

# PARTNERSHIP IN THE MANAGEMENT OF TOURISM DESTINATION AREA THROUGH CUSTOMER VALUE – CONCEPT, TYPES AND RULES OF OPERATION

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*The “local partnership” term has recently frequently appeared in publications and studies concerning the problems of local development. Yet, it has not been fully specified. The purpose of the article is to try and explain the essence of the term in relation to the tourism market. Basic rules and purposes of building a partnership chain within the tourism destination and its participants have been discussed. Then the main initiators of local cooperation have been designated as well as forms applicable in practice.*

*Key words: tourism, destination area, customer value, cooperation, local partnership*

## 1. The essence and features of local partnership

The “local partnership” term has recently frequently appeared in publications and studies concerning the problems of local development and management of local economy. Yet, it has not been fully specified. This state of affairs results from the fact that around the world there are many forms aimed at developing local communities, and their structures and forms of operation undergo permanent changes [16, p. 260].

In the most general terms it may be said that local partnership is a voluntary union of a certain number of entities (institutions, organisations, companies, informal groups, etc.) acting for the jointly defined purpose, and as a consequence, having a joint mission and vision of the future [8, p. 17]. In other words, it is a platform of cooperation between various partners who together, in a systematic and lasting manner, and with the use of innovative methods and measures, plan, design, implement and put various actions and initiatives into effect [14, p. 10]. Partnership understood this way should be perceived as an intersectorial and multifaceted factor and a mechanism promoting local development [3, p. 201-202] and social cohesion and building local identity among the local population.

The basic features (rules) of partnership are [2, p. 423-434]:

- voluntary accession of members,
- diversity, yet at the same time an equal status of partners – nobody is subordinated to anybody, everybody may express their own opinions (including critical ones), has the same rights and obligations regardless of the potential and position in the local community,

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- joint accomplishment of objectives, actions and projects (instead of competing),
- joint liability for the actions being undertaken,
- activity, commitment, readiness to act for the benefit of others (resignation from own excessive ambitions and independence, a sense of group identity),
- the relationship based on the relation of mutuality, honesty, empathy and trust in multilateral market contacts,
- transparency and openness to new partners.

It is easy to notice that the concept means, above all, a change in the paradigm of approach to other market participants. Namely, it is a shift from thinking in categories of competition and conflict to thinking in categories of mutual dependency and cooperation. Since the idea of partnership is based on the synergy effect and a phrase that “together you can achieve more”.

**2. The partnership chain in favour of creating the customer value by the tourism destination area**

One of the first sectors of economy in which the rules of partnership were begun to be implemented was tourism. Since effective management of the tourism destination area, due to the number and variety of local actors, can take place only through their mutual cooperation [18, p. 558]. In the contemporary market place this cooperation should aim, above all, at creating a product for visitors visiting the destination area which would provide them with a proper customer value understood as a surplus of benefits gained above incurred costs [17, p. 230-232]. An individual tourism entrepreneur is, by rule, not able to do it themselves as they usually specialise only in one value component offered to the tourist by the destination area. Therefore the cooperation of many producers is required, and to be more specific their vertical cooperation, aimed at the joint creation of a chain of goods and services [15, p. 298] – a tourism offer of synchronised space, time and type. It must be emphasised that not only tourism partners, but also entities representing various other sectors of the local economy should be involved in the works on a complex megaproduct, such as: culture, science, social welfare, environmental protection, etc. The cooperation network should additionally include local government administration, non-governmental organisations (NGOs as all sorts of associations, unions, chambers, etc.), public opinion-forming institutions, scientific and research units, advisory and training entities as well as citizens [5, p. 231-248]. Since all these actors of the tourism destination area supplement and strengthen one another in the creation of value for the customer – tourist. Flow of information, ideas and all sorts of material resources between them makes it possible, due to the effect of synergy, to create unique products of the highest customer value, thereby increasing the area competitiveness and at the same time economic efficiency of business organisations operating within its scope [20, p. 32-37]. This, in consequence, contributes to effective management of the destination area and improvement of living conditions of the local community.

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This is, of course, not an absolute must to have representatives of all types of organisations operating within a given destination area as components of the partnership chain. The important thing, however, is to have partners interested in actual and effective cooperation. Such cooperation is referred to as partner relationship management (PRM) [1, p. 20]. Its basis is the understanding of mutual relationships and meaning of lasting cooperation and directing contacts in the manner which will allow creating and providing customers (thereby also themselves) with relevant joint value within a long time period [10, p. 456]. This is specially recommended as the integration through value can turn out to be a more effective tool of affecting partners than some financial incentives [4, p. 35], it can create and strengthen bonds between them, affecting the efficiency of the chain functioning. The measure of success is satisfaction of customers and, in the longer perspective, their loyalty and positive image of the destination place on the tourism market.

### **3. Initiators of local partnership in tourism**

One of the main principles of establishing a partnership is the bottom-up rule, spontaneity and social commitment of members. However, no partnership is made by itself. There is always some founding entity. Three basic types of driving forces contributing to the development of a local partnership in tourism can be distinguished [14, p. 16-17]. First of them is local tourism business with organisations and associations being the expression of its will. Such partnership initiatives in their form are similar to business corporations. They are characterised by possession of a relatively well-developed internal structure which is task-oriented. This ensures efficient and effective design and accomplishment of tasks. The disadvantage of the business-inspired partnership is that in the first place it strives for obtaining an influence on business matters and increasing competitiveness of local entrepreneurs. Additionally, being focused on securing interests of private tourism companies above all (although through the accomplishment of objectives favourable for the entire local community), quite often such a partnership rejects actions which do not generate immediate and measurable benefits.

Other initiators are local leaders. They can be natural persons (e.g. politicians, famous persons originating from a given area), which is, however, rarely seen. Most frequently they are local tourism organisations. Partnerships created at the initiative of leaders are the most model ones due to closeness of problems of the local community and good knowledge of its needs. However, they must be actual leaders, known and recognizable in a given society, expressing the will and interests of the local community.

An inspiration to create a partnership chain within a tourism destination area can also come from local public institutions. This type of cooperation is entered into in areas where local authorities play a role of some sort of "leader". Such a partnership is most frequently characterised by a well-organised decision-making and information structure and properly functioning office and administrative facilities. At its disposal it also has at such instruments and mechanism facilitating task implementation which can be used only

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by the local administration. The most important drawback of a partnership made at the initiative local public institutions is excessive bureaucracy and the transfer of official instructions and models to the field of cooperation as part of the chain. Moreover, if the actions and initiatives have a form of implementation of instructions planned top-down by the local administration, the ideal of partnership can be thwarted as it will soon be converted into an “executive committee” of authorities.

### **4. Forms of local cooperation in the management of the tourism destination area**

There are many forms of cooperation aimed at effective management of the tourism destination area by the customer value [16, p. 264-272]. Inter alia the following can be distinguished: the partnership of a formal structure (with legal capacity) and the partnership of an informal structure (which does not have legal capacity and operates on the basis of an oral agreement, the so-called gentleman’s agreement). An effective form of cementing cooperation among partners is signing an agreement of a specific legal form of conducting activity e.g. association, foundation [11, p. 18].

Additionally, we can talk about a local executive partnership (operational) and a coordinating (strategic) partnership. The partnerships of the former type usually have a character of short- or mid-term cooperation agreements and are characterised by the fact that all resources and forces of the partners are involved in the fulfilment of one specific project (action or initiative), used to solve one specific problem which appeared on the local tourism market (e.g. a partnership to properly serve football fans coming to EURO 2012). After the intervention, the partnership initiatives of this type go down in history [12, p. 549-568]. In turn, as part of coordinating partnership, many various initiatives can be implemented, carried out in many directions, but not all resources and forces of the partners are involved each time in particular projects. Task (work) groups composed of several partners competent for a given topic are responsible for the accomplishment of specific actions. The coordinating partnership, therefore, can be compared to a strategic team for managing local development acting in the long-term and multi-range manner.

Additionally sectorial partnerships are distinguished, in which partners belong only to one sector (e.g. private) and intersectorial partnerships aimed at cooperation between the public and private sectors, public and social sectors, private and social sectors, or finally tri-sector cooperation [13, p. 539].

Specific forms of local partnership are clusters, also referred to as production unions or local production systems. This is the term used to describe groups of institutions and organisations which [6, p. 37-42 and 99-104] [7, p. 62-63]:

- operate within a specific area (municipality, district, province, region),
- are inter-related,
- are complementary to one another,
- in cooperation they achieve a higher degree of effectiveness than if they acted individually (the effect of synergy),

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It is worth emphasising that cooperation within a cluster has a character of co-competition, which must be understood more broadly than cooperation. Competition occurs here, which cooperation does not provide for. The latter, however, does not aim at eliminating the competitor. Competition in the distribution of the common value generated as part of the cluster is meant here [9, p. 67-89].

### 5. Summary

Concluding, as there are many types of local partnership aimed at effective and efficient management of the tourism destination area, the term is very broad. In the most general terms it may be adopted that it is a strategic alliance to which the partners contribute their competences and resources, share with benefits of attained goals, but also jointly bear the risks and costs. Since the essence of the partnership is, inter alia, the necessity to share knowledge, technologies, achievements, image, and even employees, the decision to join the cooperation network must be a thoroughly examined move. Nevertheless, however, the destination area entities should, when taking a decision, be aware that only their joint action based on the partnership chain in which each link has clearly specified tasks to fulfil, can contribute to the co-creation of an appropriate customer value, thereby to ensuring success for them on the modern tourism market.

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