



Social capital and destination strategic planning

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ABSTRACT

Improving stakeholder engagement is a critical challenge for destination strategic planning. Using social capital as a theoretical lens, this paper explores the social dynamics which facilitate or inhibit successful tourism destination planning. Working with five recently completed destination plans (3 USA states, an Australian state, and an Oceanic country), in-depth interviews of 74 stakeholders explored the dimensions of trust, reciprocity, and cooperation in the contexts of bonding and bridging social capital. The study's results suggest stakeholder support for destination strategic plans will increase as bonding and bridging social capital intensifies. Recommendations are provided both for destination strategic planning processes as well as for how to best implement strategic plans. Further research examining the applications of social capital theory is recommended.

1. Introduction

Destination management organizations (DMOs) increasingly embrace strategic planning as a tool to enhance destination competitiveness (Phillips & Moutinho, 2014). However, a critical gap persists in understanding the social and governmental factors influencing stakeholder adoption or rejection of this 'best practice' (Dredge & Jamal, 2015). Because of the highly fragmented nature of the tourism industry (Volgger & Pechlaner, 2014), improving stakeholder engagement is a critical challenge (Beritelli, Buffa, & Martini, 2015; Kimbu & Ngoasong, 2013).

Working primarily within Ritchie and Crouch's (2003) model of destination competitiveness, an array of destination planning methodologies have been developed and tested (Beritelli, Bieger, & Laesser, 2014; Dwyer, Cvelbar, Edwards, & Mihalic, 2012; Ness, Aarstad, Haugland, & Grønseth, 2014). Across these methodologies, stakeholder engagement is critical, assisting navigation of the required political processes (Beritelli et al., 2014; Blasco, Guia, & Prats, 2014). However, examples of stakeholder engagement and specific frameworks that facilitate this engagement have been difficult to identify.

Hence, this research applies social capital theory (Flora, 2002; Sseguya, Mazur, & Flora, 2018) to the challenge of engaging stakeholders through the destination planning and implementation processes. Social capital serves as a lens to analyze the ties that bind community stakeholders together and link stakeholder groups with one

another to support tourism destination planning (Strobl & Peters, 2013). Moreover, the social capital theory components of bridging and bonding social capital may facilitate understanding of the adoption and support of destination plans across different social and geographical scales (McGehee, Knollenberg, & Komorowski, 2015; Moscardo, Konovalov, Murphy, McGehee, & Schurmann, 2017; Ooi, Laing, & Mair, 2015).

Specifically, this research explores how the dimensions of bridging and bonding social capital influence stakeholder perceptions of destination strategic planning across five major destinations (3 USA states, an Australian state, and an Oceanic country).

2. Literature review

DMOs are not the first organizations to engage in the strategic planning process. Its origins are rooted in management and organizational studies (Mintzberg, 1994). Over the years, strategic planning has evolved to look at the effect of organizational culture, group dynamics, and leadership (Heracleous, 1998). Although many DMOs have embraced strategic planning, Phillips and Moutinho (2014) suggest that gaps remain about how such organizations could effectively develop strategic plans while dealing with globalization, internationalization, and competition. Building primarily on the work of Ritchie and Crouch (2003), destination competitiveness and sustainability are recognized as key strategic planning pillars for tourism destinations. Destination

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competitiveness focuses on “How tourism destinations develop, maintain, protect, or strengthen their competitive positions in an increasingly competitive and global marketplace” (Crouch, 2010, p. 27). Sustainability focuses on improving resident financial and social well-being and preserving natural and cultural resources (Ritchie & Crouch, 2003). This section will articulate how social capital theory can be utilized to achieve these strategic planning outcomes and will conclude with research questions that advance the integration of these concepts.

2.1. Destination planning for competitiveness and sustainability

Strategic planning originated in the management literature. It can be defined as “breaking down a goal or set of intentions into steps, formalizing those steps so that they can be implemented almost automatically, and articulating the anticipated consequences or results of each step” (Mintzberg, 1994, p. 108). Within the management literature, widespread adoption of the process began in the 1960s (Day & Wind, 1980). More recently, the focus has been on the role of Corporate Social Responsibility (CSR) which can be defined as “a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders” (United Nations, 2018). Research has focused on a variety of components of strategic planning and CSR, including human capital (Gupta, Briscoe, and Hambrick (2017), CSR and profitability (Lins, Servaes, & Tamayo, 2017), the need for CSR to be a long-term strategy (Theodoulidis, Diaz, Crotto, and Rancati (2017) and materiality. Materiality has been applied to destinations with the idea that a plan becomes more valuable if its objectives are beneficial and being supported by a larger proportion of stakeholders (Font, Guix, & Bonilla-Priego, 2016).

Although strategic planning is widely adopted by many tourism destinations, both the management and tourism literature (Phillips & Moutinho, 2014; Waligo, Clark & Hawkins, 2013) help to magnify several key gaps with regards to the applicability and implementation of strategic planning across various groups of stakeholders, cultures, and contexts. As with materiality, DMOs often struggle to acknowledge the multifaceted and dynamic nature of the stakeholders’ overlapping roles (e.g.; law makers, business owners, tour operators, residents, community group members, and volunteers) and views (e.g.; ecological preservation, target groups, and promoted packages) with regard to expectations for tourism development (Todd, Leask, & Ensor, 2017). Given such broad representation, Roy, Hall, and Ballantine (2017) assert that the foremost focus should be to develop trust among the stakeholders.

Of course trust and power go hand-in-hand. In a recent article, Islam, Ruhanen, and Ritchie (2017) developed a conceptual model based on the construct of adaptive co-management (ACM) which aims at fostering power equity among stakeholders. Saito and Ruhanen (2017) pushed the reflection further by recognizing that different types of power could be exerted by stakeholders. However, there is a paucity of studies which explore the role of power imbalance between stakeholders as an inhibitor of successful strategic planning (Phillips & Moutinho, 2014) and recognize the often narrow and homogeneous nature of tourism organizations (van der Zee, Gerrets, and Vanneste (2017). Thus, a significant gap still remains with regards to our comprehension of the complex nature of stakeholder relations, power dynamics, and collaboration (Saito & Ruhanen, 2017).

While the stakeholder approach has great potential to foster involvement and support from residents (Waligo, Clarke, & Hawkins, 2013), critics have also questioned the rationale behind collaboration and policy making. For instance (Hatipoglu, Alvarez, & Ertuna, 2016), actually questioned whether including stakeholders is a wise choice when they might lack knowledge with regard to sustainable practices and could support extensive and detrimental development. Sanderson (2002) decried the lack of long-term assessment of governmental policies which make it hard to measure the success of a new plan or

policy. Proving that the goals have been achieved and that a policy has worked is a difficult task because of the complex and numerous factors which influence success (Sanderson, 2006).

In spite of the critiques of destination strategic planning, it is widely recognized as having two main goals: to increase destination competitiveness (Crouch, 2010; Cvelbar, Dwyer, Koman & Mihalič, 2016) and sustainability (Boley, McGehee, Perdue, & Long, 2014; Graci, 2013). Ritchie and Crouch (2003) argue that “an attractive, well-functioning, and highly competitive destination does not appear by chance ... [but] ... requires a well-planned environment within which the appropriate forms of tourism development are encouraged and facilitated” (2003, p. 145–146).

Destination competitiveness is defined as “How tourism destinations develop, maintain, protect, or strengthen their competitive positions in an increasingly competitive and global marketplace” (Crouch, 2010, p.27). Importantly, much of the recent destination competitiveness research focuses on redefinition of the destination as a dynamic network system. Beritelli et al. (2014) developed a conceptual model which redefines the role of DMOs within a dynamic framework which includes a variety of actors or “market mavens” who exercise significant influence through their knowledge, networking, or financial capabilities. These market mavens are particularly important to strategic planning processes as they possess valuable insights about tourists’ preferences, expectations, and consumption patterns. Competitiveness is an end-product of a successfully developed and implemented strategic plan (Beritelli et al., 2015) that effectively listens to the inputs of various stakeholders or market mavens within dynamic networks and organizations (Blasco et al., 2014; Komppula, 2014).

Sustainability, the second critical goal of destination strategic planning, focuses on the triple bottom line of economic development while preserving cultural and natural resources for future generations and enhancing the quality of life of residents (Ritchie & Crouch, 2003). Sustainability often focus on conservation of tourism resources, enhancing visitor experiences, and optimizing the economic, social and environmental returns to destination stakeholders (Ruhanen, 2010, p. 59). It is argued that sustainability is driven by effective stakeholder communications (Stanford & Guiver, 2016). Weaver (2011) further encouraged destination managers to communicate goals that yield “practical and tangible benefits” and address “localized” issues.

Thus, destination competitiveness and sustainability cannot be achieved without stakeholder engagement and support (Beritelli et al., 2015). Successful planning strategies include stakeholders at every step of both plan development and implementation (Beritelli et al., 2015; Komppula, 2014). However, including all stakeholders in a fair and equitable manner is a difficult task rarely seen in practice (Jamal & Camargo, 2014) given the fragmented and broad range of stakeholders (Assaker, Hallak, Vinzi, & O’Connor, 2014; Strobl & Peters, 2013). The inclusion of destination residents compounds the challenge, as they may hold starkly different perspectives from industry stakeholders. Yet, as Simpson (2001, p. 10) cautioned, the “exclusion of residents from the development process can result in a considerable loss of effectiveness, with local people handicapped in their ability to recognize the potential costs and benefits of tourism, and consequently ill equipped to make informed choices about how subsequent tourism activity should unfold.” Indeed, key stakeholder support is critical beyond the planning process for DMOs to be successful at navigating the political processes typically required to procure funding to support strategy implementation (Beritelli et al., 2014).

This dialogue is further complicated when external consultants are used to develop a destination plan (Moscardo, 2011). External consultants exercise considerable influence over “the information being presented” and “the options considered” by policymakers (Moscardo, 2011, p. 432). Hence, the responsibility falls upon the DMOs to create dialogue within and among different stakeholders, to offer an inclusive approach, and to coordinate the planning process (Beritelli et al., 2015; Bregoli, 2013; Jamal & Camargo, 2014). By including stakeholders in

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