Analyzing Urban Tourism Stakeholder Relationships: A Network Perspective

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Abstract
This paper presents a methodological approach to examine how sustainable tourism policy can be developed and implemented in urban destination. The stakeholder theory is discussed in the context of managing diverse stakeholder interests towards sustainable tourism policy. In order to examine the pattern of relationships among various destination stakeholders and roles of key stakeholders in influencing sustainable tourism policy, the policy network approach is studied. The strengths and weaknesses of network analysis technique in terms of providing a framework to measure and analyze the characteristics of tourism networks in enhancing sustainable tourism policymaking is discussed.

1. Introduction
Policy provides broad guidance for decision making and links the formulation of strategy with its implementation (Wheelen and Hunger 1990). Tourism policy can be defined as "a set of regulations, rules, guidelines, directives, and development objectives and strategies." (Goeldner, Ritchie & McIntosh 2000, p. 445). Tourism policy provides a framework to guide tourism development actions and it is a strategic declaration of intent within which tourism is expected to develop (Jenkins 2000). Thus, within a sustainable tourism perspective, the tourism development framework or rules, regulations, guidelines and strategies of tourism policy are concerned with the principles of sustainability.

The concept of sustainable tourism is broad and refers to tourism that is long-termed, integrated, participatory, and environmentally, socially, culturally and economically compatible. Goeldner et al. (2000) identify the main goal of a tourism policy (from a “sustainable tourism” perspective) as providing high-quality visitor experiences that can maximize the benefits to destination stakeholders without compromising environmental, social, and cultural integrity of destination. Therefore, it could be argued that achieving this goal would depend on the extent to which tourism destinations manage to integrate these major perspectives and diverse stakeholders.

So, who is or must be involved in sustainable tourism policy domain? Are the government organizations, the private sector organizations or non-governmental organizations formulating, initiating or influencing tourism policies? More specifically can urban destination stakeholders influence sustainable tourism policy making?
This study identifies key destination stakeholders in sustainable tourism development (STD) by applying stakeholder theory. It examines patterns of relationships among various destination stakeholders (i.e., tourism network members) through network analysis and attempts to provide a framework to analyze the role that tourism networks could play in enhancing sustainable tourism policy development in urban destinations.

2. Stakeholder Theory
Given the scope of this research, it is impossible to examine comprehensively the development of stakeholder theory, but rather focus on the implications of stakeholder theory to demonstrate how key destination stakeholders can be identified, classified according to their goals and examined based on their influences on destination development. The following section tries to answer questions such as: Who qualifies to be key stakeholders of a tourism destination? What are the goals or interests of destination stakeholders for developing sustainable tourism? What kind of influences do destination stakeholders have on destination development?

2.1 Stakeholder Identification
Freeman (1984) who introduced the concept to strategic management defined 'stakeholder' in a management and organizational context to include any individual or group who can affect the firm's performance or who is affected by the achievement of the organization's objectives. The definition of stakeholders varies among scholars. Some define stakeholders broadly like Freeman (1984) did and some prefer to use a narrower definition. Clarkson (1995) argues that stakeholders are risk-bearers: They have financial or human capital at risk and therefore have something to lose or gain depending on the organization's behavior. Savage et al. defined stakeholders as groups or individuals who "have an interest in the actions of an organization and ... the ability to influence it" (1991, p.61). Stakeholders are "those groups or individuals with whom the organization interacts or has interdependencies" and "any individual or group who can affect or is affected by the actions, decisions, policies, practices or goals of the organization" (Carroll 1993, p. 60). Thus, a stakeholder qualifies if it has either power to affect the firm or a stake in the firm’s performance. Based on these analyses, it could be argued that stakeholders have the potential to help or harm the company. Mitchell et al. (1997) reviewed stakeholder concept and analyzed how the widely cited broad definition of Freeman (1984) has been narrowed by scholars studying stakeholder theory. This review found that power and legitimacy are the core attributes of a stakeholder identification typology. They defined power in terms of the ability of a party that it has or can gain access to impose its will in the relationship (Mitchell et al 1997). To the authors, legitimacy is “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Mitchell et al 1997, p. 866). They treat both attributes as variables. In other words, power can be acquired and lost, and legitimacy may be present or absent. Mitchell and his co-authors (1997) added urgency which is defined as “the degree to which stakeholder claims call for immediate attention” to their stakeholder identification model (Mitchell et al. 1997: 867). Briefly in their model, stakeholder salience -defined in terms of managerial perceptions- is positively related to the possession of three stakeholder attributes: power, legitimacy, and urgency. Stakeholders who are perceived to posses
these three attributes are more salient than those who posses one or two of the attributes. Since the degree to which managers give priority to competing stakeholder claims is not steady, stakeholder salience is argued to vary from issue to issue and from time to time.

Another stakeholder identification study identified power as the core stakeholder attribute (Frooman 1999). Key stakeholders are defined as those who control resources critical to the survival of the organization. The core attribute that Frooman used for stakeholder salience is power, in fact ‘relative power’. He argued that the nature of the relationship (between the stakeholder and the firm) in terms of who is dependent on whom and how much determines the power. The dependence of firms on stakeholders for resources determines the power of stakeholders. The more dependent the firm the more salient the stakeholders.

In summary, the development of stakeholder based management theory has not led to definitive conclusions as to which actors should be considered as stakeholders. However, within the stakeholder perspective, organizations are required to identify a wide variety of stakeholders. Much of the stakeholder literature suggested that examining interests of stakeholders, which might be divergent and potential for conflict is as important as understanding influences of stakeholders on organizational activities. The stakeholder theory implies that organizations have to attempt to develop policies that balance their needs and the needs of their stakeholders.

### 2.2 Destination Stakeholders

Pavlovich defined the tourism destination as "(destination) generally comprises different types of complementary and competing organizations, multiple sectors, infrastructure and an array of public/private linkages that create diverse and highly fragmented supply structure" (2003, p.203). The most manageable primary unit of study for tourism may be the “destination,” since this is where the totality of the cumulative interactions among tourists (demand), industry (suppliers), and hosts (including residents and environment) for a given destination, can be studied. Therefore, stakeholder theory –a theory borrowed from strategic management literature for managing organizational stakeholders to achieve organizational objectives- will be applied to tourism within a destination context.

The stakeholder literature implies that stakeholder importance can vary as the issues that organization are concerned with vary (Mitchel et al 1997; Frooman 1999). So, who are key destination stakeholders in sustainable tourism policy domain? For the purposes of this policy-oriented research, three stakeholder groups as defined by the World Tourism Organization (WTO) will be used. The WTO defines major partners for sustainable tourism development as the industry, environment supporters and community/local authority (1993).

The tourism industry creates business opportunities, jobs, income and foreign exchange by providing an array of tourism services. These services include transportation, accommodation, food and drinks, and travel. The second partner, environment, is the basis for natural, cultural and built (man-made) resources that the industry is dependent
upon to attract tourists. These stakeholders focus their efforts on balancing the type and extent of tourism activity against the capacity of the resources available. Finally, community is another participant for sustainable tourism decision making. The community group is comprised of residents, local government, local business organizations, and other local institutions and associations (WTO 1993). Each stakeholder group approaches STD from a different perspective and therefore has different goals in sustaining tourism development (See Figure 1).

Fig.1 Sustainability Goals of Main Stakeholder Groups (adapted from WTO 1993)

In urban destinations the aims of sustainable tourism are to maintain physical heritage of cities; strengthen the cultural and social viability of local community, and provide long-term development and high quality employment opportunities. Additionally among other goals of sustainable urban tourism (SUT) are balancing the interests of residents and visitors, and minimizing adverse ecological impact and unsustainable consumption patterns that exist (Paskaleva-Shapira 2001; http://www.greentourism.on.ca/main_what.html).

According to the findings of a case study, the legitimate stakeholders of urban tourism development are industry and government (at national, provincial and municipal levels). Similarly, the industry and government are perceived to be the most important stakeholder groups who should be involved in implementation of sustainable tourism projects (Timur & Getz 2002).

The concept of sustainable tourism implies the need to secure the sustainability of tourism's primary resources at the destination level (Carter et al 2001). When each partner has a different goal in STD, consensus building becomes a challenging process in sustainable tourism policymaking. Despite all the difficulties, securing the participation of key stakeholders in sustainable tourism policies and programs is important in achieving SUT (Long 1997). The cooperation and productive interaction of key stakeholders could be realized if all these parties meet regularly to exchange information, coordinate their efforts and programs toward common goals.

2.3 Beyond Individual Stakeholder Influences
Despite stakeholder research's focus on identifying and classifying stakeholders into categories that provide an understanding of how individual stakeholders influence organizations' operations, Rowley (1997) goes beyond individual stakeholder influence and argues that the multiple and interdependent interactions taking place in the stakeholder environment require more consideration. Rowley asserts that “since stakeholder relations do not occur in a vacuum of dyadic ties, but rather in a network of influences, a firm’s stakeholders are likely to have direct relationships with one another” (1997, p.890) and introduces network analysis “to examine characteristics of entire stakeholder structures and their impact on organizations’ behaviors rather than individual stakeholder influences (1997, p.887). He argues that employing social network concepts will help understand how the structure of an organization's stakeholder relationships affects in response to stakeholder pressure.

The interest of adapting network perspective in studying sustainable tourism development issues lies in the recognition that sustainable tourism is a complex policy domain and actors (or stakeholders) in this community are dependent on one another and that they can derive benefits from cooperating with each other.

3. Network Perspective

Inter-stakeholder interactions can be analyzed from a network level of analysis. Gamm (1981) defines a network as a system or a field comprised of organizations and interorganizational relationships. So, a network consists of a number of distinguishable organizations that could have a significant amount of interaction with each other. These interactions may include exchanges of resources as well as intense hostility or conflict with each other. An interorganizational network, then, consists of all organizations within a specified boundary that are directly or indirectly linked with each other (Coleman & Skogstad 1990). Within a given policy sector, an interorganizational network can also be perceived as a political entity, often referred to as a policy network.

The policy network concept is used for describing the properties that characterize the relationships among the particular set of actors that forms around an issue of importance to the 'policy community' (Coleman & Skogstad 1990; Wilks & Wright 1987). A policy community is defined to include all actors or potential actors who share a direct or indirect interest in a particular industry and who interact with one another and with varying degrees of influence that shape policy outcomes (Coleman & Skogstad 1990; Wilks & Wright, 1987).

A policy network approach conceptualizes policy making as the result of interactions between policy-actors, and assumes that the structure of these interactions explains policy outcomes (Kenis & Schneider 1991). The policy network literature views modern society as characterized by functional differentiation, with private organizations, which control key resources, having an increasingly important role in the formulation and implementation of policy (Marsh 1998). The government is no longer being seen as in a superior, directive role but as one actor among a number of actors with roughly equal power.
Another characteristic of policy networks is the inclusion of \textit{key actors}. Marsh argues that "Public policy making in networks is about cooperation and consensus building ... policy failure may result from the absence of key actors, the lack of commitment to shared goals by one or more actors or insufficient information or attention" (1998, p.9).

There are various dimensions of policy networks that researchers can use in their analyses. \textit{Actors} is one of the important dimensions. It is the number of participants and determines the size of the network. The type of actors involved influences the character of the policy network.

\textit{Structure} is another important dimension of policy networks. It refers to the pattern of relations between actors. Important variables of this dimension include: Size: the number of actors; Content of Ties: Types of relational ties e.g., exchange, obligation, power; Intensity/strength of the relations: Number and continuity of interactions over time; Density: the extent to which actors are linked by relations; and Centrality as policy initiator or as policy outcome influencer.

The commonly used tool for describing network structures -which includes above dimensions- is borrowed from social network analysis (Scott 2000).

\textbf{3.1 Network Analysis}

The network analysis technique refers to a set of data collection and analysis procedures designed to help study relations among specifically bounded social actors (Marsden 1990) where actors could be individuals, informal groups, or formal corporate groups (Burt 1980). The basic unit of analysis of the network studies is \textit{relationships}, a formal or informal link between two actors. Studying relationships (rather than individuals) is important because relationships are usually argued to be repetitive and regularized rather than random.

There are two main types of network models. While some network models treat relations among all actors in a system as a single unit of analysis (whole network), others describe the relations in which one actor is involved so that the individual is the unit of analysis (egocentric). Between these, there are models that aggregate actors into network subgroups so that subgroups within systems can be compared as unit of analysis (Burt 1980). All of the models could be applied to the study of tourism. For instance, from a whole network perspective, specific relations in a destination (e.g., country, region, state/province, city, town etc.) or a destination management organization (e.g. national tourism organizations or convention and visitors bureaus (CVBs)) could be examined. Analyzing the interactions of a CVB with its members could be given as an example for egocentric network study where the focus is on the multiple relations of the actor (i.e., CVB).

\textbf{3.2 Network Measures}
As it has been stated, the focus of network analysis is the pattern of relationships. The pattern of member relationships can be examined by measures such as range, density, centrality and clustering (or cliques) (Rowley 1997; Burt 1980; Galaskiewicz 1979; Scott 2000; Krackhardt 1990).

a. Network Range: The network analysis literature defined range of a network as the diversity of actors, heterogeneity and/or number of actors in the network (Burt 1980). Hence range of a network could be measured in two ways; by the total number of actors (size) and by the number of different actor groups (heterogeneity). For instance, a tourism network is expected to be comprised of actors -at least- from subsectors of the fragmented tourism industry.

b. Network Density: The most commonly used measure is network density which is the extent that all actors in the network are connected. It describes the general level of linkage among members and measures the ratio of the number of ties that exists in the network to the number of possible ties, if each network member were tied to every other member. If all actors have ties to one another, it is a complete network and has a density of 1 (Scott 2000).

Network theorists argue that the density of a network gives an idea about the closeness of relationships and their importance to the network participants. It has been also argued that the consequence of dense network structure is the diffusion of norms, values and shared information. As networks become more dense (close to one), the communication (exchange of information) across the network becomes more efficient and their behavior become more similar across the network. Additionally, as network density increases, the potential for coalition/collaboration formation increases.

c. Network Centrality: Another common measure is centrality. Network centrality refers to an individual actor's position in the network relative to others. Centrality tries to capture the property of actors in terms of links with others (Freeman 1979). It measures the extent to which communication within a network passes through an actor (John & Cole 1998). Network centrality refers to power obtained through the network’s structure (Rowley 1997; Barley et al 1992). High central actors in the network are those who have important decisional and meditative roles, and who are the key to understanding the circulation of ideas and decisions to act collectively, particularly when the individuals are in different organizations (John & Cole 1998). The network literature also suggests that actors that are more central within a network have more influence (related to the increased legitimacy) than those that are more peripheral.

Scott (2000) defines actors with high centrality measure to be 'brokers' or 'gatekeepers' as these actors have potential for control over others. These actors are 'brokers' or 'gatekeepers' in the sense that they facilitate exchanges between less central actors. Sometimes, existence of a "structural hole" in networks allows actor to act as a broker. Burt (1992) describes a structural hole as the absence of a link between two actors. When two actors are not directly linked and a third actor is dependent to get linked, the third actor acts as a broker.
From a policy perspective, centrality deduces the type of policy network from whether the network is dominated by political, private, governmental or nongovernmental decision makers (John & Cole 1995 cited in. John & Cole 1998).

d. Clustering (Clique): Cliques are subgroups within networks can be identified. Burt (1980) defines the clique as a set of actors in a network who are connected by strong relations.

3.3 Collection, Organization and Calculation of Relational Data
Typical network analysis questions include the following: With whom does your organization have joint marketing projects? With whom does your organization exchange money? With respect to tourism marketing with whom does your organization communicate (exchange of information) and how often? Who are you in regular contact with on local economic development policy issues? (by providing a list of organizations) Check organizations that you have formal contacts (i.e., meetings, joint memberships, agreements, etc.) regarding tourism development.

Once relational data are collected, researchers can code the relationships between actors and create a matrix where the actors are both rows and columns. The relationships can be coded to represent the presence or absence of a relationship (binary data), or it could be based on frequency of the interaction (valued data). Both of them are useful depending on the purposes of the study. Binary data indicates the presence (1) or absence (0) of a particular connection. Valued data show more than simply presence or absence of a relation, as the presence is valued to indicate the strength of a relationship (e.g. 0-5).

By coding the presence of a relationship researchers create a matrix where the actors are both rows and columns. For example, suppose there is a network which consists of five stakeholders A, B, C, D, and E with the following pattern of relations.
Network analysis provides a visual map of how actors are related to one another based on specific criteria (Stokowski, 1990). The pattern of the following network could be mapped as follows:

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>-</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>B</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>C</td>
<td>0</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>0</td>
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<tr>
<td>D</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>E</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
</tbody>
</table>

To compute network analysis measures which is based on graph theory, computer programs such as UCINET and GRADAP could be used (Scott 2000).

### 3.4 Criticism

The research design for gathering network data intends to obtain information on all relations among actors (Burt, 1980). However, deciding which actors to include in the network (that is; defining network boundaries) has been among the challenges of network analysis (Rowley, 1997). The boundaries of networks are unclear. However, there are various methods used to specify the boundaries of networks or in other words, to define the target population. Three alternative approaches are offered: positional, reputational, or a central issue event providing the setting for the study (decision/participation method) (Scott 2000; Knoke 1994).

In the positional approach, samples are from among the occupants of particular formally defined positions or group memberships (e.g., from a school class, a town, institutions, organization chart).

The reputational approach is usually used where no relevant positions, where there is no comprehensive listing available, or where the knowledge of agents themselves is crucial in determining the boundaries of the population (Scott 2000; Knoke 1994). In the reputational approach, the researcher studies all or some of those named on a list of nominees produced by knowledgeable informants. The informants are asked to nominate, for example 'who are top leaders, who are powerful members of ...' depending on the purposes of the research and those nominations are combined into a target population (Scott 2000; Knoke 1994). Since the choice of informants is critical in the reputational approach, theoretical and empirical reasons for the choice of informant are needed (Scott 2000).
The participation method, is a strategy of selection which would be concerned with choosing people who are involved in, say, an activity, event, or an issue independently of any positions or organizations that may have been used to identify the people themselves (Scott 2000; Knoke 1994).

3.4 Network Studies in Tourism Research

The leisure, recreation and tourism research includes articles that discuss and/or apply social network analysis, network theory, and policy networks concepts. Stokowiski (1990) argued social network analysis as an alternative method to analyze leisure and recreation behavior. She reviewed the method and identified general areas where leisure and recreation research could make more use of this method. Furthermore, the leisure literature has contribution and critique of social network analysis in the works of Stokowiski (1994) and Blackshaw & Long (1998) respectively.

Cobb (1988) introduced network analysis to tourism when she applied the technique to examine the communication patterns of tourism organizations. Money (2000) employed social network analysis to explain the role of social business interaction (word-of-mouth referrals) in the purchase behavior of the corporate travel business. The study examined whether the pattern of referral networks is influenced by national culture and location.

Pavlovich (2001, 2003) is concerned with the relational ties in a tourism destination system. She employed network theory to examine how groupings of small firms are developed and how the relations among destination network members influence the development of a destination (Pavlovich 2001, 2003).

The concept of policy networks has been discussed in the studies by Tyler & Dinan (2001) and Pforr (2002). Pforr (2002) defined policy network as an organizing tool for mapping out actors in different policy sectors and adapted this technique to describe the complex nature of the interactions between various actors in the tourism policy domain. Tyler and Dinan (2001), who stated that network theory could be one of the most applicable approaches to study tourism because of its complex nature, examined tourism policy and the relationships among tourism network members through a governance perspective. On the other hand, Pforr (2002) employed sociometric approach of network analysis to explain the nature of interactions among various actors who took part in one particular policy issue.

The network analysis has not been applied to examine interactions of network members in sustainable tourism policy domain. As stated earlier, the policy network approach conceptualizes policy making as the result of interactions between policy-actors, and assumes that the structure of these interactions explains policy outcomes (Kenis & Schneider 1991). When the purpose of research is to determine how sustainable tourism policy can best be formulated and implemented in cities, the policy network concept could be used for measuring and analyzing the relationships among destination stakeholders. Given diverse stakeholders of sustainable tourism and interdependent nature of destination stakeholders, network analysis suits to examine the structure and functioning of tourism networks. The structure and functioning of tourism networks in
various cities could be compared to see "who drives, initiates or influences sustainable tourism development, sustainable tourism policy making or implementation sustainable tourism projects." Since tourism in cities is characterized to be a more complex phenomenon (Hinch 1996; Barke & Newton 1995) understanding stakeholders and their relationships become even more critical for managing urban tourism stakeholders towards common goals. Additionally, identifying "structural holes" and central actors could help increase awareness of sustainability concept in urban destinations where sustainable tourism represents a great challenge in this environment (Hinch 1996).

Network analysis also enable tourism researchers to analyze destination stakeholder relationships in two categories: internal network structure (e.g., stakeholders in each cluster i.e. within tourism industry, community and local authority, and environment cluster) and external linkages of networks (i.e., the ties of stakeholders to a larger pattern of tourism network members e.g., relationships between local government and the tourism industry).

Therefore, through policy network approach interactions of key stakeholders in urban destinations could be examined. By measuring the following characteristics which are listed in Table 1 an approach to determine how sustainable tourism policy can be developed and implemented in cities could be achieved.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Descriptions</th>
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<tbody>
<tr>
<td>Range</td>
<td>Diversity of actors</td>
</tr>
<tr>
<td>Size</td>
<td>Number of actors in the network</td>
</tr>
<tr>
<td>Heterogeneity</td>
<td>Connectedness of the network</td>
</tr>
<tr>
<td>Density</td>
<td>An individual actor's position in the network relative to others</td>
</tr>
<tr>
<td>Centrality</td>
<td>Network subgroups</td>
</tr>
<tr>
<td>Clustering</td>
<td>Star Actor with the largest number of communication links</td>
</tr>
<tr>
<td></td>
<td>Bridge Actor who provides a link to other network member(s)</td>
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<tr>
<td></td>
<td>Isolate Peripheral actor in a network</td>
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</table>

Table 1. Network Analysis Concepts: Structural Dimensions (Adapted from Stokowski 1990)

**Conclusion**
The network analysis allows researchers to analyze destination stakeholder interactions as its attention is on how interactions constitute a framework or structure that can be studied and analyzed (Galaskiewicz and Wasserman, 1994). Measuring and analyzing relationships among a group of actors provides a tool for researchers who are interested in how a system and its subunits are intertwined and how the system functions. Through network analysis the subgroups that form a tourism destination and the interactions among these groups could be analyzed.
The stakeholder literature allows destinations to identify, examine, and understand key stakeholders of sustainable tourism policy domain. Stakeholder theory implies destinations to develop tourism policies that balance the needs of the industry, residents and local community without compromising social, cultural and ecological integrity of host environment.

Another conclusion of this study is the recognition that more research is required into application of tourism policy networks. A sample selected from three main stakeholder groups (industry, environment, and local community and government clusters) could be examined. The network measures of cities (e.g., connectedness and diversity of tourism networks, influential and powerful stakeholders of tourism networks) could be compared. Powerful stakeholders initiating and/or influencing sustainable tourism policymaking in the context of urban destinations deserve more scholarly attention.

References


Green Tourism Association, Available at: http://www.greentourism.on.ca/


