The Importance of Stakeholders and Policy Influence Enhancing the Innovation in Nature Based Tourism Services  Greece, Austria, Finland and Romania Case Studies

Carmen Năstase¹, Carmen Chaşovschi², Mihai Popescu³, and Adrian Liviu Scutariu⁴

Abstract: This paper aims to illustrate in the context of the challenges of the Europeanization process what kind of co-operation models there exist between nature-based tourism companies and the critical stakeholder groups effecting the business activities and social sustainability of the companies. The following topics are part of our current research: which are the cooperation strategy; which are the management models applied in countries with competitive market and strong innovation policy; which are the costs of implementing innovation policies for co-operation strategies enhancing the innovation in nature based tourism services; which barriers avoid the entrepreneurship development and how innovative can be the firm management.

We intend to analyze the importance of stakeholders and policy influence enhancing the innovation in nature based tourism service, in Greece, Austria, Finland and Romania case studies. The research will continue with a comparison between these cases, including the perspective of supporting entrepreneurship and regional competitiveness in Romania.

Keywords: cooperation, innovation and development policies, stakeholders, supporting entrepreneurship, tourism services

JEL Classification: L83, L84, R11.

1. Introduction

Nature-based tourism is a growing industry sector providing new kinds of sources of livelihood to the rural areas to diversify the traditional economics. It can broadly be defined as tourism, with main activities related to nature (Saarinen 2001). The income generating form nature tourism typically remains in the rural regions and nature-based tourism also usually requires strong local knowledge base. These characteristics make it especially interesting in respect of rural development aspirations. The main research question is: How does the pattern of innovation in Romania nature based tourism industry compare to that of Greece, Finland and

¹ Associate Professor PhD. at The Ștefan cel Mare University of Suceava, 13, Universității St., 720229 Suceava, Romania, Tel: +40 230216147 ext. 294, e-mail: carmenn@seap.usv.ro
² Associate Professor PhD. at The Ștefan cel Mare University of Suceava, 13, Universității St., 720229 Suceava, Romania, Tel: +40 230216147 ext. 540, e-mail: carmenc@seap.usv.ro
³ Lecturer PhD. at The Ștefan cel Mare University of Suceava, 13, Universității St., 720229 Suceava, Romania, Tel: +40 230216147 ext. 540, e-mail: mihaiip@seap.usv.ro
⁴ Assistant PhD. Student at The Ștefan cel Mare University of Suceava, 13, Universității St., 720229 Suceava, Romania, Tel: +40 230216147 ext. 297, e-mail: livius@seap.usv.ro;
Austria and how can potential differences be explained? The research question can be stated in the following more specific objectives:

- To examine what type of innovation the companies are focusing on in their efforts to develop their business
- To uncover and compare the main barriers and facilitators of innovation in the nature based tourism industry in Romania and Greece, Finland and Austria.

This paper aims to illustrate, what kind of co-operation models there exist between nature-based tourism companies and the critical stakeholder groups effecting the business activities and social sustainability of the companies.

2. The Importance Of Stakeholders Enhancing The Innovation In Nature Based Tourism Services - Theoretical Considerations

Innovation can be seen as first attempts to bring new ideas for a product or a process out into practice. Schumpeter defined innovations as new combinations of existing materials and forces and distinguished between different types of innovation: new products, new methods of production, new sources of supply, the exploitation of new markets and new ways to organize business (Schumpeter, 1961).

Innovation in the tourism industry has certain characteristics different from innovations in other sectors. The innovative activity in services tends to be a continuous process, consisting of a series of incremental changes in products and processes. This can make the identification of innovations in services more complicated, especially as the innovations to a large degree is characterized by change in behavior rather than more clear-cut technological changes. The direct contact between employee and customer is often what triggers quality demands and innovative processes in the service industry.

In their operational environment the tourism companies from the rural area have different kind of stakeholder groups influencing the scope of action and its development. As a stakeholder can be defined any group or individual who can affect or is affected by the achievement of a corporation’s purpose (Freeman 1984). The impact and influence mechanism of to business environment vary depending on the type of stakeholder group.

Tourism firms from rural area relied on a stable core product (often based on the assets of a particular location) as the cornerstone to their success. However the firms modify their products and services in response to changing customer demands, other external influences and management drive.

The influence these stakeholders have to companys’ activities can be direct or indirect. Frooman (1999) has divided the stakeholder influence between local company and stakeholder group based on the resource dependence. If the company’s dependence on the stakeholders’ resource e.g. in case of nature tourism forest land,
is high, more likely direct influence mechanisms are used in the co-operation and interactions between the company and stakeholders.

Nature-based tourists can be thought of as belonging to one of several groups:

- the active/consumptive—fishing, hunting and crabbing;
- consumptive/passive—beachcombing;
- nonconsumptive/active—hiking and canoeing; or
- nonconsumptive/passive—guided birdwatching and photography tours.

The companies have developed if they find the niche innovations: promote the entry of new entrepreneurs to exploit business opportunities; encourage firms to enter new marketing alliances; combine existing products in new ways.

The successful co-operation with the different stakeholder groups has found to have clear connections on the company’s business performance and its development. Bryson (2004) also highlights that it is important to find ways to satisfy the key stakeholders at least minimally according to their own criteria for satisfaction. Therefore it can be said that the stakeholders do have a significant role also in the innovation processes. This brings out the need for entrepreneurs to be able to understand the stakeholder’s point of view, not only their own agenda.

The stakeholder groups are unique for each company and its actions based on e.g. location, line of business, customer base etc. They are also very multiplicity and form a very complex network (Neville and Menguc 2006). In many cases it is impossible to satisfy fully all the stakeholder groups. According to Mitchell et al 1997 the critical attributes in defining key stakeholders are power of the stakeholder, legitimacy of the stakeholder concerning the stake and urgency, the stakeholder claims attention to his claims from the entrepreneur.

The companies have developed different various co-operation models, either strategically considered or unconscious, in order to sustainable co-operate with different key stakeholder groups. In this paper by using cases throughout Europe, it is illustrated, what kind of co-operation models exist with the most critical stakeholder groups in order to reach the local acceptance for the business activities and maintain and develop their innovations further.

3. **Policies Supporting Innovation In Nature Tourism Sector**

In EU, national and regional levels there are massive amount of different policy documents in different levels highlighting the need to improve the competitiveness of different regions in Europe. All these are in line with the basic EU statements like the Lisbon strategy. Enhancing innovation is one of the key elements in improving the competitiveness. In operational level, various policy and development instruments as well as actors are related to the innovation environment of rural SMEs, and enormous amount of money is used to achieve these goals. In the respect of nature-tourism, which is typically very cross-sectoral in nature, in theory
several different policies, both sectoral and horizontal, are linked to innovation in this sector. In European level one of the most important one providing also practical measures for the sector is Rural Development Policy, nature tourism being a typical industry sector in rural areas. In all European countries a rural policy programme has been initiated in line with EU programme. Similarly in all countries also a regional development policy has been launched in order to enhance the competitiveness of the regions and it effects also to the operational environment of nature-based tourism. As other related general level policies can be seen forest policy and environmental policy, as these policies influence to the use of nature resources. In addition in some countries partly the innovation policy as a separate policy sector provides support to tourism and nature-tourism sectors.

There has been constant critique presented towards policy and support instruments, debate on their effectiveness and whether they actually target to the right problems and provide assistance in overcoming them.

The attempts of coordination and integration of policies has lead by two basic approaches: vertical (intrasectorial) and horizontal (intersectorial). Vertical approach describes coordination and integration of policies on international (European), national, regional and local level within one sector. Horizontal approach on the other hand features coordination and integration of policies between the sectors on one political level. In reality those two approaches are combined and it is not possible to clearly distinguish the direction of coordination and integration of policies. This sets even more challenges to be able to combine and utilize all relevant policies in innovation promotion in a relevant way.

Both vertical and horizontal policies have been combined, when the approach of regional governance is taken to the political discourses. Regional governance also connects the political discourses to rural development. It is seen as an inter-sectoral co-operation through regional networks and partnerships encompassing both a horizontal and a vertical dimension in the form of regional partnerships and networks and such between the regions and higher political levels. Regional governance also enhances the responsibility of the regions in terms of political co-ordination and decision-making and implies increased self-steering abilities of the regions.

In the other words regional governance highlights the role of successful networks (non-hierarchical political units, based on social contacts and communicative relations) and co-operation as vital part of policy involvement in innovation process especially in conditions that are typical in remote rural regions. These are also the regions that could benefit the most from new successful nature-based tourism initiatives. The critical networks and co-operation partnerships can be seen to be formed from different types of stakeholders relating to the innovation initiatives.
4. Methodological Approach

In this study interpretative and descriptive perspective was adapted for studying the co-operation relationship between the nature-based entrepreneurs and their key stakeholder groups in innovation processes. This kind of qualitative approach is well justified choice in order to understand any phenomena about which little is yet known (Strauss & Corbin 1990). As the approach to the innovation process has been chosen case study – approach. The cases are designed as innovation cases on enterprise level. The innovation carrier can be either private or public actor. A case study is considered to be an appropriate research strategy to investigate contemporary phenomena within their real-life context especially when the boundaries between the phenomena and the context are not clearly evident (Yin 2003; Perry 1998), like typical when investigating an innovation process.

Many tourism businesses gain their initial competitive advantage from the location in which they are found or the idea on which they are based. In these cases the initial idea is the “radical” innovation that forms the basis of the business. The empirical data consist of case studies from 4 different European countries: Greece, Austria, Finland and Romania, providing representative collection of cases each representing a different institutional setting with regard to access to forest land, innovation support system and forest ownership.

Starting from 2003, the difference from the innovation levels of the European Union and, respective of the United States, is going lower from one year to another, according to the report „European Innovation Scoreboard 2009”.

The EIS 2009 includes innovation indicators and trend analyses for the EU27 Member States as well as for Croatia, Serbia, Turkey, Iceland, Norway and Switzerland. Based on their innovation performance across 29 indicators, EU27 Member States fall into the following four country groups:

- **Denmark, Finland**, Germany, Sweden and the UK are the Innovation leaders, with innovation performance well above that the EU27 average and all other countries. Of these countries, Germany and Finland are improving their performance fastest while Denmark and the UK are stagnating.

- **Austria**, Belgium, Cyprus, Estonia, France, Ireland, Luxembourg, the Netherlands and Slovenia are the Innovation followers, with innovation performance below those of the Innovation leaders but close to or above that of the EU27 average. Cyprus, Estonia and Slovenia have shown a strong improvement compared to 2008, providing an explanation why these countries have moved from the Moderate innovators in the EIS 2008 to the Innovation followers,

- **Czech Republic, Greece**, Hungary, Italy, Lithuania, Malta, Poland, Portugal, Slovakia and Spain are the Moderate innovators, with innovation performance below the EU27 average. The EIS 2009
Moderate innovators are a mix of 5 Member States which were Moderate innovators in the EIS 2008 and 5 Member States which were Catching-up countries in the EIS 2008.

- Bulgaria, Latvia and Romania are the Catching-up countries with innovation performance well below the EU27 average. All three countries are rapidly closing their gap to the average performance level of the EU27, and Bulgaria and Romania have been improving their performance the fastest of all Member States.

**Figure no. 1 - Summary innovation performance EU27 Member States (2009 SII)**

The economic crisis may lead to a reversal of the convergence between EU27 countries in innovation performance. The 2008 European Innovation Scoreboard showed a clear process of convergence between EU27 Member States. The 2009 Scoreboard does not capture any possible impacts of the crisis, as most data come from 2007 and 2008. However, data from the 2009 Innobarometer survey suggests that the rapid advances in innovation performance made in many lower performing countries may not be maintained, at least in the short term, due to the severity of the economic crisis.

The sampling of the interviewees was made by a purposive sampling in order to ensure manageable and informative data (Patton 2002). The case study descriptions follow innovation, customer and customer needs, market and competition situation, description of organization, innovation process, innovation tools and methods, innovation environment, partners, innovation services, how to benefit the innovation (capture) business concepts, protection, marketing, production and delivery, management, future development, and other needed descriptions. An important questions was how did influence the present economical world crisis the enterprise. In every case study we made the SWOT analysis of the enterprise’s innovation ability. An important aspect are the problems and challenges, fostering
The Importance of Stakeholders and Policy Influence Enhancing the Innovation in Nature Based Tourism Services – Greece, Austria, Finland, and Romania Case Studies

143

and impeding factors it is of special interest, what challenges were faced, what problems had to be solved, and what lessons were learnt in course of the innovation process. The analysis should finally identify the fostering and impeding factors in the innovation process.

The themes were chosen to cover the critical aspects relating co-operation networks of nature based tourism services, especially focusing on mapping out the critical stakeholder groups and their management. The main themes of the interview guideline were:

- The history and implementation of the innovation process
- The most important stakeholders in the innovation process
- The critical aspects concerning the cooperation with the above mentioned groups within the innovation process
- The importance of local level actors in innovation process
- The role of public policies and actors in the innovation process

The data was analyzed by using analyst-constructing typologies, in which patterns, categories and themes are looked for from the data and based on these, typologies are formed (Patton 2002). For this purpose a common analyzing framework was created. Typologies are built on ideal types or illustrative endpoints rather than complete and discrete set of categories and they provide one simple form for presenting the qualitative comparisons (Patton 2002). Unlike classification systems, typologies do not provide decision rules for classifying. Instead, typologies usually identify multiple ideal types, each of which represents a unique combination of the attributes that are believed to determine the relevant outcome.

All the cases, even though representing different nature tourism activities, represent new innovative form, in a form of private company or wider network of actors. Common to all cases are several critical stakeholder groups without whose support the activities could not have been established or maintained.

“Almliesl” – Marketing of forest cottages for tourists, Austria

The carrier of the innovative marketing initiative is a regional unit of the Austrian Federal Forests. The innovation was to renovate and lease 12 traditional forest houses and hunting cottages to tourists. In a first phase the project experienced severe troubles because of uncontrolled costs, a missing business plan, internal and external communication failures, and because some activities were in conflict with the land-use law. In a second phase, a new manager of the forest holding reorganised the project and the marketing was handed over to a tourism agency, which offers quality country cottages in Austrian mountain provinces under the brand “Almliesl” and included the 12 objects in its programme. The demand is high, especially in the winter season, as there is a well-known ski resort in close proximity. Due to the success of the second phase, there are plans to expand the tourism activities slowly and carefully after the consolidation of the situation. Lessons learnt are, among others, that an active cooperation/networking with different kinds of stakeholders is
crucial for the success of such tourism projects, including staff and company units, neighbours, business partners, and authorities.

**Horse back riding tours in Finland**

The private company, Kainuun vaellustalli, organises Iceland horseback riding tours in Finland mainly in private forest areas. The base for the operations is the home farm of one of the partners of the company. The company organises tours around year on daily basis year and has managed to find successful additional source of livelihood for rural region as well as managed to utilise the customer base of bigger tourism companies in the remote region. Also they have managed to negotiate successfully with several private non industrial forest owners (up to 100) to be able to establish riding routes big enough for their activities being the only horseback riding company in the region.

**Dorna Adventure, Romania**

Dorna Adventure is a private company initiated by two partners started by providing boats rides on Bistrita River and expanding later to mountain climbing, paint ball, horse back riding tours and courses and mountain biking. All activities are developed in nature, and the firm utilizes only equipments that don’t endanger the environment. The innovativeness of Dorna Adventure, is to offer something unique in the forest area and developed prerequisites for that. As regarding the opportunities that for the enterprise in long run it is essential to collaborate with the private and public actors even more than they have done in the past. The enterprise confronts with the existing rivers pollution that destroys the beauty of the place as well as economical aspects of the micro company benefit from strong co-operation.

**Zagori area in Greece**

Zagori is an example of a rural, mountainous area which is located within the borders of a national park and, in the same time, is one of the most popular tourism destinations in Greece. Zagori is surrounded by high mountains, deep gorges, rivers and mountain lakes. All these natural elements host a very rich biodiversity in terms of flora and fauna. The region of Zagori constitutes, at the same time, one of the most original and well preserved mountainous areas in the country. The built environment of this area is also unique, with local architecture being deeply influenced by tradition and the natural environment. The preservation of the authentic character of the built environment in Zagori is required by law, since all buildings in the area must be constructed with the use of local materials and in compliance with the local architecture (WWF-Greece, 2000). The need to protect the natural environment of Zagori was recognized already since 1973, with the establishment of the National Park of Vikos – Aoos (WWF-Greece, 2000). The existence of the National Park makes Zagori very suitable for the development of ecotourism and rural tourism, which have the potential to become the main drivers
of sustainable development in this area. This does not only imply more efficient environmental protection but also economic prosperity and improvement of social cohesion of the local community.

The stakeholders that play a key role in the process of ecotourism development in Zagori can be divided into national, regional and local. The most significant national stakeholders are the governmental agencies and institutions related to issues of tourism development, in particular the Ministry of Tourism and the Greek National Tourism Organisation. The main role of these actors is to create the general institutional background and provide the policies needed for tourism development. Further, they are expected to provide financial support, as well as technical knowledge and expertise to the local community for the successful implementation of ecotourism projects. The office of WWF in Greece is another stakeholder operating on the national level, but is mainly exerting its influence through the local office of Papigo, in Western Zagori. The principal role of this actor in this particular area is to promote conservation together with sustainable development, as well as to raise environmental awareness both within the local community and among the visitors. Its specific role within the context of ecotourism development is providing guidance, education and training, technical expertise and, perhaps, some financial support. On the regional level, the most significant stakeholders are the regional authorities and development agencies.

Given the variety of tourism stakeholders in Zagori, ecotourism planners and managers should keep in mind that, dissimilar or even contradictory opinions about the way ecotourism should be planned and managed might occur, especially in the beginning. Nevertheless, this should not be seen as a source of discouragement, but as an opportunity to bring together all stakeholders and promote constructive dialogue and fruitful interaction among them. It is crucial to create since the beginning the grounds for an open exchange of viewpoints, which will help all parts understand that ecotourism development requires joint efforts and active participation from all sides.

5. Analysis And Results

When studying the co-operation between the innovation carrier and the stakeholder groups, the co-operation types were further analysed based on some characteristics, which were emerged from the data to represent the typical characteristics of the co-operation:

Role of Informal Networks
All tourism case study firms were involved in local networks of tourism industry operators. While these provided important links through to customers and alerted them of trends in visitor numbers, they provided little in relation to
innovation. The important innovation networks reached outside the local area in which the firm operated.

**Formality of the co-operation relationship:** the relationship between innovation carrier and stakeholder group were divided into formal and informal relationship. In the formal relationship typically written contracts were issued and even some compensation can occur, when the informal relationships were based on verbal informal agreements or interpretations of discussions.

**Communication between innovation carrier and stakeholder:** in this study the style of the communication between innovation carrier and stakeholder group was analysed based on: its regularity and forums in which it was conducted. Based on these attributes, the co-operation was divided into official communication and unofficial communication. In official communication, the communication between parties is regular and can happen based on formal meetings related to business actions and/or agreements. In some cases even minutes of the meetings are made and distributed to the participants.

**Form of co-operation:** the co-operation was analysed further in details by using concept pair unisectoral and cross sectoral co-operation. Cross-sectoral co-operation is seen as co-operation between the different sectors i.e. the innovation carrier represents a different sector than the stakeholder group and the co-operation occurs between more than one industry sectors. However a tourism sector has been seen as one sector including catering, accommodation etc. Unisectoral co-operation happens within one industry sector.

**Regionality of the co-operation:** based on the geographical level of co-operation, the co-operation happening within regional partnerships has been identified as co-operation happening within region or local level and in local networks. On the other hand the partnerships between the region and higher levels e.g. in a form of political levels, national actors etc. has been referred as wider cooperation.

We should take into consideration the specific natural, socio-economic and cultural particularities of a region or country in order to be successful. It should also be developed in close collaboration of all tourism stakeholders and interest groups, such as the State, tourism agencies and institutions, the tourism industry, host communities, NGOs and academics. In addition, credibility and transparency seem to be very critical features of any certification scheme. This is because lack of credibility and transparent procedures is translated into low acceptance both within the tourism industry and among consumers. Further, the international experience from the implementation of different tourism certification programmes has shown that the optimal solution for approaching the goal of tourism sustainability would be adopting certification systems that combine environmental management systems with performance criteria. Finally, if tourism sustainability is to be attained as a whole, certification programmes should not only focus on the environmental aspect,
but also attribute sufficient importance to social and economic issues that are critical for local communities in every case.

6. Conclusions

In today’s world, tourism is a key source of income in many areas. It is a spearhead of regional development, and in coming years is expected to contribute actively to the diversification of economic structure and the employment challenge across the whole of Europe. But many tourist enterprises are small and lack financial muscle. Quality improvement, upgrading the numbers of rooms, product development and diversification are all examples of activities that can be funded.

In all cases there were found both organised and informal co-operation types, when establishing and maintaining the critical co-operation for each innovation case. In general the organised approach was applied into co-operation with so called business partners and informal approach was used in establishing and maintaining the local level stakeholder co-operation.

When focusing to enhancing the innovation in nature-based tourism sector, the horizontal policy measures have especially important role. This brings also out an interesting question related to various innovation support schemes implemented in EU, national and regional levels.

Tourism development commonly has been advocated as an alternative to traditional natural resource-based economic development, such as timber production, agriculture or mining. Recently, many advocates of tourism have promoted seemingly new tourism concepts, such as nature-based tourism, ecotourism, and sustainable tourism, among others. These forms of tourism are promoted as an environmentally safe way for rural communities to generate income from natural resources. They are advocated particularly in developing countries because most of them possess a comparative advantage over developed countries in their ability to provide relatively pristine natural setting. Affluence, education, and environmentalism, all contribute to increasing visitation to wild lands and generate income for local communities through the expenditures of tourists such as those for lodging, transportation, food, guides, and souvenirs. Demand for these new forms of tourism, it is argued, arises from increased concern or interest in unique and fragile ecosystems and a growing desire to travel to new and different places, and an increasing number of people who have the financial means to do so. Research interest in these new forms of tourism has surfaced partly because of decreasing timber harvests and increasing recreation on national forest lands and the resulting impacts of these changes on local economies.

REFERENCES
18. *** European Innovation Scoreboard 2009