and challenging vision for all. Is that possible? The aim of the paper is to understand the usefulness of stakeholders’ engagement, but in same time the analysis demonstrates how multifaceted and complex the implementation of this approach really is. This pressure is understandable in today’s always-on, fast-changing environment and more complex environment but it can be hazardous to destination success. Main problem in local destination is that often destination management organisation (DMO) and stakeholders misunderstanding expectations from the outset. The empirical research presented in this paper is based on a research made in 2012. Methodology: primary qualitative and quantitative data as well as secondary data were analyzed. Primary quantitative research was performed using online questionnaire, and workshops for main stakeholders identified in destination. This paper draws an experience of strategy development in Croatian local tourist destination. In practice problems identified in strategy development were analysed especially connected with stakeholders’ engagement. As a result particular stakeholders’ engagement model is suggested.

Name of the Track: Management

Key words: destination management, stakeholders, strategy development

Dr. Tea Golja, Juraj Dobrila University of Pula, Faculty of Economics and Tourism “Dr. Mijo Mirković”
E-mail: tgolja@unipu.hr, Tel: 00385 52 377 000, Fax: 00385 52 377 013

Dr. Morena Paulišić, Juraj Dobrila University of Pula, Faculty of Economics and Tourism “Dr. Mijo Mirković”, E-mail: mpauli@unipu.hr, Tel: 00385 52 377 000, Fax: 00385 52 377 013
Introduction

A tourism destination as a dynamic and complex organism is involving many different and diverse groups of stakeholders. The problem is that destination is not independent or closed system, so destination needs a comprehensive, holistic and systematic approach to build a list of necessary stakeholders’ engagement. Destination management governance does not always understand stakeholders’ dynamics impact on strategy. So in the process of strategic thinking they need a deeper understanding of the rules for engagement because at the end of planning stakeholders need to adopt new strategy, vision and ways to compete. According to Bramwell and Lane (2000) a key reason for the growing interest in partnerships in tourism development is the belief that tourism destination areas and organizations may be able to gain competitive advantage by bringing together the knowledge, expertise, capital and other resources of several stakeholders but also mobilizing resources to make strategy happen. As a result of the on-going transformation and reconsideration of the role of the destination stakeholders the question is how to take a decision: who to engage? The debate of stakeholders engagement is an actual and debated topic; many tourism destinations are currently reflecting on this issue and proposing new alternative.

The aim of the paper is to understand the usefulness of stakeholders’ engagement, but in same time the analysis demonstrates how multifaceted and complex the implementation of this approach really is. We will present the dynamics (or lack of dynamics) of the Local Destination Management Organizations (Local DMOs) in process of strategy development from the aspect of multi-stakeholder complexity and level of their involvement. Main problem in local destination is that often destination management organisation (DMO) and stakeholders misunderstanding expectations from the outset. Paper is structured in a two parts: from theoretical overview to a specific single case study. The empirical research presented in this paper is based on a research made in 2012. Methodology: primary qualitative and quantitative data as well as secondary data were analyzed. Primary quantitative research was performed using online questionnaire, and workshops for main stakeholders identified in destination. This paper draws an experience of strategy development in Croatian local tourist destination; the empirical contribution will be based on a single case study of a small tourism destination. In practice problems identified in strategy development were analysed especially connected with stakeholders’ engagement. As a result particular stakeholders’ engagement model 2IAV is suggested to close this gap and to improve the planning process in future.

1. Theoretical Overview

1.1. Tourist Destination and Problem of Strategy Development

Tourist destination represents an extremely complex and dynamic organism, very often the reason of trip, the reason for visit. In the context of modern theoretical understanding the tourist destination is understood as broader, integrated space, which builds its identity on the concept of cumulative tourist attractions and offers. Tourist destination can be considered an organization with its own structure, defined processes and strategies to achieve common goals. Other words tourist destination
is an integrated "platform", created to attract tourists for visit. Destinations represent also a complex challenge for the management and development which must serve the demanding needs of tourists and tourism-related jobs as well as the domicile community, local businesses and industry (Presenza, 2004) organisations and interests working towards a common goal. (UNWTO, 2007). Tourism destinations have their own culture, customs, environment, laws and regulations and this makes their development strategies differ from one another. Strategies are dependent on the destination and its main goals, its comparative advantage and the resources it consists of. However, the favourable strategies may concentrate round four critical points – products and markers, infrastructure and investment and community and jobs. A destination management organization (DMO) seeks to ‘orchestrate’ decision making on design, organization and management of relationships in the network, on which the economic performance of both DMO and its stakeholders depends (D’Angella and Go, 2009, pg. 429). The tourist destination is the result of a synergistic effect of these factors. Tourist destination should be comprehensively observed, analyzed, conceived, developed, guided and promoted. Destinations are today the basis of competitive advantage in the tourism industry. So, we can conclude that the tourism destination is integrated and systematic structure. But the question is: are all stakeholders involved in strategy development? The answer: probably not. The attention in strategy development must be directed on decision: who to engage. From destination management it is expected to lead and coordinate the tourism efforts of the place, which includes attraction and events, facilities, transportation, infrastructure and hospitality resources (Morrison, 2013). For UNWTO (2007) one of DMO roles is to be strategic leader in destination development, and this role requires them to drive and coordinate destination management activities within the framework of a coherent strategy. So first step is identifying stakeholders and gather them in creating strategies. From public perspective when destination invests the time and effort to develop a more thorough, thoughtful approach to strategy, they not only increase the odds of building a winning business but also often enjoy a positive spin-off: the gifts of simplicity and focus, as well as the conviction to get things done. So, in destination management stakeholders must be actively involved, not only informed about strategy development. We are talking about transformative, full engagement which means fundamentally collective approach to destination strategy development. Selected team of strategy development (mainly directed by local DMO) must conduct brainstorming of a list of stakeholders without screening; include everyone who has interest to make strategy succeed. First of all, creating destination strategy is (should be) collaborative process, and main determine is key list of stakeholders in local tourist destination because the final aim of the destination management is the increase of the competitiveness. Stakeholder engagement must be based on a product-based focus, as a main point of destination to create tourism experiences and assure competitiveness. So we need a question base to answer: Who are the main carriers of all future activities in destination?

Destination management should recognise stakeholders’ engagement as prerequisite and crucial factors for strategy development, because their activities are resources to make them happen. Destination management has evolved to a more cooperative system.
Destination management organizations (DMOs) play a particular role in efforts to ensure that the expectations of stakeholders are satisfied to the greatest extent possible. (Ritchie and Crouch, 2003) Based on the research results, unique to DMO success are supplier relations, effective management, strategic planning, organizational focus and drive, proper funding, and quality personnel (Bornhorst et.al. 2010). Only an agile DMO can respond to the complex task involving and supporting multiple dynamic relationships with stakeholders, each with their peculiar sensitivities, needs and priorities (D’Angella and Go, 2009, pg. 431).

Governance is an evolved model of governing which is conceptualized as a system to define and implement strategies, in which decisions are the result of interaction between public and private institutions and society. They need to work together within a set of values and principles: openness, participation, consultation, dialogue, innovation, coordination, strong leadership, effectiveness, accountability, and more. In tourism, governance is increasingly becoming a consolidated system to create and implement inclusive management processes (De Bruyn, Fernandez Alonso, 2012). Good governance as a concept, in general, it is an evolving one and varies with social context. It is understood as defining a platform of administrative reforms, as well as a goal and as a process that accelerates growth, equity, and human development potential for the people and the society. The conceptual framework of “good governance” is characterized by features such as participation, rule of law, transparency, responsiveness, equity and inclusiveness, effectiveness and efficiency and accountability.

So developing strategy and than realizing that strategy’s not just about what’s written on the paper but about the thinking and feeling processes of the stakeholders in the destination. We have to actually think of designing a social process such that people can really grapple with the big ideas and come to grips with changing deeply held biases about what the organisation should do in the future. And what we’re finding is a whole series of empirical norms that are actually challenging many of the ways companies (organisations) actually do strategy. Unfortunately, many executives feel that taking the time to frame strategy choices thoughtfully and to decide where to focus strategy-development efforts is a luxury they don’t have. They rely on their own intuition; they do not follow any model. But contrary the key to the long –term success of a destination represents an ability to find a compromise among all relevant interests, which is especially important considering that there may be conflicts, if some “greedy” stakeholders try to maximise their short-term benefits by exhausting the resources (Buhalis, 2000). Effective destination management is not only in the hands of the DMO, but also requires effort by other stakeholders within the destination and partners in other places (Morrison, 2013, 16). Collaboration with other organisation and individuals is a must, especially in an era where the financial challenges are great and the competition is intense (Morrison, 2013, 16).

Destination management is a process that involves coordinated actions to benefit the destination’s environment, residents, business and visitors, addressing the relationship between them. It should be carried out by local authorities and other tourism stakeholders in partnership, following principles of good governance. It is central to the delivery of sustainable tourism as often actions taken within destinations are best able to influence the tourism impacts. (Destinet, 2013) To be
effective, development demands the involvement of a range of stakeholders. Or “helpers”, each of whom will have an impact on the development process and its outcomes (Beardwell and Claydon, 2010, 343 according to Mabey and Salaman, 1995; Mumford, 1997; Burgoyne and Jackson, 1997). Or other words improvements should go throw involvement. An active process of discussion and negotiation should ensure that each set of stakeholders accepts and owns a share of the responsibility for supporting the process, for example through supporting the manager, setting development objectives, planning and implementing process (Beardwell and Claydon, 2010, 34). **Destination strategy development is searching for the “balance”, memorable, inspiring and challenging vision for all.**

1.2. Reaping the Benefits and Engaging Stakeholders in Tourism Development

Nowadays many destinations have an increased interest in concepts of stakeholders engagement. Tourist industry comprises a complex network of stakeholders. Stakeholders can be defined as any individual or group who can have an influence on the development of tourism destination and who are affected by the development of tourism in the destination. Stakeholders for Freeman (1984, pg. 6) are “those groups who can affect or are affected by the achievement of an organization’s purpose”. Stakeholders are defined as any group that has vested interest in the operations of the firm / organisation (Stanwick and Stanwick, 2009, pg. 34). Stakeholders are individuals or groups who have an interest in an organization’s ability to deliver intended results and maintain the viability of its products and services (Carpenter and Sanders, 2009, p. 76). Same authors gave an opinion what benefits of using a stakeholder-based approach are possible:

1) company can use opinions of the most powerful stakeholders to shape strategy and tactics,
2) company can win more resources if they gain support from powerful stakeholders,
3) communication between company and
4) because you can anticipate people’s reaction to some project, company can better build their plan the actions that will win stakeholder’s support.

Possible identification of stakeholders divides them based on the role they might have in the engagement process into those that have most influence, least influence, that are most affected and least affected (Gray, 2006, pg. 21). Typical stakeholders in tourism planning process are (Yigitcanlar, 2009): **local businesses, residents, activist groups, tourists, national business chains, competitors, government, employees.** There are others such as **investors/developers, land owners, environmentalists (activist groups), industry associations, tourism marketers** and others. For Morrison (2013) stakeholders in destination management are: (1) tourists (leisure/pleasure; business; etc.); (2) tourism sector organisation (DMOs, hospitality, attractions; transport; travel trade; media, employee organisations); (3) community (community organisation, resident associations; business associations; special panels or task forces; etc.); (4) environment (NGOs; conservations societies; environmental agencies, etc.); (5) government (local, regional, state, etc.). These stakeholder groups influence tourism development in many ways including tourism supply and
demand, regulation, and management of tourism impacts, human resources and research (Waligo et al., 2013, pg. 343). Harrison and Lewellyn (2004) identified four roles through which stakeholders impact organizations:

- Stakeholders establish expectations (explicit or implicit) about corporate performance;
- Stakeholders experience the effects of corporate behaviours;
- Stakeholders evaluate the effects of corporate behaviours on their interests or reconcile the effects of those behaviours with their expectations; and
- Stakeholders act upon their interests, expectations, experiences, and evaluations.

The same impact stakeholders can have on tourist destination due to the possibility of linking main characteristics of a company with those of the destination both being systems or networks of stakeholders pushing the forces towards achieving the commonly defined goals. From a stakeholder's perspective, a destination can be seen as an open-social system of interdependent and multiple stakeholders (D’Angella and Go, 2009, pg. 429). Main reason of grouping stakeholders are understanding and appreciation in managing stakeholders.

**Picture 1 Main Destination Stakeholders and Their Interrelatedness**

![Stakeholders Diagram](image)

Source: Authors’ perception

It is interesting to observe how various stakeholders can influence one another. Their own “stakes” in a particular project vary. Primarily, tourist destination has to improve the well-being of its residents (local community). Without their support, development of tourist destination would be confronted with serious obstacles and disabled. Investors can put pressure on local authority and land owners (local community) to enable them invest in the area of their interest. On the other side, local community can influence investors through laws and regulations to make them follow them accordingly and base investments according to the plans and strategies developed by the local community. Tourists can have special influence on tourism businesses to create and design products (services) that suit their needs and to pursue marketing strategies that best match their target market. Tourism business, by sound
environmental practices and management can create products (services) that will awaken interests of potential target market by developing special interest tours and packages. The focus should be on creation of tourism experiences which are enjoyed by tourists who are willing to pay the price for the experience they want to get. Although it is true that the visitor ultimately defines the success of tourism, there are a multitude of variables that must first be in place prior to the visitor arriving if the visitor experience is to be judged satisfactory—and hopefully memorable (Bornhorts et al., 2010, pg. 573). Activist groups (i.e. environmentalists) can put pressure on local authority when developing strategies and plans that may not be environmentally friendly (i.e. golf terrain development in Istria). Industry associations can influence tourism businesses through developing main marketing programs and coordinating activities on the industry level that may push several issues in the forefront above particular individual wishes and ideas of the business company itself.

Main problem of stakeholder engagement is that we are focused on stakeholders engagement in performance phase, but the question is how to influence performance if we did not include them in first phase: strategy development. This is problem of destination governance. Despite the significant interest for the concept of governance in the broader literature review, there is still little agreement on a common definition on what actually represents governance. Several authors have promoted and investigated the concept of destination governance (Beritelli et al., 2007; Nordin & Svesson, 2007 and Pechlaner & Raich, 2009) but still several questions need to be investigated: “how governance is produced, who governs, what roles have the actors and the institutions in the process” (Pechlaner, 2009 as cited in Padurean, 2010). Are stakeholders included in local destination governance in real sense? Confusion, controversy, and disagreement still characterize the different usages, definitions, dimensions, and scopes of the concept of governance (Ruhanen et al., 2010). There are, however, at least three commonly agreed upon characteristics that define this notion:

1) First, governance is not a synonym of government; these two terms are not interchangeable. Governance is a much broader concept compared to government “and is about steering the rules of the game” (Ruhanen et al., 2010).

2) Second, governance “implies less government control and predictability, no self-evident leadership and no given hierarchy” (Breday et al., 2006 as cited in Ruhanen et al., 2010).

3) Third, governance implies there are multiple stakeholders with a specific interest in the tasks. “Thus governance includes an element of stakeholder relationship management“(Kooiman, 1993 as cited in Ruhanen et al., 2010).

Furthermore, there is an overall recognition that the public and private sector are both involved and the definition should therefore include dimensions from both sectors. Different narratives have defined the notion of governance. A corporate-based definition was developed in the Cadbury Report where governance was defined as “the system by which companies are directed and controlled” (Ruhanen et al., 2010). Recently some authors have defined the concept of governance by considering, in particular, the importance of networks. Rhodes (1997) stated that governance refers to “inter-organizational networks characterized by resource dependence and
exchange, rules and significant independence from the state.” The same author (Rhodes, 2000) stated that governance is about new processes of governing or new methods by which the society is governed. Other words governance refers to a variety of networks concepts used by a DMO for assuring developing and maintaining strategy that fits for all.

Engagement enables stakeholders participate in the decision-making process. Based on research, a stakeholder engagement process for a destination (Sustainable Tourism Online, 2013):

- Recognises the concerns and goals of all tourism stakeholders is important for planning, decision-making and developing mutually beneficial strategies and actions;
- Engages stakeholders based on their interest, skills and expertise to ensure a comprehensive basis of knowledge for planning;
- Understands and communicates the value of tourism, including economic, social and environmental, to stakeholders is important to gain support and participation in destination planning and management;
- Develops a shared understanding of tourism in a region, including the values and ideals of the destination is important for an agreed tourism focus;
- Develops an agreed vision that provides a focus for future planning, development and management of tourism in the destination;
- Identifies clear roles and responsibilities of all stakeholders. This could be an informal process or through the development of partnership agreements or MoUs;
- Identifies the governance structure for destination management as an important framework that clearly outlines communication, reporting and decision-making processes.

The outcome of stakeholder engagement process is (Gray, 2006, pg. 10): (1) improved personal and/or working relationship; (2) changing perceptions (for the better); (3) improved communication channel; (4) promotion of wider cycle of responsibility for decisions and actions – corporate citizenship; (5) agreement on purpose and direction of a project or programme; (6) early identification of potential issue, conflicts and benefits; (7) generation of new ideas; (8) formation of new formal partnership; (9) diffusion of conflict situations before these impede progress; (10) enhancement of social capital and/or improved services for people; (11) policy change; (12) cost savings in the medium to long-term; (13) promotion of local capacity building and learning (individual and organisational); (14) local support and goodwill fostered for a new idea or initiative; (15) increased community cohesion and strengthened shared identity. According to International Finance Corporation the following illustration shows the key components of effective stakeholder engagement process.
There is a question: how tourism stakeholders can be included in tourism planning, management and destination’s development due to their various, sometimes opposite interests? This means that tourism planners are to make trade-offs between various interests of stakeholders in the destination. There are various methods of stakeholder engagement process. However, majority of them follow the Deming cycle – Plan – Do – Check – Act. Accountability (2011) in the second edition of AA1000 Stakeholder Engagement Standard differentiated the following process: plan (profile and map stakeholders, determine engagement levels and methods, identify boundaries of disclosure, draft engagement plan, establish indicators), prepare (mobilise resources, build capacity, identify and prepare for engagement risks), implement the engagement plan (invite stakeholders to engage, brief stakeholders, engage, document the engagement and its outputs, develop an action plan, communicate engagement outputs and action plan), review and improve (monitor and evaluate the engagement, learn and improve, follow up action plan, report on engagement). The following scheme can be useful when scanning levels of possible engagement.
### Table 1: Level of Possible Stakeholder Engagement

<table>
<thead>
<tr>
<th>Stakeholder engagement goals</th>
<th>INFORM</th>
<th>CONSULT</th>
<th>INVOLVE</th>
<th>COLLABORATE</th>
<th>EMPOWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>To provide balanced, objective, accurate and consistent information to assist stakeholders to understand the problem, alternatives, opportunities and/or solutions.</td>
<td>To provide feedback from stakeholders on analysis, alternatives and/or outcomes.</td>
<td>To work directly with stakeholders throughout the process to ensure that their concerns and needs are consistently understood and considered</td>
<td>To partner with the stakeholder including the development of alternatives, making decisions and the identification of preferred solutions.</td>
<td>To place final decision-making in the hands of the stakeholder. Stakeholders are enabled/equipped to actively contribute to the achievement of outcomes.</td>
<td></td>
</tr>
<tr>
<td>Promise to stakeholders</td>
<td>We will keep you informed</td>
<td>We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how stakeholder input influenced the outcome.</td>
<td>We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how stakeholder input influenced the outcome.</td>
<td>We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the outcomes to the maximum extent possible</td>
<td>We will implement what you decide. We will support and complement your actions</td>
</tr>
<tr>
<td>Methods of engagement</td>
<td>Fact sheets, Open houses, Newsletters, bulletins, circulars, Websites, external and educate</td>
<td>Public comment, Focus groups, Surveys, Public meetings, Ultracet, Web 2.0 tools</td>
<td>Workshops, Deliberative polling, Web 2.0 tools, Forums</td>
<td>Web 2.0 tools, Reference groups, Facilitated consensus building forums for deliberation and decision-making, Experimental projects</td>
<td>Dialogue with Government, Local governance, Joint planning, Provision of data, Shared projects, Capacity building</td>
</tr>
</tbody>
</table>


The level of engagement process stretches from the early communication strategies all up to creating partnership (intensity of engagement varies depending on the stage of the project). This is presented below.
Apart from the previously listed engagement methods, International Association for Public Participation (2013) has suggested the following techniques to bring people together: (1) Appreciative inquiry processes (systematic process that uses the art and practice of asking questions and building upon narrative communications to surface imagination, innovation and commitment to action); (2) citizen juries (small group of ordinary citizens empanelled to learn about an issue, cross examine witnesses, make a recommendation. Always non-binding with no legal standing); (3) Computer-assisted meetings (any sized meeting when participants use interactive computer technology to register opinions); (4) deliberative dialogues (a systematic dialogic process that brings people together as a group to make choices about difficult, complex public issues where there is a lot of uncertainty about solutions and a high likelihood of people polarizing on the issue. The goal of deliberation is to find where there is common ground for action); (5) deliberative polling processes (measure informed opinion on an issue); (6) dialogue techniques (form of communication that supports the creation of shared meaning); (7) fairs and events (Central event with multiple activities to provide project information and raise awareness); (8) fishbowl processes (A meeting where decision makers do their work in a “fishbowl” so that the public can openly view their deliberations); (9) focused conversations (a structured approach to exploring a challenging situation or difficult issue by using a series of questions); (10) focus groups (Message testing forum with randomly selected members of target audience. Can also be used to obtain input on planning decision); (11) future search conferences (Focuses on the future of a network of people or community) (12) ongoing advisory groups (A group of representative stakeholders assembled to provide public input to the planning process); (13) open houses (An open house encourages the public to tour at their own pace. The facility should be set up with several informational stations, each addressing a separate issue. Resource people guide participants through the exhibits; (14) open space meetings (participants offer topics and others participate according to interest); (15) panel (a group assembled to debate or provide input on specific issues); (16) public hearings (Formal meetings with scheduled presentations offered. Typically, members of the public individually state opinions/positions that are recorded; (17) public meetings (An organized large-group meeting usually used to make a presentation and give the public an opportunity to ask questions and give comments. Public meetings are open to the public at large); (18) Samoan Circles (Leaderless meeting that stimulates active participation; (19) Study cyrcles (A highly participatory process for involving numerous small groups in making a difference in their communities); (20) symosia (A meeting or conference to discuss a particular topic involving multiple speakers); (21) workshops etc
All these proposed techniques do not have sense if we skip the main phase: analyze who to include.

2. Strategy Development in Local DMO: The Methodology and Findings

Except standard desk research, field research was a key point in strategy development of one local tourist destination in Croatia, Istria. It is an empirical research on local destination which has: more than 80km of coastal zone and one of the top 10 performers in tourism in terms of tourist overnights and arrivals. In 2011, based on Croatian Bureau of Statistics (2011), this destination took 4th place in terms of arrivals and 3rd place in terms of overnight stays. Local destination can accommodate 24,427 tourists in a day. Average daily consumption is 64,7 EUR. This was first tourism strategy development plan, although tourism is a part of the community past 50 years. First main problem was stakeholders’ engagement: who to engage?

The key methodological principle of project team was intensive cooperation and involvement of local stakeholders, direct stakeholders and expert. This principle was underline because creating a master plan must keep in focus the communication, discussion and consensus building. So, in initial phase in the process of developing a master plan for tourism, strategic choice was made by client (Tourism Council of the Municipality) who directs impact on project methodology by (1) deciding who to include in development process and also (2) to determine the preferred method of communication (consultation) with chosen stakeholders. During on-going process in master planning a context of discussion on challenges, instruments, potential solutions; issues regarding development, stakeholders’ engagement and practical governance was all the time discussed with local DMO manager. Stakeholders’ engagement is defined by the client (Tourism Council of the Municipality) (FET, 2013, 44). Although Tourism Council of the Municipality discussed around group of stakeholders: spatial planners; development projects; hotels (big, medium and small); camps; private accommodation; restaurants; bar & disco (entertainment); sport, culture, tourist agencies; management of natural and cultural heritage (agencies, associations, entities); different businesses; experts and influential individuals; potential investors the final decision was left to local DMO manager. Result is presented in table.
Table 2: Stakeholder Identified in Strategy Development: A Case from a Local Tourist Destination

<table>
<thead>
<tr>
<th>Stakeholders identified</th>
<th>Number of people involved</th>
<th>Methods of communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourist</td>
<td>1503</td>
<td>questionnaire</td>
</tr>
<tr>
<td>Local community</td>
<td>60</td>
<td>questionnaire</td>
</tr>
<tr>
<td>Public administration</td>
<td>10</td>
<td>questionnaire</td>
</tr>
<tr>
<td>Focus groups</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>1. Spacial development, project development, local authority</td>
<td></td>
<td>workshop</td>
</tr>
<tr>
<td>2. Accomodation</td>
<td></td>
<td>workshop</td>
</tr>
<tr>
<td>4. Hospitality</td>
<td></td>
<td>workshop</td>
</tr>
<tr>
<td>5. Local councils &amp; local authority</td>
<td></td>
<td>workshop</td>
</tr>
<tr>
<td>Public</td>
<td></td>
<td>Open forum about focus groups conclusions</td>
</tr>
</tbody>
</table>

Source: Authors’ mapping

From all suggested and discusses methods of communication with influential interest groups such as: community meetings (local committees, councils, etc.), interviews, public exhibition and presentation planned, advisory boards, media advertising, written reports, focus groups, open days, workshops, meetings feedback information to interested groups, a visual indication of the development; illustrations, etc. Result was: questionare, workshops on focus groups; and open forum.

Because strategy development determine the profile and future direction of destination in process of destination development stakeholders’ perceptions and views on developmental challenges of the destination and its comparative and competitive advantage, the impact local authority has on tourism development as well as stakeholders’ opinion on local authority engagement in tourism primary and secondary data were analyzed. Primary data was collected through quantitative and qualitative research. Secondary data was abstracted from available databases – Croatian Bureau of Statistics, Local Tourism Board statistical database and Istrian Tourism Board statistical database. Primary quantitative research was conceived as a two part one through which project team investigated: a) attitude of local people (residents) about the development and importance of the tourism in their municipality; and b) attitude and views of local authority (creators of tourism development in the destination) on tourism development. Online survey was used as one method of data collection. Level of stakeholders’ satisfaction with tourism and with specific components of tourism was examined by giving them the availability to scale responses on the typical Likert-type scale (1-5). Each issue is analyzed separately. The questionnaire was designed based on the UNWTO (2004) suggested local questionnaire model. Online survey was used for collecting data from local communities and public administration. Invitation to complete the online survey was sent to 1.200 randomly selected residents in April 2012. Survey was opened till
October 2012. Low response rate was achieved as only 60 of them responded or 5%. At the same time online survey was directed to local authority. Invitations were sent to: local authority and public administration but only 10 responses were collected.

Table 3 Questionare Analysis: Local Community and Public Administration

<table>
<thead>
<tr>
<th>STATEMENTS</th>
<th>LOCAL COMMUNITY</th>
<th>PUBLIC ADMINISTRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism is important for my community</td>
<td>91,6% strongly agree</td>
<td>100% strongly agree</td>
</tr>
<tr>
<td>I have personal benefits from tourism</td>
<td>89,9% strongly agree and agree</td>
<td>90% strongly agree and agree</td>
</tr>
<tr>
<td>Tourism generates new jobs</td>
<td>91,6% strongly agree and agree</td>
<td>90% strongly agree and agree</td>
</tr>
<tr>
<td>Tourism employs young people from the local community</td>
<td>98,3 % strongly agree and agree</td>
<td>80% strongly agree and agree</td>
</tr>
<tr>
<td>Tourism helps creating services in local community</td>
<td>85,99 % strongly agree and agree</td>
<td>90% strongly agree and agree</td>
</tr>
<tr>
<td>Tourism demages moral standards</td>
<td>28,23 % strongly agree and agree</td>
<td>20% strongly agree and agree</td>
</tr>
<tr>
<td>Tourism desturbs local activities</td>
<td>34,99 % strongly agree and agree</td>
<td>20% strongly agree and agree</td>
</tr>
<tr>
<td>Tourism have a negative impact on environment</td>
<td>73,33 % strongly agree and agree</td>
<td>50% strongly agree and agree</td>
</tr>
<tr>
<td>Tourism prevents local inhibitans to access to the places (beaches, hiking trails, etc.)</td>
<td>58,33 % strongly agree and agree</td>
<td>80% strongly agree and agree</td>
</tr>
<tr>
<td>Tourism stimulates local skills, craft and culture</td>
<td>83,33 % strongly agree and agree</td>
<td>70% strongly agree and agree</td>
</tr>
<tr>
<td>Tourism uses natural resources</td>
<td>70 % strongly agree and agree</td>
<td>90% strongly agree and agree</td>
</tr>
<tr>
<td>Money that tourist spend remains in the local community</td>
<td>81,66 % strongly agree and agree</td>
<td>60% strongly agree and agree</td>
</tr>
<tr>
<td>Community has control over tourism development</td>
<td>61,66 % strongly agree and agree</td>
<td>50% strongly agree and agree</td>
</tr>
</tbody>
</table>

Source: Authors' mapping

Survey results show that local community and public administration of observed local DMO is much concerned with: disorganization, insufficient and slow investment in infrastructure, overcapacity, inadequate transport solution in the old town, unresolved issue of sewage, garbage and wast; menace of tradition and devastation of the environment, privatization of the beaches, insufficient investment of the big touristic company in areas used by them, low quality of tourism offer, disagreements of locals habitants and hotel companies, lack of parking, "all inclusive" hotel offer (menace to the other entrepreneurs), apartmanisation, security, peace and order in the community, lack of sports offer (walking trails,....) and entertainment, the lack of communication between local authorities, tourist board and residents of the municipality, gray economy, low quality apartments, mass tourism.

On the other hand local habitants and public administration think that problems can be solved throught: defining a development plan and a study on the sustainable development, also through defining the boundaries of destinations's carrying capacity, better promotion of the destination and highlighting the originality, landscaping, better waste management, quality restaurants, arranging bike and
recreational trails, free parking for residents, construction of sewerage system, strengthening the unity of the local community, streamlining bureaucratic procedures, additional offer of a variety of events and local entertainment, enhance trade offer and highlight the value of domestic product, a new and stronger investment in the promotion and development empowerment of private accommodation segment, promotion (marketing) and price competitiveness, joint action by all stakeholders, more favorable interest rates subsidized by the tourist Board, enhance work on the visual identity of the destination, etc.

But main focus was given on workshops where various obstacles and challenges stakeholders face were discusses. Selected stakeholders were purposive and further divided into several subgroups of interests to facilitate comparison. Group size, as preferred in the qualitative research, was small – 6-8 participants per group. Total sample covered 29 people. Workshop conducted with focus groups elucidates interesting facts about their perceptions and challenges on tourism development of the destination. One part of the results will be presented in the following table in order to avoid complexity of interpretation and facilitate the process of understanding the matter and issues concerned. As main questions were defined beforehand, the responses of the questions will be split into 5 focus groups.

Table 4 Focus Group Analysis

<table>
<thead>
<tr>
<th>QUESTIONS / FOCUS GROUPS</th>
<th>SPACIAL DEVELOP./DEVEL.PROJECTS/LOCAL AUTHORITY</th>
<th>ACCOMM.</th>
<th>NATURE, CULTURE &amp; SPORTS</th>
<th>HOSPITALITY</th>
<th>LOCAL COUNCILS/LOCAL AUTHORITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is Medulin for you?</td>
<td>Summer destination</td>
<td>Summer destination Unspoilt nature</td>
<td>Summer destination Unspoilt nature Destination for sport</td>
<td>Summer destination</td>
<td>Summer destination</td>
</tr>
<tr>
<td>What could Medulin be in the future?</td>
<td>Year long destination</td>
<td>Year long destination</td>
<td>Year long destination</td>
<td>Year long destination</td>
<td>Family destination Sport destination</td>
</tr>
<tr>
<td>What can you do to help it grow sustainably?</td>
<td>Invest in stronger horticultural decoration</td>
<td>Invest in promotion of Medulin as a Mediterranean destination</td>
<td>Work on branding the Nature Park “Kamenjak”</td>
<td>Co-finance investment in higher quality improvement of drainage system</td>
<td>Invest in infrastructure</td>
</tr>
<tr>
<td></td>
<td>Invest in infrastructure</td>
<td>Special attention on marketing and promotion of the destination</td>
<td>Organize cultural events (concerts, festivals, etc.)</td>
<td>Invest in e-business</td>
<td>Invest in engineering and infrastructure</td>
</tr>
<tr>
<td></td>
<td>Invest in development of pre-feasibility study for all future investment projects based on the defined limits of capacity growth and investements according to special plans</td>
<td>Invest in energy efficient technology – low CO2 impact</td>
<td>Promote local authentic offer</td>
<td>Improve the offer of traditional (local) products</td>
<td>Improve the offer of traditional (local) products</td>
</tr>
<tr>
<td></td>
<td>Create new urban development plan</td>
<td>Invest in rising the level of quality of the accommodation facility</td>
<td>Strengthen the collaboration between sport, nature and culture, particularity between those responsible for development of particular niche within the</td>
<td>Specialization (Seafood and fish restaurant, Bio-local)</td>
<td>Specialization (Seafood and fish restaurant, Bio-local)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
which will be aligned with carrying capacity of the destination

Invest in creation of new tourism products in order to extend the tourism season and help extend average occupancy rate of various accommodation facilities

Community Support the development of clusters in the community (each due to its specific characteristic)

Invest in education of employees in hospitality industry

Invest in branding smaller resorts that make part of the community

Support the investment into extra activities to enrich the current tourism offer

Source: Authors’ mapping

Workshops were selected as the main method of qualitative research in order to gather an in-depth understanding of stakeholders’ perception, experiences and perspectives on tourism development and challenges in the destination. This is the most rigorous way to find answers on questions that cannot be measured with qualitative research. Project team considered carefully the context in which they would be working and pointed out sensitive topics within the research context as well as research questions they wanted to have an answer on. This sample was purposive because it was expected that it generates useful data for the research project. Following stratified purposeful sampling method, selected sample was further divided into several structured groups to assure maximum variation of the sample. The sample was devided into 5 subgroups bearing in mind their particular interest (special development of the municipality and developmental projects; accommodation; nature, culture and sports; hospitality; Local Councils) to facilitate comparison and reaching conclusion. Project team tried to make the sample the most indicative (from stakeholders' indentified by local DMO) so that the community sees it as credible. Sampling strategies were determined by the purpose of the research. Workshops with focus gropus were considered as ideal research method in order to discover how selected people talk to each other. Time and place were pre-arranged. Workshops were conuducted in June 2012. Space and sittings were organized in a cyrcle so that people could normally see each other and workshops started with a brief self-introduction of participants.

3. Critical Overview and Model Suggestion

Aware of the fact that this strategy development process was a more bottom-up and less bureaucratic and decentralized approach, and step forward in Croatian public sector, authors opinion is that more opened are structured approach in planning stakeholders engagement in future must be followed. In shown analysis questionable is stakeholders selection process. As a result three main stakeholders group was innsufficient included: (1) tourism sector organisation, holders of tourist activities (DMOs, hospitality, attractions; transport; travel trade; media, employee
organisations); (2) environmental group (NGOs; conservations societies; environmental agencies, etc.); (3) and investors (developers, potential investors, land over etc.). In destination there are lots of specific business services, which enables tourist to feel, enjoy destination: as pansion; guest house, backpacker owner, self-catering facilities, masseuse, caravan park, child-minder, room catering, corner bar, take- away facility, street – selling of food; events caterer; upmarket caterer, medical services, craft producer, craft / souvenir producer, horse pony trek operator; sport equipment; taxi operator, security guard; tour guide, etc. which are not included as stakeholders, although tourism destination supports lots of small and medium enterprises and that “supported” services create unique, different, unmemorable experience. In this segments destination is seaking for new development deals, unfortunately recognizing only the key players in the market turns again to the positioning and privileged position of those same players, the ability to obtain information, close to decision process, partnership in marketing and advertising. One of the DMO’s problems as stated in The Institute for Tourism (2012) is pragmatism at the expense of quality development decisions, and the only indicator of success is still emphasizes only the number of arrivals and overnight stays.

Except all known benefits from stakeholders engagement the intention of stakeholders’ inclusion is to understand their attitude, generating new ideas; overture open space for new partnership and communicatin process in value chain creation and creating new sensitive approach to the management in tourist destinations. So in this initial phase local DMO should seek also for those potential stakeholders (for example Niche Tourism: religion, wellbeing, gastronomy, nature based, activity, educational) which are not visible at the moment, etc. This problem should be detail discussed primarily because stakeholder engagement is way to successfully manage destination built on trust, supportive initiatives and strategy acceptance. If we analyse ideas that local habitants and public administration (in survey) suggested for problem solving it is clear that they believe in this process of strategy development but they underlain also the neccessity of strengthening the unity of the local community, joint action by all stakeholders and more favorable interest rates subsidized by the tourist Bord (destination governance)etc. We should take the approach that tourist destination can make improvement only through involvement. In Croatia we are struggling with the problem of non willinges stakeholders attitude to participate, problem to involve people, people who do not belive in that kind of system, too long they are witnessed the subjective inclination in public sector. Changes are here, but they are slowly, untransparent, individual examples. So we wanted to suggest for future strategy development model 2IAV as a steps in planning stakeholders engagement (it is about guiding and directing thinking). The intention was: simple, adaptive and beneficial model which will through stakeholder’s identification target future.
Since the concept of governance applied to tourists destinations is a form of self-organisation with specific intention to develop rules and mechanisms for a policy, as well as tourism strategy and main levy is the concept of cooperation between the persons and companies involved; this is characterized by the institutional context as well as by the rules of the organisation, state. Destinations need more analytical approach in strategy development. Strategy is a point in which any of stakeholder group can find a view on the destination future, and „weapons“ to create a competitive advantage. So this initial phase who to involve in strategy development is crucial question! Selection of stakeholders will influence on tourism products in value chain and tourist satisfaction. Destination governance has a crucial role with the aim to build consensus; include greater consultation and determinate the behaviour of different actors.

4. Summary and Conclusion

Destination management should recognise stakeholders’ engagement as prerequisite and crucial factors for strategy development, because their activities are resources to make strategy happen. Furthermore, destination management has evolved to a more cooperative system. We can follow up the evolution of strategic planning of destination, we can theoretically easily mark out examples of good proactive practice, but for Croatian destination management a specific intention should be given to for initial phase of planning stakeholders’ engagement. Because of local DMO experience in selection of stakeholders’ engagement authors introduced a 2IAV model throw four building blocks (IDENTIFY, ANALYSE, INVITE, VALUE) we simply presented a model to guide and direct thinking in process of stakeholders engagement. So model consists of: (1) identifying stakeholders: brainstorm, a list of stakeholders without screening,
including everyone who has an interest in strategy development; (2) **analysing**: understanding stakeholder perspectives and relevance; (3) **inviting**: to be part of cross-functional groups in destination; (4) **value**: the rationality in understanding their influence and the necessity of involvement according to follow up activities. It is a reminder, think about stakeholders throw ethical and social responsible glasses!

**References**

Accountability (2011) AA100 Stakeholder Engagement Standard 2011, Final Exposure Draft, Accountability


International Association for Public Participation (2013) IAP2’s Public Participation Toolbox, available at:


Presenza, A. (2004.): The performance of tourism destination. Who manages the destination? Who plays the audit role?, University of Molise – Department of Economics, Management and Social Science, Campobasso, Italy


