TOURISM ASSOCIATION DEVELOPMENT TENDENCIES IN LATVIA

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Abstract. Tourism as one of the leading industries has gained attention from scholars that are researching different influencing factors of tourism destination development. One of the challenges that tourism destinations need to overcome is heterogeneous nature of tourism industry that could be solved with the help of professional and regional tourism associations. Current tourism technology from one side creates additional potential for tourism enterprises and destinations, from other side it could decrease need for traditional tourism associations.

The Investment and Development Agency of Latvia (LIAA) indicates eighteen active tourism associations in Latvia. These tourism associations have been going through different development stages in Latvia, first ones started their activities already straight in time of struggle for independence and are actively functioning even now after 28 years of intensive involvement in industry development. On the other hand some of tourism associations have hardly surviving and are forced to bootstrap. Research aims to analyse different stages of tourism association development and draw conclusions on development strategies applied by tourism association in Latvia. Research method will comprise in-depth interviews with tourism association management during the years of 2018 and 2019. Research findings show a variety of development strategies applied both by professional tourism associations as well as regional associations. Conclusions indicate most successful tourism association management model, evaluation of current development stage of tourism associations in Latvia and evaluation of future development potential.

Key words: tourism, tourism associations, cooperation

JEL code: M10

Introduction

Even though as indicated by cooperation evolution science scholars (Axelrod, 1990; Ridley, 1998) that our civilization is made on the base of collaboration, in many industries cooperation is a challenge that needs to be overcome. The issue of an existing gap between the various stakeholders and a lack of cooperation in tourism has been outlined already in the mid-seventies (van der Zee, Vanneste, 2015), leading to key publications on tourism stakeholder cooperation and tourism network formation (Bramwell and Lane, 2000). Still in many fields cooperation network governance and administration is in immature research stage (Provan, Kenis, 2008) van der Zee, Vanneste, 2015) leading to the need to study the problematic of cooperation network development. Following the Porter concept of competitive advantage, tourism scholars claimed that tourism destinations have a greater opportunity to be competitive on a national and global basis when their businesses are competing and cooperating at the same time (Novelli, Schmitz, Spencer, 2006). Research importance and topicality can be outlined by the cooperation network potential to foster tourism enterprise and organisation innovation, knowledge sharing, competitiveness and destination sustainable economic development (Novelli, Schmitz, Spencer, 2006).

This paper presents a theoretical discussion on importance of cooperation networks in tourism destination development using the perspective of professional and regional tourism associations. Research question inquires if tourism association development in Latvia has a pattern of common development tendencies.
Research aims to analyse different stages of tourism association development and draw conclusions on development strategies applied by tourism association in Latvia.

Research method comprises in-depth interviews with tourism association management during the year of 2018.

Research findings show variety of development strategies applied both by professional tourism associations as well as regional associations and the research findings contribute to the discipline of tourism networking.

**Importance of cooperation networks in tourism destination development**

As scholars indicate (Zach, Racherla, 2011), tourism is a complex phenomenon that cannot be explained by conventional economic or business logic and tourism enterprises as well as tourism organizations are pushed to apply collaborative approaches (Chim-Miki, Batista-Canino, 2017) rather than stay in purely competition environment.

Networking in the tourism sector is particularly crucial as tourism cooperation networks promote the spread of information and strengthen the connections between individuals and organizations, contribute to more sustainable tourism development, greater tourist satisfaction and economic success of the regions in which they operate (Vernon, Essex, Pinder, Curry, 2005; March, Wilkinson, 2009; Jesus, C., Franco, M., 2016.).

For cooperation networks as particular form of cooperation researchers generally apply the terms ‘network’, ‘networking’ and ‘clusters’ referring to intangible linkages, social structure and cooperation between entities, such as individuals, government organizations, non-government organizations (NGOs) and businesses (Thipsingh, 2015). Cooperation networks are formed by a group of organisations that engage in exchanging and sharing different resources and capacities in order to achieve a common mainly strategic purpose (Dias, Franco, 2018). Cooperation networks need to involve at least three actors, who have some degree of independence (Vante, Taylor, 2000; Ford, Gadde, Hakansson, Snehota, 2003; Fyall, Garrod, 2005). After studying Silicon Valley collaboration approach, author of the book “The Power of Collaboration: Powerful Insights from Silicon Valley to Successfully Grow Groups, Strengthen Alliances, and Boost Team Potential” the author T. S. Spitzer (2017) developed her definition of cooperation: “being able and willing to blend our ideas and efforts into “communal brain” to create better results by working together than we could on our own”. For further research two types of tourism cooperation networks will be analysed more in detail – professional tourism associations or business networks and regional tourism associations or partnerships.

Professional associations act as a node for information flow connecting tourism business with the rest of community (Dickson, Arcodia, 2010). There is a need for additional studies on professional associations, as current research mainly is limited to the role of professional associations in the diffusion of new technologies, professional association management (Gruen, Summers, Acito, 2000) and performance standards determination (Ammons, 1994). In the studies of Greenwood Suddaby, Hinings (2002) influence of professional associations was outlined in the transformation of institutionalised fields because of interaction with industry collective. Professional associations act as representatives that observe compliance with normatively and coercively sanctioned expectations. Once established, these beliefs and the practices associated with professional associations become taken-for-granted and reproduced through processes such as training and education, hiring and certification, and ceremonies of celebration (Dickson, Arcodia, 2010).

Regional tourism associations act mainly as Destination Marketing Organisations (DMO) that comprise both public organisations and private enterprises. As Reid, Smith and McCloskey (2008) indicate in their research, recognition of the value of collaboration and partnerships has been driven, in part, by declining tourism marketing budgets in many governments that has caused issues for regional tourism association development. Despite the advantages of forming public-private cooperation networks they require effort to form and to succeed in:

- determining the relative levels of partner funding contributions,
- balancing power and decision-making authority among partners,
budgeting for marketing versus other tourism activities such as research and evaluation,
- stabilising political imperatives with market forces in a more holistic policy context of government–industry interaction (Reid, Smith, McCloskey, 2008).

On the other hand United Nations World Tourism Organisation (UNWTO) identifies that regional networking cooperation initiatives commonly are based in a regional destination management organization that previously worked on region promotion collaboratively, but nowadays is expanding to support product development (UNWTO, 2015).

It is interesting to outline the study of van der Zee and Vanneste (2015) indicating that quite often research on regional cooperation networks, in the study mentioned as policy networks, and professional cooperation networks or business networks are very separated and do not cite each other. Regional and national networking studies focus on the relationships between government, businesses and civil society, while most of the studies in the professional business networks are of a very explorative nature and offer only a broad conceptualization of tourism networks (van der Zee, Vanneste, 2015).

Tourism cooperation network creation and development depends on many factors that can be analysed from economic, political, social and technological perspectives. From the angle of network creation, tourism cooperation network can be initiated from top down by government agencies, municipalities, planners, and designers; or from bottom up as an enterprise or local activist’s initiative (Yang, 2018). In cooperation processes actor interactions can be classified in two main sources of legitimacy - non-official social interactions based on social capital and official interactions based on institutional capitals (Lin, Simmons, 2017).

The whole tourism cooperation network from the initiation phase throughout the development can be analysed from the perspective of its lifecycle. Inspired by Tourism Area Life Cycle model tourism researcher Caffyn (2000) introduced the concept of a Tourism Partnership Life Cycle model (TPLC) that is based on the study of life cycle model application in different areas as well as investigations of rural tourism and tourism development partnerships (Peroff, Deason, Seekamp, Iyengar, 2017). Caffyn's (2000) model can be applied to different tourism cooperation network development analysis as it allows to apply specifics of tourism industry tourism partnerships in six particular life cycle phases - pre-partnership, take-off, growth, prime, deceleration and continuation or ‘after-life’ options. The characteristic processes and activities of each phase of TPLC model can be seen in Table 1.

<table>
<thead>
<tr>
<th>TPLC model phases characteristics</th>
<th>Tourism Partnership Life Cycle model phases</th>
<th>Partnership Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pre-partnership</strong></td>
<td>Issues identified</td>
<td>Securing commitment and funding</td>
</tr>
<tr>
<td></td>
<td>Ideas explored</td>
<td>Developing a common purpose</td>
</tr>
<tr>
<td></td>
<td>Formulation of objectives</td>
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<tr>
<td><strong>Take-Off</strong></td>
<td>Launch</td>
<td>Needs assessment</td>
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<tr>
<td></td>
<td>Seeking wider support</td>
<td>Objectives refined</td>
</tr>
<tr>
<td></td>
<td>Staff appointed</td>
<td>Work program set</td>
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<td></td>
<td>Inventory of resources</td>
<td>Trust develops</td>
</tr>
<tr>
<td><strong>Growth</strong></td>
<td>Early projects implemented</td>
<td>Refine internal organization</td>
</tr>
<tr>
<td></td>
<td>Establish identity</td>
<td>High commitment</td>
</tr>
<tr>
<td></td>
<td>Expand activities</td>
<td>Innovation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Leadership</td>
</tr>
<tr>
<td><strong>Prime</strong></td>
<td>Stability and credibility</td>
<td>Monitoring progress</td>
</tr>
<tr>
<td></td>
<td>Held up as good practice</td>
<td>Activities consolidated</td>
</tr>
<tr>
<td></td>
<td>Additional funds secured</td>
<td>Delegating/tendering some activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increased administration</td>
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</tbody>
</table>
As emphasized by Peroff, Deason, Seekamp, Iyengar (2017), not every tourism cooperation network is following exact phases of partnership lifecycle starting with pre-partnership and gradually leading to continuation, nor needs every characteristic in abovementioned table to be present in each phase, still Caffyn's TPLC model provides an excellent visualization tool for partnership planning and evaluating collaborative success.

The scope of the cooperation coverage can be analysed using the number of members in each cooperation network. There has been no particular formula developed in order to distinguish between large, medium and small cooperation networks. Polish tourism network researcher Borkowska-Niszczota (2015) made the proposal for network intervals by indicated number of members: for large networks it is over 61 entities, for medium networks between 29 to 60 entities and for small networks under 29 members. The size of the country needs to be taken into account as the number of enterprises as well as the share of tourism in GDP is different. That’s why other indicators need to be considered to describe cooperation networks.

Additional element in studying tourism cooperation network development proposed by article author is market coverage. The term market coverage from the perspective of cooperation studies has been used by Terpstra, Simonin (1993) when describing cooperation taxonomy based on the following variables: form, mode, market coverage and motives of the cooperation partners. Market coverage is defined as the initial target market considered for the cooperation network output (Terpstra, Simonin, 1993) that can be seen as geographic distribution showing regional coverage or from industry perspective industry or sector coverage. Market coverage analyses in study of tourism cooperation network development is important as network expansion can be not only horizontal, but also vertical, acquiring new members from other industries or other tourism sectors in the same cooperation network.

**Research methodology**

To understand the development of tourism associations in Latvia qualitative research design was chosen as appropriate since the way tourism associations work can be different. A qualitative approach is flexible enough to follow each individual case in order to understand the topic in a more holistic way (Creswell, 2009, p.185). In-depth interviews were chosen as the method of data collection. This type of an interview is suitable because it allows deviating from the prepared questions if the story flows in an unforeseen direction. In that case the researcher can ask extra questions based on the story to better understand the specific networking practices in that association. In-depth interview is a great tool for understanding something that hasn’t been previously researched as it is in this case with tourism association development specifically in Latvia (Given, 2008, p.422). Precisely because it values the individual story giving it time and space to develop organically without too much restriction from the researcher. The relationship between the researcher and study participant is very important for conducting an in-depth interview because it aims to see the hidden perceptions of the topic (Marvasti, 2004, p.21).

In the interview 11 main questions were asked to understand each association. Main cooperation and networking concepts are based on research of known scholars in the field - Terpstra, Simonin (1993); Bramwell, Lane (2000); Caffyn...

Directed content analysis was selected as the method of data analysis as content analysis is often used when faced with large amount of text like in the case of in-depth interviews. Directed content analysis in particular changes the way codes are categorized. It is a deductive way of analysing where categories mainly come from previous research or theory, but can be supplemented with additional categories as the analysis evolves (Hsieh, Shannon, 2005). There is previous research done on tourism cooperation networks in other countries that provide insight for analysing data (Bramwell, Lane, 2000; Fyall, Garrod, 2005; Borkowska-Niszczota, 2015; Peroff, Deason, Seekamp, Iyengar, 2017). Even though main categories are taken from theory open coding is still done with underlining meaningful words and phrases, then these codes are put into subcategories and then main categories (Miles, Huberman, Saldana, 2014, p.77), which are:

- cooperation network creation and funding model,
- cooperation network scope,
- cooperation network development phase,
- cooperation network market coverage.

Table 2

**Directed content analysis categories, subcategories and dimensions**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Subcategories</th>
<th>Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperation network creation and funding model</td>
<td>Funding of the initiative at an early stage of the cluster development, private financing by the cluster members (membership fees) and with the public funds under clusters’ development support programs</td>
<td>Top-down, bottom-up creation indicative Number of members, membership levels Public, private, combined funding to raise capital for association creation and development</td>
</tr>
<tr>
<td>Cooperation network scope</td>
<td>Number of members</td>
<td>Large clusters; medium clusters; small clusters</td>
</tr>
<tr>
<td>Cooperation network development phase</td>
<td>Cooperation network development phase or cycle of life</td>
<td>Nucleus stage; stabilization; maturity; transformation; decline / nucleus; growth; mature; declining</td>
</tr>
<tr>
<td>Cooperation network coverage</td>
<td>Types of enterprises and organisations as members of associations Share of the industry enterprises and organisations who are part of the network</td>
<td>Types and number of enterprises and organisations as members of the association Number of enterprises and organisations in industry Dense clusters; rare clusters, the cluster is rooted regionally Local, supralocal, regional and supraregional, national, supranational (cross-border, international)</td>
</tr>
</tbody>
</table>

Data source: authors developed table based on the Terpstra, Simonin, 1993; Bramwell, Lane, 2000; Caffyn, 2000; Morrison, Lynch, Johns, 2004; Fyall, Garrod, 2005; Borkowska-Niszczota, 2015; Peroff, Deason, Seekamp, Iyengar, 2017, Lin, Simmons, 2017

Lastly relationships between categories are sought to explain the unique development of tourism associations in Latvia.

Database of Investment and Development Agency of Latvia on Tourism associations in Latvia (LIAA) was chosen as the main source of information about various tourism cooperation networks. LIAA indicates eighteen active tourism associations in Latvia. First cooperation networks started their activities already straight in time of struggle for independence and are actively functioning even now after 28 years of intensive involvement in industry development in Latvia. From those 18 networks only 14 associations correspond to required criteria for research:

- an association that is directly related to tourism industry,
- tourism enterprises and organisations (legal persons) are members of the association.
As a limitation of research could be the fact that all 14 associations were contacted for interviews, but only half of associations could be reached during the research time. From part of regional associations 3 out of 6 association management representatives were interviewed. Interviews with professional associations were conducted with 4 out of 8 association management comprising both tourism intermediates as well as suppliers from different tourism type - nature, cultural, health tourism.

As part of field work, in-depth interviews were conducted from October 2018 till January 2019 mainly meeting in premises of associations having 20-60 minute interviews with leading representatives - association managers or executive directors. As ethical consideration needs to be outlined - all participants of the study gave verbal consent for the interview to be recorded and the transcript to be added to the study, if needed, with a possibility of associations to be mentioned in the study.

**Research results and discussion**

When researching cooperation in tourism industry in Latvia 10 years ago, author’s aim was to know how tourism enterprises and organisations cooperate – principles, patterns, motivation. Main conclusion from that research was that there is a difference between the enterprises that were not part of a network in comparison with enterprises that were part of cooperation networks - these enterprises reported a client increase and better financial indicators than those that didn’t participate in any networks. Therefore this paper is more in-depth research on tourism cooperation network development and changes during the last years in Latvia.

Majority of tourism association in Latvia have been created as bottom-up indicative of tourism enterprises and organisations. Associations can perform different functions, in the case of regional tourism associations an important function is marketing for the local companies. When researching regional tourism associations it is important to pay attention to how such a public-private partnership was formed, who are the board members, who are the active and associated members and what is the influence level of public sector. This can have an impact on how tourism develops in that region and how the private and political interests interact. In case of Latvia different regions have chosen different models that determine how they organize their work. There are associations that are independent and their decisions are not influenced by municipalities, on the other hand there can be another extreme situation in which municipalities are the real rulers.

As mentioned in literature review, TPLC model is useful to understand the phase life cycle of tourism cooperation networks. From the main development stages of TPLC - pre-partnership, take-off, growth, prime, deceleration and continuation – majority of tourism cooperation networks in Latvia are in the prime and deceleration stage. Still the development strategies applied by particular tourism networks are different.

Even though practically all professional associations as the goal are setting increase of the number of members, some associations after 20 years of experience are choosing another approach. One of strategies for tourism association development is switching from quantity towards quality by keeping the most active members in association and not fighting for new members. The case of network of tourism intermediates, association is not trying to get new members, but is actively working with the companies that are active in the association, are important players in the industry and are adding value to the whole industry.

Generally in all the interviews it was noticeable that associations strive for more members; still adding that they would be happy for meaningful members that could give input in association activities. In the small countries as in the case of Latvia, majority of active tourism enterprises are already part of some cooperation network, therefore increase in number can be achieved either via new but not yet active enterprises, or new entrants in market, or by extending the scope of specialisation of association.
Example of development of scope of association is in rural tourism cooperation networks. In the first two decades rural tourism cooperation network comprised rural accommodation establishments. The strategy of last years both for Latvia as well as Estonia is to increase number of members by adding rural farms that provide their products to local and foreign tourists.

Tourism cooperation network significance in particular area or industry can be characterised by market coverage, which can be calculated as share of market represented in the tourism cooperation network, respectively how high is the percentage of one type of tourism enterprise that is taking part in an association.

As market coverage of particular tourism sectors, indicator varies from 10-70%. In case of rural tourism cooperation network in previous years the coverage was 50%, but expanding the members scope with new industries the coverage of new added farmers, who are targeting tourists, decreased to 30%. In case of cultural tourism network the coverage is only 10% due to the fact of many micro enterprises as well as poor financial support of cultural objects in rural areas.

In case of intermediate sector, calculation shows that 50% of tourism enterprises are a part of an association, still association is outlining 70% coverage of sector turnover as members are biggest intermediate enterprises in Latvia. It was interesting to notice that tourism intermediate association regularly counts in the statistics of a functioning member in the industry and checking market coverage each year.

In case of regional cooperation networks, majority have approximately 20% geographical coverage as part of members they include different types of tourism enterprises and organizations not just accommodation.

Conclusions, proposals, recommendations

Conclusions based on the in-depth interviews indicate that majority of current tourism association in Latvia have been created as bottom-up indicative of tourism enterprises and organisations in the first decade after gaining the independence in 90s. Research findings show variety of creation and development strategies applied both by professional tourism associations as well as regional associations. Dominating majority of cooperation networks of Latvia were created as a bottom-up initiative in its formation and it is considered as the most successful and sustainable approach. Generally tourism cooperation networks in Latvia are in the prime and deceleration stage applying few new member acquisitions or alternatively going for new sector incorporation in the tourism network. Regardless of being large cooperation networks, some of them after the growth and prime stage experience have chosen the quality strategy continuing their work only with active and dedicated industry enterprises as members of association. Thus each association can choose which strategy to apply depending on whether they are regional or professional cooperation networks, and deciding on strategy to maximise coverage or decide to drop the size of a network by membership only for dedicated members. For further research wider scope of cooperation networks need to be investigated additionally studying benefits of cooperation networks provided to members and destinations.

Bibliography


Investment and Development Agency of Latvia (LIAA) [http://www.liaa.gov.lv](http://www.liaa.gov.lv)