

THE ROLE OF MANAGEMENT AS A STRATEGIC TOURISM GUIDELINE: CASE OF CROATIA

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Based on the analysis of the Croatian tourism potential and the inquiry into basic world tourism trends, Croatian Ministry of Tourism has carried out the basic strengths, weaknesses, opportunities and threats (SWOT) analyses of Croatian tourism. Proceeding from those analyses, this paper stresses the role and importance of management in Croatian tourism, as well as its need for strategic approach. Primarily, management should define strategy, vision, mission and objectives of Croatian tourism as well as actual and future potentials of Croatian tourism from the position of global tourism. Accordingly, there are many opportunities where management can improve and enhance knowledge of tourism organization through systematic approach and development of strategic competitive advantages. Ripening of modern tourism features such as strategic purpose, professionalism, efficiency, innovation, creativity, and sustainable development will eventually lead to a new, original, enriched and overall Croatian tourist product. This paper presents a 3M model in tourism, which implies 'Mission, Management and Measurement' quality of product and services in tourism. Only the synchronized response of management and tourism to global market will ensure the maintenance of competitiveness and efficiency of the Croatian tourism.

Keywords: Tourism, Strategic management, SWOT analyses, Enriched tourist product, Croatia.

Introduction

The Republic of Croatia is a small European country, situated at the crossroads of Central Europe, the Balkans and the Mediterranean. It covers 56.594 square kilometers or 21.851 square miles. Croatia coastline stretches for 5.835 kilometers (3.598 miles), and consists of 1.777 kilometers (1.104 miles) of mainland and 4.058 kilometers (2.493 miles) of islands. The country's population is 4.29 million. 89.6% of them are Croats, declared Roman Catholics. Croatia has diverse, mostly continental and Mediterranean climate, and its Adriatic Sea coast boasts more than a thousand islands.

Tourism as a highly sophisticated integrated system (Cavlek *et al.*, 2011:243) has been present in Croatia for more than 150 years (Pitjavec, 1998), and is one of the most important generators of economic development in the Republic of Croatia. Tourism's direct contribution to GDP was 11.6% in 2011. Including its wider economic impacts, it accounted for 27.6% of GDP, 44.1% of total exports, 10.8% of total investments and 12.7% of total employment in 2011 (World Travel & Tourism Council, 2012). Annual tourist industry income for 2011 was estimated at €6.61 billion. Its positive effects can be felt throughout the Croatian economy in terms of increased business volume observed in retail business, processing industry orders and summer seasonal employment.

Table 1. Foreign tourist nights in 2011, by country of residence.

COUNTRY	FOREIGN TOURIST NIGHTS
Germany	22.8%
Slovenia	11.7%
Italy	9.1%
Austria	8.8%
Czech Republic	8.0%
Poland	5.7%
Slovakia	4.2%
Other	29.7%
TOTAL	100% or 60 354 275

Source: Croatian Bureau of Statistics (2012), *Tourism – Cumulative data, First release, No. 4.4.2/11*, http://www.dzs.hr/Hrv_Eng/publication/2011/04-04-02_11_2011.htm, 10.02.2 012

In year 2011 tourists realised 11 455 677 arrivals, and 60 354 275 nights (9.3% domestic and 90.7% foreign tourists). Concerning the structure of foreign tourist nights, the most of them (70.3%) were realised by tourists from Germany (22.8%), Slovenia (11.7%), Italy (9.1%), Austria (8.8%), the Czech Republic (8.0%), Poland (5.7%) and Slovakia (4.2%). Tourists from other countries realised 29.7% of tourist nights (Croatian Bureau of Statistics, 2012).

It is obvious that tourism significantly contributes to the Croatia's economic growth and the prosperity of its populace. Croatia boasts exceptionally diverse and preserved natural and cultural tourism potentials and actively participates in their preservation and development, forming an environment attractive to investors. This is a valuable asset that must be maintained and protected, so that in the long term may contribute more to the total Croatian economy. In recent years, on the demand side of the market, there has been a growing trend of tourists seeking specific types of tourism. Historical heritage, natural beauty and pleasant climate make up the framework which, together with the development of high quality accommodation, the rich supply of activities and entertainment, and good service, enables Croatia to attract the modern-day tourist (Republic of Croatia Ministry of Tourism, 2003).

In defining Croatian tourism, it is necessary, as a part of strategic planning, to determine the vision and the mission of tourism in Croatia. The strategy, as a central part of management, is the key component in defining competitive advantages of Croatia. Unfortunately, Croatia doesn't have a clear and determined strategy of tourism development. This is the main problem of the entire Croatian tourism, and as such presents a challenge for Croatian tourism management. Furthermore, the definition of tourism mission and vision is necessary for successful pinpointing of problems in Croatian tourism management and presents the first step in the process of strategic management. The definition of Croatian tourism mission is non-existent, but the Croatian Ministry of Tourism (2003) summarized the vision of Croatian tourism in the next sentences:

Tourism significantly contributes to the economic growth of the Republic of Croatia and the prosperity of its citizens. It is based on a sustainable use of natural and cultural-historical potential, and active role in its preservation and development, and creating an environment attractive to investors past.

This could be a first step for creating a long-term strategic perspective of Croatian tourism. However, Croatian development to the point where it can become a recognizable world tourist brand and desirable tourist destination still leaves a lot to be desired. The next step in determining the future strategic guidelines in tourism management is SWOT analysis of the Croatian tourism.

SWOT Analysis of the Croatian Tourism

SWOT analysis (the evaluation of strengths, weaknesses, opportunities, and threats) has been used in many planned and developed situations as a tool for organizing (Wall, 2002) and interpreting information. It is not a new technique, but has been developed to assess the status and prospects of business. Strengths and weaknesses are internal to the entity under evaluation whereas opportunities and treats refer to the broad context or environment in which entity operates (Lawhead, *et al.*, 1992).

The SWOT procedure is widely utilized by consultants but seldom by academics. Only limited related literature can be found in academic tourism or geography publications. Examples of such use in tourism research include Collins-Kreiner and Wall’s (2007) SWOT analysis of the Western Negev, Israel; Wall’s (2002) SWOT analysis in Baoting, China; Mansfeld, Ron and Gev’s (2000) analysis of Muslim tourism to Israel, and Rahmat’s (2000) evaluation on the status of ecotourism in the Togeian Islands in Indonesia.

Based on the analysis of the Croatian tourism potential, and the research of the basic world tourism trends, the Croatian Ministry of Tourism has come up with the basic advantages, weaknesses, opportunities, and threats to the future development of Croatian tourism.

Table 2. SWOT (Strengths, Weaknesses, Opportunities & Threats) analyses of Croatian tourism.

<p><u>Strengths</u></p> <ul style="list-style-type: none"> -Natural beauty of the Adriatic coast and islands, as well as tourism potential in the continental part (thermal springs, castles, protected areas, etc.) -Ecologically clean and natural surroundings -The geographical position of Croatia allows for quick access to the main European emissive markets -Personal safety, in terms of both accommodation and destination -A rich, cultural and historical heritage with a few globally recognized and protected locations -Characteristic tourist loyalty towards Croatia 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> -The image of a lower quality summer tourist destination and the image of a country from the war-torn Balkans -An incomplete process of hotel privatization -Lagging behind in terms of concepts and technology and a low average level of quality of accommodation facilities -An extremely small presence of international brands -An unsatisfactory choice of quality events and variety of services; insufficient hospitality and charm -An overall poor transit infrastructure and inadequate connections on all levels (i.e. airlines, etc.) -Low level of occupancy rates of facilities, highly pronounced seasonality and low average rates with respect to international competitors -Liquidity problems and insolvency of a majority of tourist companies -Lack of professional management
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> -Continuous growth in interest of emissive markets for Mediterranean destinations -Thanks to its natural potential and “access to the sea” position for other European countries, Croatia has all tendencies to attract a significant part of the demand for nautical tourism -Availability of quality coastal area: due to the 10 year stagnation period, excessive development has never come about, and therefore, beautiful and unspoiled nature has been largely preserved 	<p><u>Threats</u></p> <ul style="list-style-type: none"> -Conflicting development options -Non-stimulating macroeconomic framework -Environmental pollution (the Po River, potentially JANAF (Adriatic Pipeline)) -Natural potential is jeopardized due to forest fires, owing to insufficient care of waste waters and unlicensed garbage dumps, uncontrolled hunting tourism, dynamite fishing, and sub aqua poaching -Intensive development of international competition in the sense of new concepts, higher quality, and better

<ul style="list-style-type: none"> -Thanks to its geographical location, along with an adequate transit infrastructure, Croatia can increase its share of individual guests, and coach tours -Ideal natural preconditions (a large number of thermal springs) for organizing quality offerings in wellness programs and events, and development of health and pleasure tourism -A newly constructed motorway which goes through rich protected natural areas, suitable for designing diverse offerings en route to the coast - tourist micro regions -Restoration and promotion of old roads of great memorial and scenic values which will enrich Croatia's tourist offerings -Development of sustainable hunting tourism in the continental part of Croatia, in areas which have a rich range of animal species -A large number of medieval castles which are an unexploited potential -Possibility for the development of sport tourism with a special focus on golf -Tourism can stimulate a faster growth of production and trade, by way of tourist companies selling Croatian products, especially if they are competitive both in price and quality, and thus contributing to the place-specific tourism supply -Unpolluted soil suitable for cultivating organically grown food 	<ul style="list-style-type: none"> performance of business operations -Due to unfavorable demographics and total economic development in Western Europe, demand could stagnate at a high level -Inefficiency of spatial plan implementation and bending of zoning regulations -Unplanned usage and speculative purchases of building land may appreciate building land prices which in turn may dissuade potential investors -Possible lack of close cooperation at all political, administrative, economic and social levels -Extra long privatization process may delay the start of the investment process
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Source: Republic of Croatia Ministry of Tourism (2003), Strategy report "Croatian tourism development by 2010", Final version, www.mint.hr, 15.11.2011

SWOT analysis of tourism in Croatia demonstrates that the advantages of Croatian tourism are linked to the wealth of its natural resources, cultural and historical heritage, and clean and natural surroundings, whereas opportunities lie in better use of its geographical position and transit infrastructure, attracting emissive markets for Mediterranean destinations. The development of selective forms of tourism; nautical tourism, health tourism, congress and rural tourism, devotional tourism, hunting and fishing tourism, cultural tourism, sports tourism, wellness tourism (Stipanović, 2005), ecotourism, and robinson tourism is also vitally important. Competitive advantages should be based on the indigenous values offered on the market in the form of recognizable, top-quality services and facilities, taking into account globalization process which impacts heavily on the tourist demand (Stipanović, 2005).

Weaknesses lie in the high seasonality of Croatian tourism, lack of professional management in tourism organizations, inadequately structured tourist offer, a dubious level of service quality, and failure to introduce standardization and implementation of European standards and innovations. The risks for the future tourist development could be; pollution and destruction of natural and cultural beauty, fast-growing competition among tourist destinations, economic crisis, non-stimulating macroeconomic framework, etc.

In the future tourist development, Croatia should emphasize its strengths, limit its weaknesses, value its opportunities and minimize its threats present in the dynamic surroundings, as well as

implement new development tendencies which will be a part of a new model of development, relevant to the current tourist needs (Stipanović, 2005).

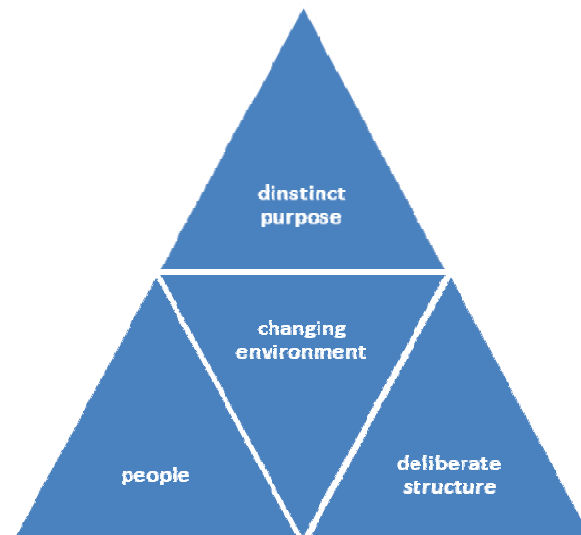
Strategic Perspective of Tourism Management

Understanding the concept of management is a big challenge for managers in tourist organizations. Global trends change the perspective of tourism management in giving the strategic dimension of new management models applicable to tourist organizations. The central issue of this paper is to determine the right role that management plays in the area of modern Croatian tourism (especially in tourist organizations), in the attempt to provide the original and innovative tourist services in the recent days of global arena.

Management is a significant modern innovation, a revolution in itself and a product of modern industrial revolution (IT and communication revolution) at the same time. Management tries to overcome the complexity of environment and the allocation of limited resources. Management is a very complex process because it is about managing unpredictability. Its task is to predict and control new business situations operating in the global market. Accordingly, it is about leading people and managing the information and knowledge. „Management is the process of coordinating and overseeing the work activities of others so that their activities are completed efficiently and effectively“ (Robbins *et al.*, 2009:10).

But if we have to summarize all management practice in three words applicable to the area of tourism, we can define tourism management as: (1) setting up and fulfilling the organizational purpose - mission, (2) ensuring the necessary financial resources – money, and (3) assessing final results – measurement of quality services in tourism. It is similar to concept of Drucker's

3M model of managing nonprofit organizations. In other words tourism management could be seen as universality of management that includes three basic elements: purpose, structure and people setting in global changing environment.



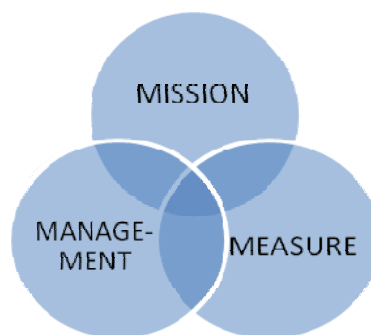
Source: Robbins, S. P., Coulter, M. (2009), *Management*, Prentice Hall, New York, p. 23

Picture 1. Basic concept of management.

Successful managing in tourism organization has to involve different dimensions: defining a purpose of a tourist organization, forming an adequate structure, successfully leading the employees and eventually managing the changing environment related to all dimensions like “superglue”.

Broader definitions of management include statements such as „art of performing with other people“, „skills to achieve something with other people“, „the process by which cooperative groups direct actions towards common goals“, or „the process of working with others and with others to achieve organizational goals“. Management is all that, in many different ways, and much more.

Management is an activity focused on achieving a specific and predetermined goal, but it is also about managing activities of other people, and finally measuring results. Tourism management has to be aware of these requirements while trying to accomplish the organizational mission (of certain tourist organization), the question of management basics (like technique) and, lastly, the issue of measurement (particularly important in the vocabulary of tourism management). In this case it is about analyzing customer's satisfaction – tourist's satisfaction with tourist services. This model, called 3M model, was developed by Drucker (1990) for nonprofit organizations and includes as follows: mission, money and merit. A model that emphasizes the element of management in place of money has broader sense because it accentuates the significance of management and that fact is the central issue of this paper.



Source: Drucker, P. (1990.), *Managing the Non-Profit Organization*, Butterworth-Heineman, Oxford

Picture 2. Model 3M – key elements for managing organization.

Tourist organizations significantly contribute to society promoting national beauty, cultural and historical heritage as well as broad geographical and national diversity. They emphasize the importance of social and economic values of country of origin, and are promoters of its national and cultural knowledge and beauty, as well as its social growth. The role of tourist organizations and their management is to create a balance between state, market and society organizations, creating new values through improved services that respect social and economic needs and demands of market and tourists. Management of tourist organizations means strategical approach to planning, organizing, managing, controlling and managing people in the domain of Croatian tourism.

Management operates in a turbulent environment among different and complex stakeholders. „Management has to coordinate different expectations of some stakeholders that should be included in setting organizational goals, which must accept different interests that are often related little and sometimes contradictory. Thus, it is necessary to understand the different expectations and demands of many stakeholders and their role and influence in shaping long-term goals that we see in the next view“ (Kreitner, 2005:124).

Strategic management is a new paradigm of global business focus, which is conscious of the need for adapting management to the turbulent, complex and ever-changing environment. All organizations in the global market including tourist organizations have to be aware of the new business attitude which involves thinking about future, analyzing and learning from dynamic and uncertain environment, predicting and finding the best way to survive, and recognizing the competitive advantage in constant learning.

The organization responds to uncertainty and dynamic environment by adapting, especially when operating by strategic planning. In managing future activities, the uncertainty is reduced and the chances of survival and successful business are increased. Thus, it is extremely important to clearly

define the vision, the mission, the goals, the strategy and the activities that would lead the organization in the required direction. Vision, mission and goals must be interdependent and viewed as a whole, by what Hamel and Prahalad call "strategic intent", or "heart strategy" (Galetić, in Buble 2005:98.).

There is a need that the mission and the vision of national tourism should be properly defined. Each tourist organization has to determine its own mission, vision and specific organizational goals. It is crucial to start with a clear, simple and comprehensible declaration listing reasons for its existence and marking the main business guidelines.

"Defining the mission of companies dynamic business activity that promotes business management companies in the undertaking tension in the continuous improvement of the business, constantly checking the strengths and weaknesses while the critical consideration of the effects" (Mencer in Buble, 1997:26).

Management of tourist organizations is dealing with similar problems as management in any other field. It is about planning, leading, organizing, controlling and managing human resources. That process is seen in all kinds of tourism organizations. How successfully their organizations will be run depends on tourism managers; it is a question of their knowledge, organizational skills, attitudes and capabilities and their abilities to predict and manage future business (tourist) demands. Managers as people who provide organizational goals, are supposed to do more with less... In simple terms, at the centre of their interests are the questions of managing people, setting up and accomplishing goals, forming efficient organizational structures and providing significant results. Managers in tourist organizations have to be efficient in negotiation, resolving conflicts, managing teams and many other different activities. They have to be perfect leaders in imperfect circumstances. So in tourism, managers who lead tourism organizations in accord with national tourism politics are balancing between specific macro and micro factors of environment.

There are some specifics in managing tourism organizations, and they can be clearly explained through model of 6 operation mix by Bicheno and Elliot. This model is connected to 4P model of marketing mix (price, promotion, place, and product) but our model has broader concept. Firstly, it has a process orientation that is a key characteristics of recent organization forms and begins with the product – tourist product that is the essence of the story about tourism management.

Table 3. The 6Ps operations mix of Bicheno and Elliot.

PRODUCT	Within a tourism context, the product element refers to the design and development of facilities and includes consideration of issues of interpretation and quality.
PROCESS	The full range of operational processes, including those geared towards quality assurance, product purchasing and financial monitoring, are the focus of the process element.
PLACE	Place refers to the physical location and layout of facilities and may include consideration of visitors flows, capacity and yield management issues.
PROGRAMME	The programme element of the 6Ps refers to the schedules and plans that are established to structure and direct operational activities, these include maintenance programs and development plans.
PROCEDURES	Procedures are developed by organizations as the means for communicating what are consider to the ideal means of operating, especially in a particular circumstances or environment.
PEOPLE	People refer to the human resource base within an organization, which many regard as the most critical in ensuring the success of service sector operations.

Source: Beech, J., Chadwick, S. (2006), *The business of tourism management*, Prentice Hall, Harlow

This table highlights the importance of programs and procedures, ending with the only living element - people, who are at the heart of every modern organization. For the tourism organization it is particularly important that people - employees, are effective and well-trained, qualified, motivated and committed because the higher the quality of their service, the higher the quality of all tourism services.

Management is a universally needed technique, existing in all organizations, therefore in tourism area as well, so we can conclude that tourism management is the coordination and supervision of activities in tourism organizations that has to be accomplished efficiently and effectively. The perspective of future operating in tourism organizations has to be incorporated in the management system, where the tourists as end-users and tourist service as a central product, must be seen as two key components of success.

Conclusion

Tourism and management are closely related concepts, and without the strategic approach to management in tourism, tourism would not be what it is today. Only the synchronized response of management and tourism to global market ensures the maintenance of the competitiveness and efficiency of the tourist destinations. There are many opportunities where management can improve and enhance tourism as a system and strategic competitive advantage. Firstly, management should define strategy, vision, mission and objectives of Croatian tourism and define actual and future potentials of Croatian tourism, from global tourism position. Accordingly, there are many opportunities where management can improve and enhance knowledge in tourism organization, through system approach and development of strategic competitive advantages.

Croatia has a significant natural, cultural and historical heritage, and Croatia's tourism has a huge growth potential as a hidden jewel of South-Eastern Europe. Unfortunately, in the national economy, there is no clear and elaborate strategy of Croatian tourism, neither are the mission and goals of Croatian tourism unambiguous and systematic, nor are they strategically guided. The task that lies ahead of tourism destination management is defining a new development strategy that would eventually lead to a new, original, enriched and overall Croatian tourist product, based on the country's abundant natural resources and geared to increase complex tourist preferences.

Guidelines for the Future Tourism Development

Croatia is a country of hard-working and friendly people who need to recognize the strength of their own work, and the beauty of their country. In order to do that, we bring few guidelines for the future development of Croatian tourism:

- National politics have to develop strategy for straightening the quality and variety of tourist services and potential, and learn from the practice of tourist developed countries, copying the best practice and avoiding their mistakes.
- Croatia should base its tourist offer on selective forms of tourism, educated workers, highest quality services and quality management.
- The Croatian industry as a whole has to be restructured towards "new industries" based on competitiveness achieved through knowledge, innovation, creativity, sustainable development and advanced technology in all areas of operations.
- Management should provide key knowledge for organizational success in tourism organizations.
- Basic elements of tourism management alphabet are: (1) strategic approach, (2) investing in people, (3) benchmarking, (4) effectiveness and quality management, (5) innovations and learning organisational capabilities. Abiding by these principles may set Croatia among the leading tourist destinations in the Mediterranean.

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