BEHAVIOUR OF STAKEHOLDERS IN DIFFERENT DESTINATION NETWORKS – THREE CASES FROM THE CZECH REPUBLIC

Markéta Novotná¹, Andrea Holešinská¹

¹Department of Regional Economics and Administration, Institute of Tourism, Faculty of Economics and Administration, Masaryk University, Lipová 41a, 601 77 Brno, Czech Republic

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Abstract

The research paper gives a detailed understanding of mutual interactions in a different socio-cultural and economic context. The research focuses on network relations established due to the participation in a tourism product. The aim is to identify behaviour of the key stakeholders in destination development from the network perspective in the conditions of three different Czech destinations. The cases represent diverse spatial categories, which can be classified as urban, mountain, and multifunctional region. The applied network analysis provides relevant results to describe cooperative relationships among stakeholders in the selected destinations with a diverse structure and internal relations. The interactions among the stakeholders arise from their mutual trust and willingness to cooperate. Moreover, they are associated with the external environment. The results also highlight the behaviour of the stakeholders from the public sector in initiating cooperative activities.

Keywords: destination networking, tourism stakeholders, cooperation, Czech Republic

INTRODUCTION

It is generally known that the potential of cultural and historical sights in a tourist destination is not enough for the competition on the market. The complex tourism product needs to be offered. It is the task of stakeholders (primarily small and medium-sized enterprises – private sector) in the destination to be involved and participate in the tourism product. It is the demand-side pressure that makes stakeholders active. In other words, it is the spontaneous development based on the market mechanism (Holešinská, 2013). However, the result of stakeholders’ decision to do or not to do anything is finally influenced by the socio-cultural, political and economic circumstances of each destination.

The great example is the Czech Republic (former Czechoslovakia). There is potential for tourism, there is a need of complex tourism product as well. However, the social-cultural and political conditions are not favourable to stimulate stakeholders into cooperation. What is the problem? The historical background provides the answer. The Czech Republic went through
the transition process (Williams and Baláž, 2002) in the 90s of the 20th century and it completely changed the value system of each individual. Some of them got used to it, some of them did not. Some of them has coped with it, some of them has not.

Little research has been done in the matter of cooperation among stakeholders in the Czech Republic. The early research focused mainly on the destination management organizations (DMOs) and revealed the unwillingness of small and medium-sized enterprises to join the cooperative activities with the public sector. The reasons are as follows: firstly, there is general distrust among stakeholders (Holešinská, 2007, 2012; Dumbrovská and Fialová, 2016; Holešinská and Šauer, 2018); and secondly, the public financial support deforms the market and in some way disables small and medium-sized enterprises to participate in cooperative activities on the one hand, and moreover, it does not stimulate them at all (Holešinská, 2013). Recent research dealing with the cooperation among stakeholders applies the network analysis to describe the internal relations (networking) among Czech stakeholders (Bobková, 2016, 2017; Beckertová and Bobková, 2018). The findings show an evidence of individual entities (stakeholders) with high centrality which is important for encouraging the destination management process. The behaviour of each stakeholder in cooperative activities has not been analysed yet. Therefore, this paper has an ambition to find out the answer to the following research question:

What is the behaviour of various tourism stakeholders in different Czech destination networks in terms of network analysis?

Theoretical background

Researchers dealing with stakeholders in the destination often focus on the relations between them (e.g., Tinsley and Lynch, 2001; Ancona et al., 2004; Gorman, 2006; Svensson, Nordin and Flagstad, 2006 or D’Angella, De Carlo and Sainaghi, 2010). According to most authors, the relations symbolize a good condition for cooperation (Bieger and Weibel, 1998; Delhe and Newton, 2003). The positive effects of cooperative activities leading to the implementation of innovation, the introduction of new management methods or the more efficient use of funds bring cooperation especially to the small and medium-sized enterprises that dominate tourism (Holešinská, 2012). However, the motivation of stakeholders and beliefs about the meaning and benefits of cooperation are a prerequisite for the willingness to co-create these effects. The motivations of the stakeholders that lead them to cooperation are therefore often the subject of investigation (e.g., Ancona, 2004; Chen and Tseng, 2005; Svensson, Nordin and Flagstad, 2006; Wang and Fesenmaier, 2007; Gibson and Lynch, 2007; Presenza and Cipollina, 2010; Strobl and Peters, 2013; Czernek, 2013). The principle of cooperation arising from good communication and motivation and based on mutual trust is necessary to influence the behaviour of stakeholders and their integration into the network structures (Alter and Hage, 1993).

In addition to trust, the elements influencing the existence of networks as well as social norms, values and structural and cultural aspects are also important (Sedláčková and Šafr, 2005). Social interactions consequently contribute to the further strengthening of trust and common values, as well as to the maintenance of norms and cultural habits (Zawojska, 2010). Culture, which greatly affects the values of stakeholders in the destination, also influences the attitude towards the cooperation and creation of interpersonal networks. The aspects of social relations are related to the roots in local culture, which consists of a collective identity, shared cultural prerequisites, language, and tacit knowledge. However, if the importance of trust is neglected, it becomes a source of conflict and its deficiency leads to the distortions in relationships, deterioration of communication and rising costs (Covey and Merrill, 2008).

These socio-cultural factors create a favorable atmosphere for building mutual trust. Positive influence on the relations between the stakeholders also has a strong socio-cultural identity and a sense of belonging to the region (Lucia, 2007). It is also important to note that those who follow an ethical code and adhere to ethical values such as honesty or mutual respect (Wood, 2002) can achieve easier gaining of trust.

The importance of trust is evident in the context of sharing strategic information and complex decision-making at the level of horizontal cooperation between the stakeholders (Piery and Cravens, 1995). Mutual trust between the partners contributes to creating stable and long-term cooperation that leads to better operation and competitive performance of the destination (Holešinská, 2013). Building a trustworthy relationship develops the potential for successful business and prosperity (Roy, Hall and Ballantine, 2017) and at the same time, it achieves synergetic results as well (Hardy et al., 1998; Beritelli, 2011).
Regardless of the described advantages, research revealed that there was little mutual trust among tourism enterprises as they see themselves as competitors rather than co-operators. Holešinská (2007, 2012) mentions this fact in a broader context; Hjalager (2002) in the context of the implementation of innovation in tourism; and Stein and Harper (2003) if power is exercised in management processes. Fortunately, Beritelli and Bieger (2014) advise how to enhance trust through an empathic dialogue, open communication, and strengthening relationships with other stakeholders.

**MATERIALS AND METHODS**

In order to analyze the relationships within a destination and to characterize their structures, it is possible to use the network approaches (Baggio et al., 2010) thanks to the perceptions of destination mentioned above. Due to the complexity of relationships among its stakeholders, the destination can be considered as a network system (Baggio, 2008; March and Wilkinson, 2009) and can be viewed from the perspective of the network theory as an interorganization network of independent entities.

The integration of the stakeholders and the division of their work in order to provide a complex product are represented through the network structures (Alter and Hage, 1993), which are influenced by specific relations between the stakeholders. The nature of these relations, measured by their density or average number, can be used to interpret the behaviour of stakeholders in the destination. The greater the density of the network is, the greater the existence of the circumstances, the existence of mutual relationships and the tendency of the stakeholders to act in a cooperative way can be (Carlsson and Sandström, 2007). This co-operative method is essential for the development of new products, increasing the efficiency of the management and the competitiveness of the destination (e.g., Holešinská, 2012; Wang and Fesenmaier, 2007; Boksberger and Schuckert, 2011; Holešinská and Bobková, 2015).

The research will focus on the exploration of specific co-operative relations between the stakeholders created in virtual environments to shape the tourism product. The data will be processed by using a network analysis that is mainly applied in research articles (e.g., Timur and Getz, 2008; Baggio et al., 2008; Luo and MacEachren, 2014; Gajdošík, 2015; Bobková and Holešinská, 2017) offering an integrated perspective that is crucial for the understanding of the interconnection and management of all elements interacting in the network whose effective cooperation determines the success of the destination. By applying the graphical-analytical methods, it is possible to penetrate deeper into the issue of cooperation between the tourism stakeholders in the destination. The visualization of relationships and structural positions makes this approach particularly useful for facilitating interpretations by managers and identifying strategic deficiencies in the cohesion of the destination (Baggio et al., 2008).

**Measurement construct**

The main basis for the analysis is the matrix of the stakeholders (nodes in the network) in which it will be recorded whether the stakeholder has a relation (1) or not to another stakeholder (0) participating in the creation of the card. For this purpose, a detailed database of the stakeholders for each destination was created with a spreadsheet program. Among others, the sector categorisation was established as part of the database to divide stakeholders into the public, private, and non-profit categories (see Fig. 1). Similarly, the stakeholders were characterized according to the type of tourism service they provide (e.g., accommodation, catering, cultural services). The data were collected from official websites of the individual destination stakeholders, who participated in the tourism product creation. The quantitative data collection took place in 2016. In 2017, this collection was supplemented by the partial questionnaire surveys among stakeholders for the purpose of comprehensive data interpretation (Bobková and Černíková, 2017; Bobková and Poledníková, 2017; Bobková and Beckertová, 2018).

Since the networks are developed on the basis of relations made by hyperlinks among stakeholders websites, the resulting interactions are modeled as a network graph, where the nodes express websites belonging to stakeholders in the destination, and hyperlinks represent the edges. The hypertext link can be simply seen as an indicator that the subject to which the website belongs thinks that the next page is related or relevant.

This creates an oriented weighted graph \( G = (V, E) \) with a set of nodes \( V = \{1, \ldots, n\} \) and a set of edges \( E = \{1, \ldots, m\} \) between the pairs of nodes. The size of the network will be expressed by the number of the nodes and the number of the edges representing mutual interactions.
In addition to the orientation of the graph, consideration will be given to the previously described edge weight. The balance will depend on whether the nodes between which the edge exists have a different operator or owner (edge weight 2) or whether they have the same operator or owner (e.g., a restaurant and a board have the same owner, then edge 1). In addition, if both nodes have the same official website, the edge weight is 0.5.

The outputs will be created in Gephi 0.9.1, which is a suitable tool for analyzing and modeling different types of networks and complex systems. With the help of the program, all the selected quantitative characteristics of the network analysis will be calculated and the relations/links between the stakeholders will be visualized. Gephi has its own data lab with a similar look to Excel, which allows the manipulation of the data columns, searching and transforming the data. It has the ability to create network charts covering up to 100,000 nodes and 1,000,000 edges (Bastian et al., 2009). The node size and color can be adjusted to the program based on the different criteria chosen so that the look of the network can be used for the interpretation from different angles of view. In addition, it allows the use of a module that splits the nodes into the positions according to the latitude and longitude coordinates. Using this program, it is therefore possible to easily link the network analysis with a spatial perspective (e.g., Luo and MacEachren, 2014). Gephi also offers other advanced visualization techniques that use different algorithms that affect the node and network layouts to make it easier to understand the significance of statistical properties and to identify critical locations and opportunities in the structures under investigation. Gephi’s specific algorithm is a suitable means for a modeling method that offers a simplified view of a certain part of reality. Through modelling, it can be understood the observed phenomena and behaviour of the examined system.

Research sample

The behaviour of stakeholders in the destination network is examined through an analysis of the cooperative relations that are being made when developing a tourism product in the form of a visitor card through hyperlinks. The form of cooperation done through the creation of a visitor, respectively the discount card, is often used in touristically advanced countries and represents the involvement of the stakeholders in cooperative activities. The visitor cards are therefore nowadays a tool for joint product development that can help improve visitor experience and strengthen relationships between the stakeholders. The presented cases were chosen to represent diverse socio-cultural and economic environments. According to the spatial categories, we can classify them as urban, mountain, and multifunctional region.

The first case study will just present the type of multifunctional region. The Olomouc Region Card project (www.olomoucregioncard.cz), which has been operating successfully since 2004, involves a wide range of public and private sector stakeholders. The card was awarded as a regional marketing project in tourism. The entire region has very good conditions for tourism and is characterized by landscape diversity, for which rural and mountainous as well as urbanized areas are typical. The region has also good prerequisites for the development of cooperation, especially due to the relatively high mutual trust (Beckertová and Bobková, 2018).

The second regional visit card analyzed is the Beskydy Card (www.beskydycard.cz), which began operating at the turn of 2014/2015. In this area, the relations are connected primarily with a specific socio-cultural environment, reflected in cultural attitudes and interpersonal relationships (Holešinská et al., 2016).

The third case study will present the Prague Card (www.praguecard.com) analysis, which has been published since 1991. Prague is a specific area characterized by a focus on the foreign demand segment, a strong competitive environment and the unwillingness to cooperate. Service providers often do not come from this area. Therefore, there are no social roots, which is also reflected in the level of trust. The basic problem lies in the lack of cooperation of the stakeholders and their superficial relation to history and cultural heritage (Dumbrovská and Fialová, 2016; Holešinská and Šauer, 2018).

I: Research sample

<table>
<thead>
<tr>
<th></th>
<th>Olomouc Region Card</th>
<th>Beskydy Card</th>
<th>Prague Card</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of the analysed stakeholders</td>
<td>172</td>
<td>102</td>
<td>113</td>
</tr>
<tr>
<td>Number of edges</td>
<td>599</td>
<td>166</td>
<td>417</td>
</tr>
</tbody>
</table>

Source: original work
Tab. I demonstrates the research sample for each destination. It shows a number of analysed stakeholders and number of edges, i.e. number of mutual hyperlinks among stakeholders’ official websites.

**RESULTS**

**Case Study 1: The Olomouc Region**

In the first case study, there are some horizontal and vertical relations between the stakeholders. Although the public sector plays a crucial role here, the private sector is also involved in the cooperative activities. Fig. 1, which compares the level of interconnection between the stakeholders across sectors, shows the existence of public-private partnerships.

Larger interactivity in the network can be seen from SME representatives who have fulfilled an informative function (according to the out-degree) and also become intermediaries with an advantageous position for disseminating network information (according to the betweenness centrality). The enterprises providing a supplementary infrastructure are also important (according to the eigenvector centrality) as they are connected to the stakeholders who have a considerable influence on the network.

**Case Study 2: The Beskydy – Wallachia**

Compared to the previous case, the network stakeholders are not connected so intensely. The network does not reach such densities, and there are no more significant clusters of the stakeholders from the private sector around the public sector.

In this case, SMEs from the category of accommodation and catering facilities are highly interconnected with the rest of the network. Depending on their level, they have a direct impact on a large number of other stakeholders from the network perspective. In addition to the accommodation and catering facilities, mediators are also sport and recreational facilities, which can be influenced by the decisive form of tourism and the demand for infrastructure (ski and golf resorts, aqua parks, or recreational centers).

**Case Study 3: Prague**

In the last case study, the public sector has a decisive influence. Small and medium-sized enterprises (private sector), due to the low willingness to cooperate, do not achieve a high value of degree. Certain potential for cooperation can be seen only with some mediators of guide services or entertainment attractions. Fig. 1 clearly shows that there is mutual cooperation between the public sector representatives. This cooperation is more extensive than the cooperation between the private stakeholders in the competition. Similarly, it can be seen in Fig. 1 that the cross-sectoral cooperation is quite negligible and there is a greater tendency to show co-operation within the same sector.

Tab. II shows that the largest involvement of the private sector (71.57 %) is recorded in the Beskydy-Wallachian region. The lowest

<table>
<thead>
<tr>
<th></th>
<th>Case Study 1</th>
<th>Case Study 2</th>
<th>Case Study 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sector involvement</td>
<td>48.26 %</td>
<td>71.57 %</td>
<td>44.25 %</td>
</tr>
<tr>
<td>Private sector interconnection</td>
<td>84.34 %</td>
<td>64.38 %</td>
<td>46 %</td>
</tr>
</tbody>
</table>

Source: original work
percentage of private sector representatives was involved in Prague (44.25%). In addition, only 46% of these stakeholders have some link in the network and are not only an isolated node without a cooperative link located on the edge of the network. Fig. 2 shows a graphical view of the participation rate where the networks and their interconnected components in the form of a large component are modeled with the default node layout settings.

The Fig. shows the level of the interconnection of the nodes and the weight of the interconnections on the large component. The large component in the first case study is 83.14% of the original number of stakeholders, while the second component is 62.75% and in Prague it is only 26.55% of the original number.

The higher weight of the relations is evident in the Beskydy card. Compared to the Prague card, there is a larger number of the nodes in it, but fewer edges. Thus, the density of the Beskydy network is also lower. However, the remaining edges are obviously weightier, with a large component accounting for over 96% of the original number, while for Prague it is less than 43%.

The weight (thickness) of the relations in the Beskydy-Wallachian region is to a certain extent predetermined by the degree of rooting in local culture and long-term tradition of family businesses (63% representation). The stakeholders are therefore more interested in developing the region as a whole and trying to build a regional image. In the context of the theoretical knowledge of trust, the assumption of social relations linked to the collective identity and the sharing of cultural values can be applied. The differentiated cooperative attitude, which is visible in the activity on a large component, reflects the lack of experience (only 29% of stakeholders have cooperative experience) and knowledge of small entrepreneurs, which should clarify the benefits of cooperation and facilitate the entry into cooperative activities (e.g., Holešinská, Šauer and Bobková, 2016).

The weight reached an average of 1.639, which, according to the weighting methodology, suggests that there should be an interconnection between different the stakeholders, even across the sectors. These relations can be considered more valuable, even because they potentially contribute to a greater product diversity. The relations within the Olomouc region had only a slightly lower average weight (1.635).

The weak relations in Prague are related to some of the critical weaknesses of the partnership that are due to the specificity of this territory. In addition to the overall low level of cooperative relations, there is weak awareness of the need for co-operation and synergies resulting from the cooperative activities for the destination as a whole. The disadvantage of an already existing partnership is the motivation for the involvement of the stakeholders, which is based only on the search for own benefits and economic benefits. The tendency for individual performance and reluctance to cooperate in Prague is relatively strong. This attitude can be understood by applying a rational choice theory where subjects compare benefits and costs and decide on the activity that will bring them the most benefits at the lowest costs.

Thus, with the weight of relations of 0.735 is Prague lagging behind the two regional cards. This is confirmed by the low level of cooperation, the high level of competition, the unwillingness of the stakeholders to engage in cooperative activities and the existence of relations rather within the scope of attraction covered by one operator. All this was reflected in the modeling of interaction structures, which pointed to a slight interconnection between the public sector representatives and very limited cross-sectoral links.
With respect to the sectoral competence, the public sector in the Olomouc region has been remarkable, around which many other tourism players involved in their services have often been grouped together on the complexity of the tourism product. In the case of the Beskydy, it is appropriate to highlight the relatively large importance of the non-profit sector, which forms the tourism infrastructure, as well as the large private sector participation. The opposite situation occurred in Prague, where the public sector dominated in most cases, and the existence of relations that would correspond to the basis for the implementation of public-private partnerships was minimal.

**DISCUSSION**

The developments in destination networking are associated with the way of self-organization of the destination, and the formation of effective structures and processes that can contribute to the tourism product integration, effective coordination of the activities of individual stakeholders, and subsequently, to the competitive advantage of the destination (e.g., Lemmetyinen, 2010; Beritelli et al., 2011; Laws et al., 2011; Beritelli, 2011; Holešinská, 2013). Thus, the role of SMEs, as the key stakeholders in the community-type model of managing (Beritelli et al., 2011), is to cooperate and be engaged in appropriate strategic networks. The above mentioned effectiveness is bound with mutual trust, risk sharing, informal structures, and strategic consensus (Nordin and Svensson, 2007).

The results highlight that the even location of the destination differentiates the relationships, and hand in hand with social and cultural community background influences the trust, and thus the cooperation itself. Specifically, the conditions of living, the way how people in the community think and act, what kind of value system (Williams and Baláž, 2002) they adopt, significantly determine the destination competitiveness. From this point of view, the model of the determinants of DMO success (Volgger and Pechlaner, 2014; Holešinská and Bobková, 2015) calls for the re-examination. A better explanation of spatial proximity, as well as the mapping of consumer behaviour and their movement patterns in these destinations could be another future research direction using the network analysis method.

**CONCLUSION**

The three different cases present localities (destination networks) with diverse structure and the internal relations. The behaviour of each stakeholder in networking and its behaviour is highly determined by the social-cultural conditions of each community/locality. Prague is an example of mass tourism; a destination with rich attraction and high demand. There is a considerable amount of SMEs in the network, however, their cooperative activities are very weak and they mostly act as competitors rather than co-operators. Firstly, the high demand makes them behave like this. They consider transaction costs only a little and a few of them see the cooperation as a way of getting a competitive advantage. Thus, synergies are very low. Secondly, most SMEs are not locals and they do not feel the identity with the destination, and therefore, a high level of distrust among stakeholders appears. Different situation is in the Olomouc region, a geographically large destination with heterogeneous offer, shows quite intensive cooperation among stakeholders from the same sector. It is evident that the willingness to cooperate is high, nevertheless, the role of the public sector stakeholders dominates. The Beskydy region, a small mountain locality with a homogenous offer, presents deep relations among stakeholders throughout all sectors. The stakeholders and even the SMEs trust each other. The high level of the community involvement in the tourism product is connected with the sense of belonging to the locality. The stakeholders identify themselves with the destination.

The paper provides at least one general conclusion for the Czech DMOs. Regardless of the distinctive social-cultural aspects of each destination (network), the analysis of the stakeholders (application of the stakeholders mapping – a corporate strategy method) makes DMOs learn stakeholders’ interests and powers, and thus indentify their position in the network to find out the way of their motivation and the way of building/strengthening the trust.

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