

# Involvement Problems of Tourism Stakeholders and Managing the Process of Solving Them

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**Abstract:** One of the interesting spheres for research is tourism destination management process. Above mentioned process is quite complicated and many problems are faced. Some stakeholders can be functioned in several different roles at the same time, which complicates the situation. To implement stakeholder management, first concept requires the tourism planners to have a full knowledge of all the persons or groups who have interests in the planning processes, delivery and outcomes of the tourism service i.e. interests in the procedural and substantive aspects of the corporate activity. Planners often take too easily the complexity of this step and default to a cursory report of only the most noticeable stakeholders, mainly tourists, business owners and government officials. Paper explores the reasons of the mentioned problems according to each stakeholder, discusses involvement difficulties, gives the ways how to manage above mentioned process and eliminate all the problems. Solution can be understanding the role of stakeholders, promote their cooperation and involvement in tourism destination management. By all that we can achieve more utilization of tourism potential.

**Keyword:** Tourism; stakeholders; involvement problems; destination management.

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## I. INTRODUCTION

Tourism is vital income source for developed countries economy and developing ones try to achieve the same. Thus, each study related to this sphere is very important. In our opinion, tourism stakeholders' role is essential to achieve tourism development for developing country. Main related issue is stakeholders' involvement problems and find ways how to solve them. The aim is to understand all the mentioned processes and give recommendations. This article has review – related character, relied on scientific studies and researches.

## II. TOURISM IMPORTANCE, TOURISM DESTINATION MANAGEMENT AND ITS USE IN TOURISM

Economically, tourism has growing importance to many nations and is recognized as the largest export earner in the world and an important provider of foreign exchange and employment. In addition of these economic values, tourism offers social, cultural and environmental benefits that add to its allure. Tourism is also acclaimed for its contribution to the preservation of cultures at a time when globalization is arguably a force for cultural homogenization (Cohen & Kennedy, 2000, p. 226). The growth in interest in ecotourism has demonstrated that tourism can be an important force for the restoration or conservation of environments (Richardson, 1993). Lastly, and perhaps the most important work with which tourism is credited, it is a force promoting peace and understanding between peoples (World Tourism Organization (WTO), 1980).

For understanding its meaning better, let us look the numbers. As we mentioned above, the number of tourists increased significantly. As a result of this increased the proportion of GDP spent on tourism. The World Tourism Organization

(1987) said that tourism – loosely defined- was about 3.4% of GDP in the United Kingdom and 4.6% of GDP in the United States; while the Organization for Economic Cooperation and Development (OECD) mentioned that within member countries, each \$1 billion of additional tourism spending creates 33 000 new jobs through a multiplier effect. As a generation local economic prosperity, tourism has often come to play a role previously attributed to manufacturing. Moreover, tourism can help public authorities to achieve a variety of social objectives, such as improving the physical environment of an area. (Adrian Palmer, David Bejou, 1995).

The demand for tourism services increased. It led to adding tourism supply, by many public and private organizations, in areas that were previously not considered attractive destinations. Palmer and Bejou researched and had these conclusions in 1995, but it still happens the same nowadays. More detailed, tourism industry creates more and more jobs and people and countries try to make a new destination places. Even in 1994 tourism activities included the world's largest industry with over three trillion dollars in revenues produced. One more supporting fact of this is, that the industry has increased its employment opportunities particularly in the accommodation sector with an average growth of 9% per year in Indonesia (DPPT 1997). Besides its economical importance, tourism can create social, cultural and environmental benefits.

Tourism contributes to the welfare of tourists by giving those holidays that realizes a lot of human needs (World Tourism Organization (WTO), 1999). The most important meaning and utilization of tourism is following: it helps nations to share their culture with not only next generations, but also with whole world. Last decades people realized the importance and necessity of our planet. As a result of these they take care about ecology more and more. The role of tourism in it is following: it can be an importance force for the restoration or conservation of environments (Richardson, 1993). Furthermore, there is the most important work with which this industry does is a force promoting peace and understanding between peoples (World Tourism Organization (WTO), 1980). However, despite the positive impacts of tourism, there is a current trend to limit its parameters to the economic and business domain, which limits its capacities. Tourism industry leaders use tourism's opportunities for their own private wealth accumulation and commander scarce community resources for their purposes. As a result tourism's full potential is often unused. (Tourism management 27, 2006).

Tourism needs more support to use its full potential. One main promoting factor can be developing tourism destination management, including understanding importance of stakeholders and their cooperation.

There is a solution for every situation and this situation is not an exception. The most successful way to achieve the full utilization of tourism's potential is knowing and using tourism destination management. For better understanding of this, let us explain the destination itself.

Destination is a physical location one may journey or travel to. A destination carries special features: attractions,; infrastructure and overstructure; natural, human, financial, social tourism resources.''

Managing destinations is a difficult task as it requires a series of actions to do. These are: Improving residents' life quality, promoting sustainable development, preserving resources, ensuring high quality services provision, delivering specified as well as generic products, creating and developing competitive advantages.

Doing this job successfully requires stakeholders' cooperation, common targets realization, common benefit targeting, willingness, perseverance, common reality perception. But the aim of us in this paper will be stakeholders' involvement role in tourism development. „Tourism destinations can be considered as complex networks that involve a large number of co producing actors delivering a variety of products, and services'' (Gunn, 1994; Pearce, 1989; Hu & Brent Ritchie, 1993; Ramirez, 1999; Buhalis, 2000; Murphy, Pritchard, & Smith, 2000; Silkose, 2004). While tourists perceive the destination as a unit, this product is still produced and composed by the individual actors. The success of it is depended on efficient coordination and integration of individual companies' resources, products and services (Beritelli, Bieger&Laeser, 2007, Rodriguez-Diaz & Espino-Rodríguez, 2008.) So, every destination needs a Destination Management Organization (DMO) that provides effective leadership and coordination of efforts to achieve the destination goals. Competences of these organizations are: knowing the industry, create and improve coordination and communications, enhancing the visitor experience, marketing and promotion. Destination cannot function without cooperation at the destination level to ensure timely and appropriate development. So, tourism destination management organizations must guarantee this among stakeholders. For understanding cooperation, we should identify collaboration as well. Cooperation means working together to the same end, while collaboration is defined as working jointly with. Wood and Gray describe collaboration as „...a group of autonomous stakeholders of a problem domain engaged in an interactive process, using

shared rules, norms, and structures, top act or decide on issues related to that domain.” (1991: 146). Gray thinks that interdependence beyond the dyad to the network level where multiple stakeholders are involved. By cooperation and collaboration stakeholders can achieve successful tourism planning, which will cause sustainable tourism development and, in the context of community-based tourism, to integration and participation (Mitchell and Reid 2001; Tosun 2000).

In Georgia, there is no Destination management organizations. Even destination management is not as a course in program of tourism studies. It causes noncooperation during strategic planning and implementing tourism activities.

### **III. STAKEHOLDERS' ROLE OVERVIEW**

Destination management is used to connect attractions and services, stakeholders, infrastructure and over structure. Attractions mean pull the market by product development, sites and so on. Services include: accommodation, restaurants, guides, tour operators, taxis, rental cars, selling souvenirs and etc. Infrastructure is telecommunication and information networks, public amenities, Security, medical care and other similar things. Over structure means hotels, restaurants, campsites, travel agents, food and beverage, conference services and etc. The most difficult task is defining stakeholders. There are a lot of definitions of them by different authors. Let us see some of them:

Freeman defines a stakeholder as, “ any group or individual who can affect, or is affected by, the achievement of a corporation’s purpose” (1984: VI). Some authors prefer narrow frames. For example, (Cochran 1994) stakeholders are people, who reflect only very direct economic links to the organization. There are broad views also, that encompass virtually all of society (Shankman 1999), with midrange.(Clarkson 1995) clarifies his ideas, which is somewhere between. Stratik gives a good summary of all different and wide-ranging definitions. This sounds like:

“... There may be numerous levels of specificity as to what the term “stakeholder” means, depending on what the user is referring to. The range appears to be bounded in this case, on one end, by those entities which can and are making their actual stakes known (sometimes called “voice”), and, on the other end, by those which are or might be influenced by, or are potentially influencers of, some organization or another, whether or not this influence is perceived or known (1994:90)”

We have some different classifications of stakeholders by different authors. Some of them divide stakeholders as primary and secondary ones. Clarkson (1998) has defined primary stakeholders as those who have a “formal, official or contractual” relationship with the organization. He says, that primary stakeholder “is one without those continuing participation the corporation cannot survive as a going concern”. Secondary ones are those who influence or affect, or are influenced or affected by the corporation, but not engaged in transactions with the corporation and not essential for its survival (1995:106-107).

In our opinion, these definitions can be used as definitions of tourism and non-tourism stakeholders if we use the word “tourism” instead of “corporation”. These will sound like: Tourism stakeholders are ones without those continuing participation tourism for the giving destination cannot survive as a going concern. Accordingly non-tourism stakeholders are those who influence or affect, or are influenced or affected by the tourism, but not engaged in transactions with the tourism and not essential for its survival.

Many authors defined categories or groups of stakeholders such as employees, customers, suppliers, lenders, shareholders, government and nongovernmental organizations.

To sum up, every country needs to develop tourism. This work should be done by tourism destination organizations. It requires planning and cooperation. All the stakeholders should be involved in it to have a success in achieving goals. Stakeholders’ involvement should be done by tourism destination managers. This is the most difficult job, as there are a lot of problems and differences in minds. To implement stakeholder management, first concept requires the tourism planners to have a full knowledge of all the persons or groups who have interests in the planning processes, delivery and outcomes of the tourism service i.e. interests in the procedural and substantive aspects of the corporate activity. Often, planners take too lightly the complexity of this step and default to a cursory report of only the most noticeable stakeholders, mainly tourists, business owners and government officials. Today, however, organizations and planning bodies must be more careful to take a hard look at the various types of persons/groups which affect or are affected by the tourism service (Sautter, Leisen, 1999).

On the next step, tourism planners must consider the interests or perspectives of the different stakeholder groups as defined by the roles which they serve regard to the particular development initiative.

Some stakeholders can be functioned in several different roles at the same time, which complicates the situation.

Stakeholders involvement is vital not only in tourism destination management, but in Tourism destination marketing as well. They should be involve in collaboration in this case, as they can create more promotional impact on potential visitors by promotional campaign in which resources are joint. As Reid 1994 says, by pooling efforts, all organizations involved can achieve economies of scale. But there is problem also, as when some tourism businesses are paying for promotion, others cannot be excluded. It may cause refusing on promotional campaign by payer ones. The consensus will bring some positive results as marketing alliances are attractive for both public and private sectors – having more tourists. For private sector the benefit in it is financial and for public one it can be various.

Tourism destination marketing alliances are not universal. It has also negative effects, besides positive ones. For example, stakeholders may perceive little benefit or no need to make any collaboration.

So, co-marketing alliances can reduce risk function for their members. Faced with functional specialization in one aspect of the tourism product and a shortage of resources, organizations try to reduce environmental uncertainty by exchanging resources for joint benefit.

As we see, stakeholders' involvement is necessary in destination marketing as well as in destination management. After generally identifying necessity of stakeholders, let us discuss about the each stakeholder's involvement in tourism destination management; about ways to achieve this and about problems appearing during these processes.

### **3.1 Local Community**

Aas, Ladkin and Fletcher made a survey of the local community in LuangPrabang. They asked 140 local residents and had following results: 1/3 of them claimed to be involved in an organization or any team, where they could be able discuss the development and future of LuangPrabang, in terms of supplying data, giving opinions on decisions, or decision making. 14 from the 140 respondents were directly involved through their representation of an organization. And almost all of them (96%) think that local people should be consulted on matters relating to the development of their living place as it directly affects their futures. The respondents felt that villagers could contribute positively to the development process through their ideas. Only 3% of them felt that local people should not be asked opinions on development things, as they were considered to be incompetent of such things and not qualified to know what is best for the community. These results of the survey indicate that the most part of the local community was motivated to take part on issued that involved the future of their town. So, these findings showed that it is possible and easily reached to involve community in tourism planning.

As we can predict from the findings, there can be some problems during community involvement. Locals may have lack of enthusiasm to be involved in tourism destination if they think that challenges are not so appropriate for their place or can damage their heritage. Less developed or developing countries have low educational, financial and life quality level. All these can cause some misunderstandings among people. For example, implementing new technologies often dislike older generations as they think people are better in these things. Moreover, they are afraid of learning new technical skills or think that these changes can damage their environment. Locals are suspicious about everything. They feel themselves kept out of investments and in these case, unfortunately, they are often right. As investors in most cases hire employees from their country of origin, especially in low developed and developing countries. They often destroy some important places for the locals during making new buildings and attractions. These places are mostly old houses where people still live. Investors offer them a lot of money instead of leaving their land, but often in vain. It is too difficult and for some people impossible to do this as there is a special and strong connection between persons and their homes.

For example, In Georgia, especially in mountainous regions above mentioned problem is actual as such villages society is aged. For them it is too difficult to use modern technologies in their businesses. English language is a problem as well. As a result on such place accommodate places are mostly guesthouses; there are no enough advertisements on websites and communication is also problem. On the other hand, some locals don't want to be part of tourism at all as they can not understand its importance. Government and investors are trying to use more tourism potential of Georgia's but sometimes its too hard to do.

These problems can be solved by some actions. Destination managers can educate and train locals in order to make higher their consciousness. Besides, they can and must cooperate and have unstoppable communication with people. Last ones should be felt that they and their opinions are taken in consideration.

In conclusion, it's very delicate matter involvement of community in tourism destination management with soluble problems.

### ***3.2 Local and National Administrations and Authorities***

These organizations are the ones, who make decision almost every time even during cooperation there are members from local community. It happened in LuangPrabang's case, where government decided was the most feasible.

Distrustful is the problem from communities' side as well as from authorities. It can cause complication tasks and increase the time of implementing innovations. Moreover, bureaucracy and different perception makes the things worse. In some cases community is right as local and national organizations interests are often political and profit-oriented.

Solutions of these problems can be again and again cooperation and communication. Authorities should find ways to show people the respect and gain their faith. Tourism destination managers should make both parties involved by showing them the importance of mutual understanding and common interests.

### ***3.3 Local, National and International Investors***

They are one more main stakeholder whose involvement in tourism destination management is very important. As we already know tourism is vital income source for countries and in last decades, it is one of the fast growing industries. Investors also know it and try to put their money in it. But as their main goal is making profit they very carefully behave and take in consideration a lot of details. Such details are for example, re-investment rates. If these ones are low, it can cause to cancel an investment. They seek profits as fast as possible and try to take maximum from the market. To achieve all these they often refuse involvement in cooperation. But tourism destination managers' task is to take their acceptance on cooperation. Problems connected with investors can be solved by making legislation. For example, laws may force them to employ local residents, to protect the environment, national wealth and etc. Sometimes, there is necessity to protect traditions and culture of the natives as new investments often bring something new which impacts on local residents' mentality. They may perceive it as threat and show their protests by different and often bad ways, such as strikes for example. Developed countries use legislation very successfully.

About local businesses generally in developing countries problem is automation when the firm delivers service to more than 100 tourists in a month. The main reason in this is decision-making as it requires big financial resources and if the decision is made without inadequate elaboration of reconstruction plan then the contingencies take place. On the other side all decisions need well prepared and supporting technologies. Only after this they will be successful (Paresashvili N., Bolkvadze A.)

### ***3.4 Non-Governmental Organizations***

A non-governmental organization (NGO) is a legally constituted organization created by natural or legal persons that operates independently from any form of government. The term is normally used to refer to organizations that are not a part of the government and are not conventional for-profit business. Problems connected to non-governmental organizations are: low development rates - as nowadays there are a lot of non-governmental organizations and the competition is too high. So, the chances of increasing development are too low. Other problems can be counter globalization attitude, nature preservation over human prosperity, suspicions and extreme activism. Without this activism it is practically impossible the existence as a non-governmental organization. The remarkable fact about these organizations is that they are quite objective almost in every case. Information given by them is much more reliable than from media or government organizations. Besides, they frequently do useful jobs. By all mentioned facts it is too important to make them involved also.

Solution of the problems can be: Cooperation as every other case; legislation favouring natural preservation and financial development; mutual understanding & respect each other's interests; sustainable development planning.

## **IV. CONCLUSION**

Importance of the tourism for countries and for society we saw from the above-mentioned examples and facts. More or less everyone knows about tourism's positive aspects. But few of them know what and how to do for taking all the benefits. Fortunately, there are tourism destination management organizations, which take care about these. Destination development has received increased attention in recent years both in tourism research and management. To achieve these goals they should acknowledge the role and place of each stakeholder in tourism planning. Moreover, they must make all

stakeholders involved. As we saw above, a lot of problems can be occurred during this process. We mentioned the ways how to solve these problems for each stakeholder as well. All of them one solution was the same - cooperation. It means they should speak to each other, make decisions together, evaluate the environment and their current conditions, plan using and distributing resources effectively, make some concessions and etc. But the most important one and first thing to do is understand the necessity of all these.

Managers looking for potential markets should define the target group. Some of them who should analyze natural and cultural features, area as a whole, stakeholders, superstructure and infrastructure, legal and policy context.

Successful tourism at heritage places involves: recognizing the importance of heritage places, looking after them, developing mutual beneficial partnerships, incorporating heritage issues in business planning, investing in people and place, marketing and promoting products responsibly, providing high quality visitor experiences, respecting indigenous rights and obligations. These are key elements of success, which should be taken under consideration every time.

All in all, Tourism destination managers should play more active role to involve all the stakeholders in destination management for achieving planned goals. Solutions should be cooperation among stakeholders and to deepen and widen heritage attraction supply. We can create or discover new sites, redesign old ones or add extra dimensions to exciting supply.

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