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Research Paper

# Creating shared value in destination management organisations: The case of Turisme de Barcelona

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ABSTRACT

Creating shared value (CSV) involves connecting company success with social progress. This shared element of CSV resonates with the mandate of destination management organisations to be accountable to all stakeholders for the progress of the destination. This study tests the feasibility of a destination's stakeholders adopting a CSV approach and by doing so, to take responsibility for that destination's future. Semi-structured interviews gathered opinions from 16 members of the General Council, the Executive Committee, and the Steering Committee of the highly acclaimed Turisme de Barcelona (TdB), the official organisation for the promotion of tourism in Barcelona, Spain. The results show that the complexities of changing the organisation's mandate, in a public-private partnership where consensus is needed, would be extremely difficult to navigate. Even if possible, the outcomes would likely step on the toes of other institutions. The feasibility of integrating CSV into the mandate, in order to move destination *marketing* organisations towards destination *management* organisations is problematised as a 'wicked' problem using Foucault's notion of power in stakeholder relationships. The results show the inherent difficulties of introducing sustainability values into a multi-stakeholder, public-private partnership, and allow lessons to be drawn about how realistic CSV may be as a guiding philosophy.



## 1. Introduction

Tourist boards are under pressure to evolve (Presenza, 2006) from promotional entities into destination *marketing* organisations, and eventually into destination *management* organisations (UNWTO, 2011). A more holistic marketing and management function requires taking responsibility for the future of the tourism resources that are currently exploited and self-managed, and taking a more inclusive view of stakeholder needs (Gretzel, Fesenmaier, Formica, & O'Leary, 2006). Responsible tourist destinations are those that are committed to use tourism rather than accepting to be used by it (Goodwin, 2011). Effective leadership and management are essential to get the most out of tourism in terms of the quality of life of the locals (Timur & Getz, 2008).

The growing demands on destination marketing/management organisations (DMOs) are consistent with society's increasing expectation for inclusive governance (Ritchie & Crouch, 2003). Destination collaborations have been used as market-based instruments to increase the yield of destination resources but their utilitarian approach can undermine destination governance in exchange for the short-term privatisation of benefits. There is a high failure rate in collaborations for tourist destination marketing, as a result of competing interests and inequitable distributions (Fyall & Garrod, 2005). Coordination of such collaborative efforts tend to be a political activity fraught with complexities, and while stakeholder coordination and partnerships for sustainability should focus on the equitable distribution of benefits and costs, more often these so-called 'partnership's favour those that have resources to defend their stake (Bramwell & Lane, 2000; Hall, 1999). The euphemism 'in the public interest' is often used by public-private partnerships to justify the short-term income and job creation benefits of tourism promoted (Hall, 1999).

While the literature on collaboration and partnerships was limited 15 years ago (Bramwell & Lane, 2000), since then much has changed: the literature is now extensive and this article attempts to tackle the subject from a different angle. While acknowledging that there is a substantial body of literature on stakeholder theory and public-private sector partnerships that would allow the data to be reviewed from more established angles, this paper knowingly takes the alternative path of using the concept of creating shared value (CSV) to explore the opportunity that organisations have to respond to present-day societal expectations. Porter and Kramer (2011, p.4) state that 'Shared Value involves creating economic value in a way that also creates value for society by addressing its needs and challenges'. CSV means closely addressing

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the linkages between economic and social progress, and viewing social progress as a key driver of the long-term creation of economic value (Porter & Kramer, 2011). In terms of responsible tourism management it would mean being able to contribute to: (1) promoting a wealthy tourism industry, (2) improving the locals' quality of life, and (3) preserving the quality of the environment— all at the same time and with minimum trade-offs.

DMOs that assume this kind of approach accept a much broader mandate than simply the promotion, marketing and, to a large extent, management of the destination (Pike & Page, 2013). The aim of this study is to explore the value of CSV as a concept to explain the objectives and operations of a DMO and hence its contribution to co-creating a more sustainable destination. The study is structured as follows. First, the concepts of creating share value, corporate social responsibility, responsible tourism and sustainable destinations are reviewed. Second, these concepts are considered in the context of the current roles of DMOs in general. Third, the paper (1) explores the current role, and (2) identifies the potential future roles specifically of Turisme de Barcelona (TdB), the official organisation for the promotion of tourism in Barcelona, Spain. Finally, the paper explores the extent to which TdB is ready to adopt a CSV approach by identifying the main drivers and limitations for it to do so.

## 2. Literature review

Destination marketing has been acknowledged as a pillar of the growth and sustainability of tourism destinations in an increasingly globalised and competitive market for tourists (UNWTO, 2011). DMOs have historically focused their efforts on promoting destinations, developing a specific image, coordinating the public and private tourism industries, providing information to visitors and leading the promotional activities for the overall tourism industry at a destination (Prideaux & Cooper, 2002). Although this is not new, what is new is the scale and extent to which it is done, especially in relation to urban tourism (Anholt & Page, 2011). There is growing pressure for a more comprehensive destination management to exercise greater control over the product offered and to ensure a better visitor experience (Pike & Page, 2013).

The adoption of public-private organisational models, with a vast and diverse number of stakeholders within their governing bodies, has pushed DMOs to take on more 'sophisticated' roles including management, planning and/or strategy (Bornhorst, Ritchie, & Sheehan, 2010; Morrison, Bruen, & Anderson, 1998). Hall (1999) recounts a number of examples where the DMOs have reduced their management function to gain private-sector collaboration on marketing activities. Ten years later, for many academics the 'M' in DMO refers to 'management' (Presenza, Sheehan, & Ritchie, 2005). However, it is rare that DMOs can fully deliver this broader brief due to their lack of authority and control over the destination and the tourist services and products. Fyall (2011, p. 345) argues, for example, that 'unless all elements are owned by the same body, then the ability to control and influence the direction, quality and development of the destination pose very real challenges'. Marketing therefore remains the main function of DMOs (Prideaux & Cooper, 2002).

The present paper argues that a different approach is needed to make the more holistic mandate for the DMOs a reality and not just a paper-based exercise that moves it from marketing to management. DMOs need stronger links with local authorities and the private sector, hence the creation of public-private consortiums, although they inevitably bring complex power structures (Socher, 2000). The concept of governance is useful to understand decision-making in organisational structures with multiple actors who would otherwise have unclear responsibilities (Ruhanen, Scott, Ritchie, & Tkaczynski, 2010). Governance refers to the mechanisms for self-control of individual and collective actors, which can include rules, contracts, negotiations, money or knowledge (Raich, 2006). Destination governance follows a model of corporate governance based on a stakeholder-oriented view, defined as 'the sum of all institutions (rules, routines, and organisations) governing the relations between the stakeholders and the management of a company – particularly in the context of decision-making and control'" (Pechlaner, Volgger, & Herntrey, 2012, p. 156). This loose approach results from an inability to control destinations in the hierarchical way that companies would be controlled, accepting instead a more fluid cooperation between stakeholders, in order to set common objectives and develop joint strategies (d'Angella & Go, 2009; Jamal & Getz, 1995; Palmer & Bejou, 1995; Raich, 2006). Within the process of stakeholder collaboration, DMOs are tasked as being coordinators and network managers (Pechlaner et al., 2012).

The increasing expectations placed on DMOs requires a new paradigm to understand their mandate, which the present paper suggests is best explained by the concept of CSV (Porter & Kramer, 2006). CSV involves businesses connecting company success with social progress as an essential driver for long-term economic value creation. 'Shared Value involves creating economic value in a way that also creates value for society by addressing its needs and challenges' (Porter & Kramer, 2011, p.4). This new understanding of the role of companies couples innovation and better growth for businesses with greater benefit for society. Shared value is not understood as social responsibility or philanthropy, but a new way to achieve economic success, being at the very centre of what companies do. For that, the CSV principle must be at the core business and not at the periphery. Porter and Kramer challenge companies, governments and all kinds of organisations to take a lead in bringing business and society back together.

Companies usually view value creation narrowly, optimising short-term financial performance while missing the most important customer needs and ignoring the broader influences that determine their longer-term success. Hence old forms of business are increasingly viewed as an important cause of social, environmental and economic problems (Porter & Kramer, 2011). Yet they argue that capitalism is the best vehicle known for meeting human needs and building wealth. The argument put forward by Porter and Kramer is that businesses acting as businesses, and not as charitable donors, are the most powerful force for addressing the pressing issues the world faces. The solution, they suggest, is to redefine the purpose of organisations as creating shared value. The difference between CSV and corporate social responsibility (CSR) is best understood in Fig. 1. CSV forces organisations to view social progress as a crucial element of their strategy, while CSR programmes focus mostly on reputation and have only a limited connection to the business, making them hard to justify and

| | Traditional CSR | Shared Value |
|---|---|---|
| Motivation | Corporate reputation and license to operate | Competitive advantage |
| Driver | External stakeholders | Corporate strategy |
| Measurement | Spending, standard ESG metrics | Social & economic value created |
| Management | CSR departments | Across the whole company |
| Social Benefit | Successful projects | Large-scale sustainable change |
| Business Benefit | Risk reduction and goodwill | New business opportunities |

**Fig. 1.** Comparison between CSR and CSV. Source: (Vaidyanathan & Scott, 2012).

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