

I.
**HOTEL U TURISTIČKOJ DESTINACIJI / HOTEL IN
TOURISTISCHER DESTINATION / HOTEL IN TOURISM
DESTINATION**

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Review

THE STRATEGY OF DESTINATION DEVELOPMENT

The author studies the approach to the conception, strategy and aim of the long-termed tourism destination development and concludes that this expectations are based on historical data. These are so called "adaptive expectations" which are not applicative in the development approach, but they are covered with mathematics - econometric models present in numerous studies about the development of the city and the County towards the national level (as tourism destination).

Key words: development strategy, adaptive expectations, destination, tourism.

1. INTRODUCTION

Nowadays, we cannot understand tourism as we did it in the past. Its fast development but also changes of the general social structure and consciousness have lead to the new and differentiated observation of tourism. All around the world the discussion is being led about the costs and advantages of tourism for the economy, surrounding and society, and instead of discussions about advantages and profits for the economy. The international destination started to spread at the beginning of the seventies on the research on tourism, especially its orientation between emitive and receptive areas. Destination has become the mark-trade for the tourism locality, zone, region, country or province, and towns have a logical ending in the term of the town or region as tourism locality which have created the continuity of visits and in the same time the egzistency for domestic population. The importance of the tourism locality and necessity of its constant renewal and enrichment, confirms the old fact about the establishment of the "Association for design of localities and surroundings", which existed at seaside localities. But regretfully, the long period of leaving the market- relations with the stress of quantitative monitoring of tourism orientations, has left traces in numerous localities all over Croatia. Today, the tourism destination

has to be the answer to contemporary movements in the way of free-time exploitation and has to be the real continuation of the idea of tourism locality which should have all the contents for tourism needs satisfaction. Border-lines of the tourism destination will be determined by the market and will be formed through the term of market's acceptance. (D. Magaš, 1997).

It is a fact that tourism activities influence the social, cultural, ecological and economical aspects of the destination. While believing that these aspects win the importance by arrival increase of tourists, it is necessary to determine the tolerance line of the number of visitors, and over this tolerance line these becomes unacceptable. The border line of the capacity possibilities is defined as the level of tourist presence which creates positive influences on the domicile population, surrounding, economy and tourists, and it is also reflecting into the future. The documents about the development strategy of destination should give this certain aspect a very important position, what is not represented in most cases. The long termed development plans are determined by quantitative indicators as growth rates of social products, fix funds, employment, investments, work-productivity, while the qualitative elements can get no adequate importance.

According to the fact that tourism is related with society, culture, surrounding and economy, it is very possible that the tolerance line will be adapted to one area and not all together at once.

If these tolerance lines of capacities will be overuned by not respecting one of the influence areas, the development process will be stopped and a great damage can happen. The damage can concern the social and economical aspects, but final results will be the following: the visitors will feel that they are less satisfied with tourism products and services and the destination will prove to failure.

Every form of economic development confronts with applications of aspects of the social and cultural structure of population, beginning with habits, religion habits, way of living, behaviour pattern, way of dressing, way of free-time exploitation, behaviour towards foreigners, and others. Hereby we are speaking about the so called "sustainable tourism" (see "Sustainable Tourism Concepts, Institute of Tourism, 1994, pag. 33-52), or tourism which is not destroying its basis and creates no serious damages. It is simply the tourism acceptable for the surrounding. The principles as characteristics of such tourism concerning the respect for tourism destinations are following:

- careful behaviour (relationship) towards the nature- beautiful landscapes, untouched nature without noise,
- respecting the domestic population and its culture- respecting needs and wishes of domestic population,
- avoiding the wasting of resources- water, electricity, ecological activities of waste, etc.,
- preservation of natural, social and cultural aspects- preservation of flora and fauna, social tolerance and responsibility, preservation and care of cultural specifics,

- strategic planning- long-termed conception has to be harmonised on the local, regional and state's level,
- economic advantages- sustainable tourism activates domestic economy subjects, prevents the destruction of the traditional social structure,
- including the domestic population- the population has to be consulted about new tourism projects,
- counselling and informing the population- the domestic population has to be given the possibility of active participation in planning and suggesting while creating their domicile locality, bringing decisions from outside results with the resistance of domestic population, and that is negative for the whole tourism offer,
- education of tourism workers- collaborators in all tourism subjects have to be informed and educated about new trends in tourism,
- responsible marketing- complete and sincere information, introduction with tourists, their habits in destinations.

These principles of sustainable tourism describe the ideal picture. The practice cannot always respect all principles. But, they serve as help while orientation and the aim should be the most closing to the ideal situation and recognising how far or near these ideal principles are, and where is the process of continuous changes.

It is not possible to develop tourism without influence on the surrounding, culture, social structure and economy, but it is possible with certain planning and especially urban planning of the destination, management of tourism and general development in order to decrease negative influences on minimum and maximise the positive one.

The highest aim of development of one tourism area, while all other long-termed strategic goals should be subordinated, has to contain a large qualitative jump, with the man, human, citizen or citizen of a tourism destination should contain in itself.

Important characteristics of such approach are dynamics of observation, complexity, stochaicism of contemporary phenomenons and systems which cannot be explained by econometric and mathematics models, because life is always much richer than those one.

Long-termed growth projections are based on so called adaptive expectations and not on rational one (N. Šišul 1997), and these are not good and not useful.

Expectations can be defined as "perspeptions or believing about uncertain variables" ("P.A. Samuelson, W. Nordhaus, pag. 741). Rational expectations are differentiated from the adaptive expectations. It was said that expectations are rational if they are not systematically wrong (or "prejudiced") and if using all available information. Expectations are adaptive if people base their expectations on behaviours from the past. How to evaluate the movements of macroeconomics aggregates and which is the meaning of these aggregates towards business subjects, corporations, firms, households and other subjects, especially the state's apparatus is of great

importance for the development policy, not only on the state's level or state destination, but also for all lower development levels, the town, region and county as destination. Prof. Lucas has in 1972 proved that the variables in the adaptation model adapt to expectations, and contemporary prices and salaries are formed according to those expectations or to the new policy of economy. From this constation follows the analogy that the actions of current economy policy are crucial for the process of changes, which are more difficult to understand than static measurements. Therefore are certain measurements of the economy policy on the state's level to the measurements given by towns and regions those one, which mostly influence the changing process in the sense of coming near or getting away from the ideal equilibrium of the sustainable tourism in the area of one destination.

This brief introduction about the existence of systems of information sciences, new economy science and rational expectations is necessary in order to understand the complexity of development problems of one area as tourism destination.

The approach to the concept and strategy and determination of goals of the long-termed development is the widest social question, so the approach to the social development as a separate development of the economic process is not acceptable. The spreading of time horizons decreases the objectivity of problem approach, and therefore the quantitative growth rate in the future gives no guarantee what will become with quality and main goals and principles if those quantitative goals are accomplished.

But, it is characteristic only for humans that they form an idea and its creation first in their minds.

The design of the economic and social development of one town or city, or one tourism region, county or whole Republic seen as tourism destinations, includes the design of goal systems of development directed towards creation of material and other assumptions and conditions for life and work of all people. This design of development has to include the projection of key resources as main means for realisation of given goals. The concept of long-termed development represents therefore the highest level of future programs, and the strategy represents methods which realise the determined concept. (B. Lokin, pag.15).

As these social systems have a number of goals subordinated to a certain hierarchy, where on the top of social goals is the main development goal of a large social system of the Republic of Croatia is positioned, in this global development policy, goals have to be included for tourism destination development.

2. RATIONAL AND ADAPTIVE EXPECTATIONS IN THE STRATEGIES OF LONG - TERMED DESTINATION DEVELOPMENT

The question is which factor of production to offer in the sense to realise the quick growth, total employment, financial stability, growth of real payments, was always a crucial question of every economy on the level of the state. The classical

perspective on production factors is changing rapidly and it is necessary to investigate the powers which change the structure of the world's economy where we are living. Which are these powers and what effects do they bring. How will these powers change the structure of economy and shape the economy competition with new rules, new strategies and new winners in such combinations, leads us to the logical conclusion that the design of current trends towards future in the same direction is probably wrong. Those basic powers change the topography of economy in our eyes" (Thurow L. C., pag. 6). Thurow sees the spectacular earthquakes and volcanos under the surface of the Earth or under the surface of economy (Thurow, pag. 7). Those new powers Thurow sees in:

- the end of communism,
- the industrial era based on intellectual strength of the humans,
- demography- growth, migrations and growing old,
- global economy,
- multiple world without the dominant power.

There is a connection between biological, social and economical systems which enter the period of "disturbed balance" with strong structures which change very slowly, but those systems when exiting the period of "disturbed balance" come out radically with different structures which begin to change slowly. In periods of disturbed balance, everything is in the process of changes: non- balance becomes a standard, and uncertainty a dominant phase (Thurow, pag. 8). The World is nowadays in the process of disturbed balance- which is the consequence of simultaneous movements of five economy sectors. At the end a new game is created with new rules which asks for new strategies. Those new powers have a mass for the theoretical cognitive moment, as powers which have created the economy crisis in the thirties and made Keynes to confront with the reality and leave the classical premises about behaviour of individuals and markets which are always in balance (sphere of microeconomy) and introduces the method of modelling is not balanced with the total employment, introducing premises about behaviour of aggregates which dictate the economy policy of the country (macroeconomy policy).

In school models of total balance, every economy unit has its own system of preferences. It means that all factors of economy decisions act rationally. The answer to the question can we presume in conditions of real scientific theory which describes the functions of economy, the existence of goals which express mutual interests of the society, function of welfare and optimisation on a social level, and it is detailed realisation because all factors of economy decisions act in a very rational way (Janos Kornai, pag. 305). The whole complexity and rational behaviour of individuals is the behaviour of live people, organisations and institutions. The behaviour cannot be satisfying formalised only in the form of function efficiency (J. Kornai, pag. 306).

The theory of economy is dedicated to investigation of equilibrarian positions. But the equilibrium is rarely perceived in real life. The observed process should move towards the equilibrium and that means towards the aim which is always moving and unreachable. We find ourselves always in the zone of antiequilibrium's behaviour (G. Soros, pag. 35). The aim of such antiequilibrium's behaviour is to understand the real world and to concentrate towards the changing process that we can sense all around

us (G. Soros, pag. 38). This seeks for changes in the system of our thinking because the process of changes is more difficult to understand than the static equilibrium (G. Soros, pag. 38). Ideas and conclusions created in advance have to be reviewed and we have to be ready to "satisfy ourselves with conclusions which are not strongly determined from those given by the theory of economy (G. Soros, pag. 38). The problem is concentrated towards the distance of the real happening and hypothetical equilibrium, and causes for such process are concentrated in participants which base their decisions on non-perfect situation perception. The situation is not defined and it is determined by personal decisions, which means the participants act according to the imperfect understanding and the actions are results of this imperfection.

2.1. "Adaptive expectations" and strategy of destination development

The scientific method is imagined to deal with facts. But, the events which have participants of thoughts are not created only from facts because participants have also to deal with the situation which is determined according to their personal decisions in order to lead participants with thoughts as elements of undetermination in the subject matter.

George Soros as one of the most successful financial managers of our time, concludes that "nothing can be more distant" from the reality than presumption that participants try to base their decisions on the perfect knowledge (G. Soros, pag. 50.). People try to anticipate the future and base this anticipation on any significant indicator. The result has always the tendency to be different than expected (imperfect knowledge) of the participant makes the position of the equilibrium unreachable. The aim towards the adaptation process is leading to, include also prejudices of what brings to the equilibrium as imagined, ideal or optimal balance. Which is the group that is perfectly selected and shows the proportions of aggregate measures and bases on averages and mathematical-econometrical models of previous and already delayed situations and measures, which have to formulate expectations for the future mostly differentiated from the past? Such expectations which are based only on historic data, no matter how far they are represented by mathematics-econometric models, are "adaptive expectations" which are basically the same as "irrational expectations" (N. Šišul, pag. 242).

The continuation gives an review of expectations of economy values on levels of the national economy, county, town or city, region which can be observed as tourism destinations or tourism localities. It is obvious that main values are dependent from variables of many parameters which determine the entire development.

The tables show the expectations and main values of the entire Croatian economy, no matter of its differences, and thereby are the statistic imagined and expected goals not realised, and while our expectations we need the maximum of rational approach which has to consider such facts, no matter how unpredictable they seem. It is obvious that the time factor determines the character of strategy which can be not only framed but also oriented.

The projection of economy growth can be realised on several possibilities no matter about the method, it should always be considered while characteristics of economy development in the past period, but also the aims and their acceptance should be considered especially in the future. As main methods for projection of economic and general development on all macro levels and that means on the level of destination too, were the administrative areas as towns, cities, regions, counties or Republic as a whole, the modelar approach is mostly used and the so called capital production growth model. This approach is also used for observation of relations and dependencies between economic values and suitable relations projected in the future.

The main weaknesses are the following:

- model is too much commercial, and the development is interdisciplinary,
- model is quantitative and pretends to be long-termed,
- model evaluates through econometry the values of development parameters and evaluation of the entire model based on data from the past.

This macroeconomics model is not used only for evaluations and estimations of future movements on the level of entire Croatian economy, but has also give contribution for evaluation of expected economic movements on sector levels, and also on lower levels on which long-termed development plans are based, and that means on levels of counties, towns, cities, regions as administrative units for tourism destinations. We give some examples:

1. Scientific foundations of long-termed development of the Republic of Croatia until year 2000.- (Institute of Economics Zagreb, 1983, pag. 183-231), which defines not only global but also sectoral relations.
2. Social planning of the long-termed development of the city of Zagreb until the year 2000- (Institute of Economics Zagreb, 1983, pag. 147-180), where we notice how much is Zagreb a tourism destination.
3. Basics of the long-termed development of the County Primorsko-goranska in the year 1995 to 2015 (abstract of the study, Faculty of Economics in Rijeka, 1996, pag. 33-39) in which the main economic model is projected, observed in parameters for the year 2015.
4. Strategy of long termed development of Crikvenica, scientific study (Institute of Economy and Organisation in Rijeka, 1990, pag. 93-126) in which quantitative elements due development planning dominate.

The comparative analysis, expectations and realisation of growth rate or the opposite rate, shows that long termed quantitative development rates and development, growth indicators are not necessary. The expectation do not show the growth trend, and they have a totally negative connotation on all levels of expectations.

The given examples give the review about representation of the product-capital model of quantitative Harrod-Domars growth model (Bogunović, Crkvenac, Sharma, pag. 315-319) in projections of expected development of all macroeconomics levels from towns, cities, regions, counties to the national economy. Although this model uses main aggregates as the social product or brutto product, fix funds (main

and the number of employed as the main values, new investments and work productivity as given values, the main remark is about the method of quantitative analysis and knowledge that long termed the quantitative element becomes more important than the qualitative through the optimal strategy.

Therefore, instead of long termed destination programs in which the quantity and development rates are observed, it is better to give the analysis of development possibilities and accept some already known principles of economy development on which basis will all actions be evaluated while development, bring proper decisions and find management solutions.

The most important goal of development of tourism area, whereby all other strategic long termed goals should be subordinated, has to contain a qualitative jump which has the man, citizen of a tourism destination in the centre.

According to the fact that the time-limit factor gives the character of the strategy, the qualitative element is more important than the quantitative element.

This characteristic of the strategy of long termed development and its orientational character, shows the way and period in which we should accomplish the goals. (B. Lokin, pag. 15). It is obvious that projections of long-termed development base on product- capital or econometric model, and give no good results to our expectations, but they have to be based more on the theory of rational expectations and systematical research. It is obvious that new and more complicated models ask for new methodology of research which is more superior than previous which based its research mostly on analytical approach. Specialistic knowledge and experts have reopened the problem of isolation and closing into frames of speciality which speak the same language. The problem of isolation represents a major difficulty, because according to it there can be made no development movement forwards. Not enough wide cognition of irrelevant information necessary for rational making decisions and "rational expectations" represent in the Croatian society one of the main reasons for enabling the development.

CONCLUSION

Expectation based on historic facts, no matter of their representation in mathematics-econometric models presented in numerous studies of towns, cities, regions, counties to the national level (as tourism destination), are "adaptive expectations" what is the same as irrational expectations", and cannot be used while development.

Therefore it is better to give the analysis of development possibilities and accept some general principles of economic development on which basis will the entire process be evaluated, brought proper decisions and give management solution, instead of long termed development programs for destinations with already given rates.

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Sažetak

STRATEGIJA RAZVOJA DESTINACIJE

Autor izučava pristup koncepciji, strategiji i ciljevima dugoročnog razvoja turističkih destinacija i zaključuje da očekivanja koja se baziraju isključivo na povijesnim podacima ma koliko ih pokrivali sa složenim matematičko-ekonometrijskim modelima prisutnim u brojnim studijama razvoja od grada i općine, preko županije do nacionalne razine (kao turističkih destinacija) jesu "adaptivna očekivanja" koja u suštini nisu upotrebljiva u pristupu razvoju.

Ključne riječi: strategija razvoja, adaptivna očekivanja, destinacija, turizam.