Can culture and tourism be the foothold of urban regeneration? 
A Croatian case study

Abstract

Following the theoretical discussion on changes in the development paradigm of cities in the post-industrial society, on the strategic implications of urban regeneration and the interrelations of culture and tourism in those processes, the paper presents a conceptual model which provided a basis for the empirical verification of assumed links and relations between the concepts under scrutiny. The possibility of relating cultural and tourism strategies in the process of regeneration of Croatian cities was analysed by application of structural equations modelling. The assumption that cultural strategy based on flagship cultural projects cannot be related to tourism development strategies in Croatian cities has been verified. Furthermore, the estimated parameter have pointed at the existence of a direct positive correlations between the strategies promoting the development of cultural districts and similar projects, which are integrated into the general city development strategies and the tourism development strategies relying mostly on the small and medium-sized entrepreneurship. Apart from the empirical research an analysis of the cities' strategic development documents showed the growing prevalence of the approach in which culture is considered to be a powerful entrepreneurial resource for the development of small entrepreneurship, especially through tourism and related industries. In the light of detected problems, recommendations on further research have been proposed in the area of urban planning and urban management.

Key words: culture; tourism; urban regeneration; strategies; Croatia

Introduction

The rise of interest for the urban management and planning research in the recent decades has significantly changed the approach to spatial, social and economic phenomenon of urbanization. Cultural analyses have become an integral part of urban theory and culture an important factor in the interpretation of structural changes in society. Much of the contemporary analysis is focused on the multiple restructurings consequent upon, and contributory to, the major economic, social, political and cultural shifts linked to the contemporary condition. How ‘old’ industrial cities can regenerate their economies, the problems of the historic cities’ centres, the role of urban marketing, public–private partnerships, the need to decentralize and empower citizens, the shift towards deregulation and liberalization have become common concerns of contemporary urban restructuring (Paddison, 2001).
It is now evident that urban problems should be considered in the broader context of national and international economy and that a new form of intervention in inner urban areas is required. It has to be different from the traditional and limited approach based solely on the renewed physical development and, instead, address wider range of social and economic issues (Couch, Sykes & Börstinghaus, 2011). This new approach, known as “urban regeneration”, can be defined as a “comprehensive and integrated vision and action which seeks to bring about a lasting improvement in the economic, physical, social, and environmental condition of an area that has been subject to change.” (Roberts, 2000, p. 17).

Urban problems in contemporary cities are complex and, in general, result of a number of interrelated causes of different nature and origin. They may directly affect the community life as well as the competitiveness of companies and the city as a whole. According to the Priority Action Programme Regional Activity Centre’s (2004, p. 7) report, many cities, especially those in transition countries, are facing the problems of: degraded and over populated city centres needing complex urban renewal and redevelopment; under-utilized urban land on potentially most valuable locations (waterfront and harbour areas); declined or abandoned industrial or military areas as a result of economic restructuring and global deindustrialization and peripheral, illegally built residential areas of poor standard lacking efficient infrastructure and open spaces.

Taking into account the complex nature of cities and their contextual diversity, it appears impossible to deal with urban problems by applying a single solution. Thus Griffiths (1995) identified factors that determine the choice urban regeneration strategies: the city’s current position in the regional urban hierarchy, recent experiences of economic and industrial restructuring, the underlying political culture of the city, the political priorities thrown up by the city’s changing social structure, the pattern of artistic/cultural organization, the opportunities made possible by local administration and the availability of governmental and other funding sources.

Among a number of possible urban regeneration strategies, culture and tourism based ones have become the focus of interest of, both, urban planners and managers and academics. This research tends to give a contribution to the ever growing body of knowledge associated with these issues. In this context the main purpose of the paper is to highlight the role and the interrelatedness of culture and tourism in the complex processes of urban regeneration.

**Literature review**

Given the aim of this paper the literature review is, essentially, divided into two parts. In the first part the broader context of culture-led urban regeneration is provided offering insights into main strategies adopted in the process together with their advantages and disadvantages. From there, the second part of this section is focused on the relationship between culture and tourism in the process of urban regeneration where tourism strategies have been explained using Hudson’s production and consumption strategies (2002, pp. 229-240) as a frame.

**How to regenerate cities by culture?**

The role of culture in the process of urban regeneration is complex and multi-layered. Its effects can be observed in spatial, economic and social domain (Evans, 2005). As the concept of culture is complex by
itself, so are the modalities of its evaluation diversified and, often difficult to measure. This is reflected in the research about the role of culture in urban regeneration where two opposed approaches can be distinguished. The one is characterised by descriptive and non-critical case studies, while the other is markedly critical although often without empirical basis (Evans, 2005, p. 965). Most often, criticism refers to gentrification effects related to the regeneration based on major prestigious projects where, often, economic goals prevail (Bianchini, 1993; Lim, 1993; Smith, 2003; Evans, 2005; Čaldarović & Šarinić, 2008). These projects are mainly located on sites which, as a result of urban restructuring, have lost their original purpose, but still offer potential for profitable activities in the post-industrial urban economy. These are generally developed through public-private partnership, often having multi-purpose functions: business premises, tourist services and residential spaces (Lehrer & Laidly, 2009, p. 799). For instance, large projects of renewal of the city of Bilbao had a huge impact on the city’s image, on the real estate market and the local economy. It has been estimated that physical transformation through the property development has caused chain reactions and generated additional benefits for the neglected districts, by raising their attractiveness, increasing the value of property and by stimulating new developments (Bianchini, Dawson & Evans, 1992; Loftman & Nevin, 1995; Gonzalez, 2006; Plaza, 2006).

Still, many authors express their doubts in projects like this one, in particular with respect to fostering development and distribution of benefits. Bianchini et al., (1992, acc. to Temelová, 2007, p. 171) warn that property-led regeneration and investments into large projects may even have a negative impact on local businesses and community because of increased rental fees and land value. Likewise, these regeneration models may lead to gentrification and segregation processes, as the growth in renewed districts may be followed by recession in other urban areas, which can only increase the existing social differences. Loftman and Nevin (1995) claim that this approach has stimulated city “fragmentation” by developments aimed only at certain areas, and that prestigious projects are exposed to the volatile national and international real estate market, thus not providing a sound foundation for generating a stable and sustainable local economic regeneration. On top of that, they argue, the competition for private investment between the cities may lead to serial replications of certain projects, and this imitating process to creation of standardized urban spaces. Examples of this are so called ‘flagship’ museums that appeared over the past decades with the growing significance of culture and tourism in post-industrial cities. With the spectacular design these museums have induced the growth of a new form of cultural spending which includes architecture, arts and spectacle. Museums such as the Guggenheim Museums in New York and Bilbao, the Getty Museum in Los Angeles, Musee d’Orsay in Paris, the new Tate Modern in London, are all examples of museums that have influenced a new form of urban spending culture (Hamnett & Shoval, 2003, p. 10). The paradox of mega cultural projects, being that form becomes more important than function (Evans, 2003, p. 431), results from the fact that, quite frequently, only the design and aesthetic impact of the structure are appreciated, whereas the purpose and operational function remain in the background.

Among researchers in the area of cultural economics over past couple of years there has been a significant growth of interest in clusters as the new alternative models of urban cultural development. The combination of cultural functions and activities, from production to presentation and consumption, from classical to pop culture and new media, groups them together into a whole range of different spatial forms. Some initiatives refer only to cultural activities, but most of them involve varieties of
different and complementary offerings related to leisure and entertainment, with the basic goal of boosting the identity, attractive power and market position, while at the same time promoting the "entrepreneurial" approach to culture (Mommas, 2004, pp. 517-524).

While this approach is encouraging, in many discussions on urban and cultural issues, innovative management strategies, creative cities (Landry, 2000) and the ways of attracting the 'creative class' (Florida, 2002), some authors (Blessi, Trembl, Sandri & Pilati, 2012; Sacco & Crociata, 2013) emphasize that the regeneration of urban areas arising from culture-driven strategies should be based on projects and initiatives that are fully integrated into a given socio-economic context involving all stakeholders. Hence, Sacco and Crociata (2013) argue, only a deeper understanding of the complex exchanges of cultural and economic values and a proactive and participatory approach can allow culture to achieve a real significance in the long-term development models.

Interdependence of culture and tourism in urban regeneration

The institutional and spatial settings of regeneration varied over time and between various places, reflecting the priorities set by politics, management models and actions. Whereas most of the urban regeneration efforts in Europe in mid-1980s were focused on individual problems of space and small areas, the emphasis in late 1990s was shifted to regional and local levels, being focused on community and "soft" infrastructure or, in other words, on people rather than on space (Roberts & Sykes, 2000). The emphasis was on an integrated approach to regeneration and introduction of a strategic perspective based on a broader idea of sustainability and promotion, in particular, the development of partner relationships. This kind of approach is also applied in tourism destinations where relationship between tourism and other economic activities is a crucial developmental issue.

The available literature offers several typologies of urban regeneration strategies based on cultural initiatives and projects. For instance, Grodach and Loukaitou-Sideris (2007) discuss three basic types of urban regeneration strategies: a) entrepreneurial strategy aiming for the economic growth through tourism, improvement of the image of a city as a tourist destination and a place attractive to investors, venturesome residents and tourists; b) strategy of creative class with its goal being economic growth through improved quality achieved by the "creative" economy, targeting potential and existing residents, but also young and educated professionals and c) progressive strategy that, at its main goal has the community development, education in arts and local cultural production, its target group being local population. Progressive cultural strategies tend to provide a broader approach and participation in arts, support to the local cultural production, local heritage and culture, identity of the community and revitalisation of abandoned city districts.

Similar typology is offered by Griffiths (1995): "integrationist strategies", focused on boosting of identity and recognisability of the urban community; "strategies of cultural industries" which emphasize the need to diversify local cultural offerings and cultural production as cities' growth potential, and finally the "promotional or consumerist strategies" with the ultimate goal of attracting tourists and investors for major projects of physical renewal of central city areas.

Finally, Evans and Shaw's typology (2004) developed with respect to their effects of urban regeneration also distinguishing three types of strategies: a) "culture-led regeneration", where culture is the driver
of regeneration and a catalyst for further development of the cities. The emphasis is put on major culture projects and programmes such as: ‘flagship’ projects, construction or re-allocation of industrial heritage, initiating projects aimed at city re-branding (festivals and other events) and economic growth, primarily based on tourism as an economic activity; b)”cultural regeneration” where cultural activities are fully integrated into spatial, social and economic spheres such as cultural districts, cultural clusters and similar projects which are integrated into the city development plans, being part of a broader development strategy and c) ”culture and regeneration”, where cultural activities are being observed separately from city’s development strategies; cultural initiatives and projects (such as a public art programme, a heritage interpretation or local history museum) are often managed by individuals and/or associations, being of limited influence. For the purpose of this research, the typology developed by Edwards and Shaw (2004) will be applied because of the very precisely emphasized role of culture and potential projects leaning on each type of cultural strategies, but also because of the possibility of correlation with the strategies of economic or tourism development.

The idea of tourism as an urban development strategy has appeared in 1980s when most of the cities experienced crisis of traditional industries and have to look for alternative urban development strategies. Before that cities were mainly seen as centres that generated tourism demand towards nature and “sun-sea-sand” destinations. In a response to urban economic crisis the cities became again the centre of interest, but this time as powerful receptive destinations with their attractiveness based primarily on culture and cultural resources. This process has become almost universal in the developed world (Bianchini & Parkinson, 1993; Law, 2002; Smith, 2003; Page & Hall, 2003; Smith, 2007).

Law (2002) warned that, within urban development policy, the broader benefits of tourism should be recognised. Tourism requires costly investments into physical infrastructure but most of it has benefits for the local community and business sector as well. Engaging in activities related to tourism and tourism promotion is likely to raise the profile and visibility of the city which will then be of assistance to those engaged in its economic promotion. Many of the functions which could be expanded at least because of the desire to attract tourist, such as culture and sport, are helpful in persuading potential residents, such as business professionals and executives, that the city is a good place to live and work in. There is likely to be an overall rise of economic activities that are directly and indirectly connected with tourism, while the regeneration of the city zones and monuments and the arrival of new visitors will also increase civic pride. Despite the critics against tourism as a development strategy in favour of manufacturing industry (such as dominance of low-paid seasonal jobs, neglecting the residents’ needs for the purpose of fulfilling tourists’ requirements, congestion, etc.), one cannot neglect global trends of tertiary sector development within which tourism seems to be one of the most important activities (Paskaleva-Shapira, 2001).

However, because of the tourism fragmented nature and varying levels of interest of public and private sector as well as of a local community, it is one of the most difficult “industries” to plan. Apart from the necessity of adjusting the interests of private and public sector institutions when creating tourism strategy, even more significant issue is how to reconcile their interests with the needs of the local population. The interest for the role of the local community in tourism development has been rising ever since Murphy wrote his famous work on community approach in tourism development (1985) up to the latest works by researchers such as Simmons (1994), Chen (2000), Timothy (2002), Sofield
(2003), Andriotis (2005) and others. Eventually the same as with the cultural strategies, there is no universally applicable strategy of tourism development in the cities but some common principles can be recognized. Moreover, tourism (much like the culture), being deeply embedded in the local development cannot be observed outside the wider development framework.

Hudson (2000) offers a typology of development strategies of urban regeneration in relation to the limits set by the national regulatory framework and the extent to which each strategy presuppose particular localized forms of cultural change and innovations. Hence, using Hudson’s production and consumption strategies (2002) as a frame, the role of tourism has been explained in each of them. The first type are production strategies aimed at small and medium-sized manufacturing enterprises. Economic transformation of the old urban industrial areas is seen through the fostering of an enterprise culture, centred on new small firms and self-employment. Tourism, as a heterogeneous and multifaceted activity might fit well into such entrepreneurial culture and provide lot of opportunities for self-employment. The second type are production strategies based on attracting large corporations, i.e. on economies of scale. An alternative solution, with different implications in terms of cultural and institutional change, is to seek to create new economy around the branch plants of multinational companies but in different industries from the old ones. Specific utilities and transport infrastructure is built for large companies. Although tourism is not a priority activity, large multinational hotel companies establish their headquarters. It is followed by a growing number of visitors, primarily business tourist, but in a due time the other tourists are also coming. Consequently the city is investing in new attractions. Given the trend of the economy tertiarization, in some deindustrialized old industrial areas, attempts have been made to identify potential service sector activities that may be developed here. Thus the heritage of deindustrialisation is not to be completely cleared away but is selectively preserved and transformed into the basis of employment and economic activity. These, so called consumption strategies lead to the conversion of abandoned production facilities into tourist areas, shopping facilities, accommodation facilities, etc. Urban industrial and/or maritime heritage is converted into entertainment and educational areas such as industrial museums, maritime museums, etc. that serve both, residents and tourists.

The three above presented strategies share one common characteristic: they are all strategies that seek to employ people in a deindustrialized area implying drastic local labour market restructuring, with deep cultural changes in norms as to the meaning of work, working conditions and practice, lifestyle and living conditions.

In contrast to those, as pointed by Hudson (2002, p. 238) there have been radically different responses to deindustrialisation and decline. These are consumption strategies aimed at converting abandoned industrial areas into residential areas, leisure, recreation and entertainment facilities for middle and upper classes. The application of these strategies led to a profound and selective demographic and social recomposition as, through a mixture of gentrification and physical redevelopment, these areas are reworked as sites of middle-class residence and consumption. This strategy is not so significant for the development of tourism. Finally, for some deindustrialized areas there is no future role as locations of production, no feasible possibility of reconversion into places of residence, consumption and tourism. This is so called strategy of the welfare state. Such areas are dependent on transfer payments as the vast of their population are dependent upon state transfer payments.
Figure 1

Conceptual model of interdependence between cultural and tourism strategies in urban regeneration

Culture-led regeneration
- **Goals**: culture as the driver and catalyst for economic growth of cities
- **Types of projects**
  - Festivals, events and exhibitions of international character
  - Major strategic projects such as museum and exhibition facilities, theme parks and the like
  - Projects of re-allocation of abandoned production facilities (e.g. industrial plants, harbours, docksides, mines and the like) to cultural and tourist facilities utilizing the industrial and/or maritime heritage (e.g. industrial museums, maritime museums and the like)

Cultural regeneration
- **Goals**: culture is the driver of growth and development of cities – cultural activities are fully integrated into the spatial, social and economic spheres, being part of a broader development strategy
- **Types of projects**
  - Festivals, events and exhibitions of regional and national, but also of international significance
  - Culture districts, cultural clusters and similar initiatives in context of the so-called culture industry

Culture and regeneration
- **Goals**: cultural activities play a marginal role in context of urban regeneration; they are not integrated into city's development strategies
- **Types of projects**
  - Festivals, events and exhibitions of local significance
  - Projects of individual cultural associations and institutions

Production strategies based on attracting large corporations
- Model: large scale economy; heterogeneous production industries; utilities and transport infrastructure is built for the requirements of large corporations; although tourism is not identified as priority industry, large hotel chains establish their seats; visitor numbers are on the rise due to business tourism, cities invest into new attractions

Consumer strategies based on service industries
- Model: service industries are being developed, with tourism as the most prominent one, the goal is to increase the number of visitors and buyers among both the residents and non-residents; abandoned production facilities are being re-allocated to tourist and recreation facilities (entertainment, recreational and educational offerings); accommodation facilities, trade facilities, information centres and the like

Strategies based on the development of small and medium scale entrepreneurship
- Model: the culture of entrepreneurship is being developed, based on small scale economy; diversified industries, tourism and its complementary industries strengthening and broadening the offering in general; providing impetus for the "entrepreneurial approach to culture with the goal to attract alternative financial resources"; in this context, attracting visitors and tourists is one of the goals of this strategy

Consumer strategies based on re-allocation of urban space
- Model: intended to meet the requirements and to contribute to the wellbeing of local community rather than to attract visitors; bears no significance for the development of tourism

Urban spatial regeneration

Urban economic regeneration

Urban social regeneration

Size of the city (number of inhabitants)

Geographic location
Selecting, both, a strategy for urban tourism development and a cultural development strategy faces all the development decision makers with similar dilemmas (Bianchini, 1993; Griffiths, 1995; Plaza, 1999; Plaza, 2000; Mommaas, 2004). The first one refers to the type of the audience towards which the strategies are aimed. Does the strategy aim to attract big investors with international standards who are willing to invest in those cities that have the potential to grow and develop large cultural projects (consequently raising the question of how to preserve the authenticity of cultural initiatives and projects) or the objective is the development of small and medium sized enterprises that encourage self-employment and strengthen local development base? Another dilemma examines whether the tourist facilities should be concentrated in central or marginal urban areas. The spatial dilemma is particularly important in heritage cities.

Starting from an assumption that the interdependence of cultural and tourism strategies enhances results of the urban regeneration processes, the strategies of urban, cultural and tourism development discussed above with their relationship is presented in the conceptual model (Figure 1) for the subsequent research reported here.

Methodology

The research on the interdependence of cultural and tourism strategies in the process of urban regeneration was conducted in the Republic of Croatia. After the fall of the socialist regime and the war for the independence in the early 1990s its economy and society have entered serious restructuring processes. Regarding these changes Croatian cities have encountered many of the problems listed before, such as degraded city centres, under-utilized urban land on valuable locations, declined or abandoned industrial or military areas, illegal building construction and similar.

To test the proposed conceptual model a cross-sectional research design was used. For data collection questionnaire was used consisting of three parts. The first part contained questions about the basic demographic features of the respondents (age, gender, function) and the size of the city and its regional affiliation. In the second part of the questionnaire, the respondents were required to assess the statements on potential effects of the three selected cultural strategies on economic, social and spatial aspects of urban regeneration. This set of questions contained 47 statements in total, applying the Likert opinion scale with 5-level items. In the third part, the questionnaire contained additional eleven questions on the topic of interrelation between the cultural and tourist development strategies. The statements used in measurement scales were adapted from theoretical analyses of the impact of cultural strategies available in the literature (Evans & Shaw, 2004), bearing in mind the theoretical meaning and the scope of latent variables.

The population of this study was defined as civic leaders of cities with more than 10 thousand inhabitants consisting of city mayors (who according to the latest amendments to the Law on Tourist Boards and the Promotion of Croatian Tourism (Official Gazette 152/08), are also chairs of city tourist boards); heads of administrative departments in charge of culture, town planning and economy, and tourism. There are 67 such cities in Croatia and 215 civic leaders in total. The decision to conduct the analysis in cities with more than 10,000 inhabitants was based on the fact that the size of the city is a key prerequisite for the development of cultural activities.
The primary research of the city leaders based on the questionnaire was implemented. Data were collected in the period from the beginning of February till the end of April 2011, by both regular mail and the e-mails. Of 215 respondents, 75 questionnaires were completed of which 73 were suitable for analysis. There were more male respondents (56.2%). A comparison of the sample structure in relation to the number and size of the cities with the structure of the cities with over 10,000 inhabitants showed that the observed sample was representative in that respect. The respondents were mostly heads of administrative departments (21% from economy, 22% from culture, 23% from town planning; 27% from combined function), followed by city mayors (17%). In terms of socio-demographic characteristics, the majority of respondents, 76.7% of them, were in the age group of 35-55 years. With respect to education level, 84.9% had higher education and 12.3% held master or doctoral degrees.

The proposed conceptual model was tested by application of structural equation modelling – SEM. The two-step approach was used. In the first step the confirmatory factor analysis (CFA) was used to test the validity of the measurement model, i.e. of applied measuring indicators (manifest variables) for the assumed latent variables. The SEM was used to test the conceptual framework, specifically to give the answers to the following research questions: a) in what ways different forms of culture valorisation affect urban regeneration? and b) can specific cultural strategies be associated with tourism development strategies for the purpose of urban regeneration? Scales’ validity was analysed by focusing on convergent validity and discriminant validity. As part of the convergent validity, the average variance extracted and composite reliability coefficients $\rho_c^{CR}$ was used keeping in mind the criterion (Hair et al., 2010; Fornell & Larcker, 1981): AVE > 0.5 and CR > 0.8 and the criterion by Byrne (2001) CR > AVE. To check the discriminant validity, relationship between AVE in the square of the estimated correlation (Fornell & Larcker, 1981) was considered. To check the relationship between individual constructs, significance at $p < 0.05$ and standardized parameters was used. T-test was used to determine statistically significant differences between the structural models of the links between different constructs.

In addition to the primary research, the supplementary analysis of the strategic documents developed by the cities participating in the study was also conducted. As city administration is obliged by legislation to make all documents public, a search of their www-sites was conducted for strategic documents related to culture, tourism, economic and general development strategy. In spite of thorough search, it was possible that for some cities no documents could be found because they were not published on the Internet. In this sense, the results of analysis of strategic documents over websites are only indicative. This analysis was done at the same time of primary data collection. By the end of 2011, 20 out of 48 cities under analysis had an Overall Development Programmes, three cities adopted a formal tourism development strategy while none had a strategy of cultural development.

Research results and discussion

In response to the question on commitment of the city regarding the role of tourism in its development, the production strategies based on the development of small and medium scale entrepreneurship was most widely embraced (54% of respondents), followed by consumer strategies based on service industries (39% of respondents). The production strategies based on attracting large corporations and the consumer strategies based on re-allocation of urban space into housing and resort areas attracted small number of responses (2 and 3% respectively), only the first two were retained for further analysis.
In response to the question on city’s commitment to the importance of culture for development, as much as 82.2% of the respondents stated that culture had to be considered as part of a broader strategy of city’s development. Almost all of the respondents stated that the projects of re-allocation of industrial areas into cultural venues and cultural districts have not yet been integrated into development plans. The respondents were asked two questions about the location of new projects in culture and tourism in the city. As much as 78% of the respondents claimed that new projects in culture are located in central city areas, primarily because of the venue accessibility (theatre, ballet, opera, symphonic orchestras). In most cases, the concentration of resources in the central city area is also closely linked to the concentration of tourist flows.

To test the scales’ validity Cronbach’s alpha coefficient was calculated. The coefficients for the Culture and regeneration and Cultural regeneration were excellent (0.95 and 0.91 respectively) and for the Culture-led regeneration very good (0.85) according to guidelines set by Byrne (2010).

In the model presented in Figure 2 there were nine manifest variables (all calculated as arithmetic means of items in each scale) and three exogenous latent variables: “culture-led regeneration”, “cultural regeneration” and “culture and regeneration”. Factor loadings were standardized, showing the intensity and direction of relationship of each manifest variable with the latent variable. In this model it was not necessary to estimate the value of variance and constant members for each manifest variable, because the data was complete. All factor loadings were estimated by maximum likelihood method, ranging from 0.507 to 0.995 in positive direction. The percentage of variance explained varied from 26% to 99% by manifest variables (reliability estimates). The composite reliability indicators for each of three exogenous latent variables (cultural strategies) can be calculated based on the standardized factor loadings given in Table 1.

**Figure 2**

*Estimation of structural equation model*
One variable within the measuring model had to be denoted as the “carrier” and it got a priori the multiplier 1, whereas other multipliers were scaled against it (the “spatial” aspects). The estimated parameters were all statistically significant at significance level of 5%, except for the relationship between the strategy of “culture-led regeneration” and the tourism development strategies (negative sign). The values of other structural coefficients were positive, but of varying intensity. The comparison of standardized coefficients indicates which of the cultural strategies has a greater influence on the tourism development. In explanation of the links between cultural and tourism development strategies, it was necessary to note that out of the afore-mentioned tourism development strategies, research participants have underlined just two (or their combination). Due to the fact that it was not possible to define each of these two particular strategies as a single construct, for the purpose of further research they have been used as a unique variable named “tourism development strategies.”

The Table 1 outlines the standardized values of estimated parameters (standardized factor loadings), squared multiple correlations (SMC), parameters standard errors, test statistics (critical ratios) and p-values. Also, within each latent variable a composite reliability (CR), i.e. reliability of the constructs and average variance extracted (AVE) are presented. AVEs above 0.5 are treated as indications of convergent validity. Composite reliability was also used to check the internal consistency, which should be greater than the benchmark of 0.7 to be considered adequate (Fornell and Larcker 1981).

Table 1

<table>
<thead>
<tr>
<th>Construct</th>
<th>Variables</th>
<th>Standardized loadings</th>
<th>SMC</th>
<th>Standard errors</th>
<th>Test statistic (critical ratios)</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural regeneration</td>
<td>Spatial aspects</td>
<td>0.877</td>
<td>0.77</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social aspects</td>
<td>0.855</td>
<td>0.73</td>
<td>0.108</td>
<td>8.659</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Economic aspects</td>
<td>0.815</td>
<td>0.66</td>
<td>0.121</td>
<td>8.210</td>
<td>0.000</td>
</tr>
<tr>
<td>CR = 0.764</td>
<td>AVE = 0.520</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Culture and regeneration</td>
<td>Spatial aspects</td>
<td>0.902</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social aspects</td>
<td>0.954</td>
<td>0.91</td>
<td>0.065</td>
<td>13.151</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Economic aspects</td>
<td>0.884</td>
<td>0.78</td>
<td>0.085</td>
<td>11.377</td>
<td>0.000</td>
</tr>
<tr>
<td>CR = 0.873</td>
<td>AVE = 0.698</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Culture-led regeneration</td>
<td>Spatial aspects</td>
<td>0.995</td>
<td>0.99</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social aspects</td>
<td>0.507</td>
<td>0.26</td>
<td>0.161</td>
<td>3.139</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>Economic aspects</td>
<td>0.610</td>
<td>0.37</td>
<td>0.230</td>
<td>3.498</td>
<td>0.000</td>
</tr>
<tr>
<td>CR = 0.591</td>
<td>AVE = 0.395</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural regeneration</td>
<td>Strategies of tourism development</td>
<td>0.460</td>
<td>0.248</td>
<td>4.127</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Culture and regeneration</td>
<td>Strategies of tourism development</td>
<td>0.226</td>
<td>0.143</td>
<td>2.165</td>
<td>0.030</td>
<td></td>
</tr>
<tr>
<td>Culture-led regeneration</td>
<td>Strategies of tourism development</td>
<td>-0.168</td>
<td>0.222</td>
<td>-1.523</td>
<td>0.125</td>
<td></td>
</tr>
</tbody>
</table>
Moreover, the adequacy of the estimated model was additionally tested based on a number of model fit indicators (Hooper, Coughlan & Mullen, 2008). Most often used model fit indicators are: chi-square test, RMSEA (root mean square error of approximation), GFI (goodness of fit index), AGFI (adjusted goodness of fit), TLI (Tucker & Lewis index), CFI (comparative fit index) and NFI (normed fit index). The chi-square value amounted to 210.206 with 33 degrees of freedom and p-value below 5%, confirming that the model was not adequately specified, i.e. statistically significant. The insignificant χ² indicates that the theory is accurate, while significant χ² indicates that the model cannot cover the relations explicated in the empirical data. Still, chi-value alone cannot be taken as the only goodness of fit indicator and it is usually divided with the degrees of freedom (χ²/df). The obtained χ²/df value was unsatisfactory 6.370. Although there has been no consensus among scholars regarding acceptable ratios, it is recommended that they be within the span of 2 (Tabachnick & Fidell, 2007 acc. to Hooper et al., 2008) to maximum 5 (Wheaton, Muthen, Alwin & Summers, 1977, acc. to Hooper et al., 2008). The high RMSEA value also indicated that the model does not fit well, which is confirmed by most of the fit indices being much below 0.9. A value of about 0.08 or less for the RMSEA would indicate a reasonable error of approximation and would not want to employ a model with a RMSEA greater than 0.1 (Browne & Cudeck, 1993). The value of other indicators was 0.688 for GFI, 0.682 for AGFI, 0.560 for TLI, 0.677 for CFI and, finally, 0.646 for NFI.

Given those indicators the model was re-specified by excluding the latent variable "culture-led regeneration". In addition, it was assumed that the two remaining cultural strategies were mutually correlated. The number of estimated parameters was now reduced and a better model fit was expected. The justification for the exclusion of an exogenous variable was its insignificance in the first model. Besides, the negative sign associated with the parameter showed that there was no direct relationship between the strategy of "culture-led regeneration" and the strategies of tourism development.

Figure 3
Reduced SEM model with correlation between the exogenous variables*

<table>
<thead>
<tr>
<th>Economic aspect</th>
<th>Cultural regeneration</th>
<th>Tourism development strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.68</td>
<td>0.82</td>
<td>0.34</td>
</tr>
<tr>
<td>0.72</td>
<td>0.85</td>
<td></td>
</tr>
<tr>
<td>0.76</td>
<td>0.87</td>
<td></td>
</tr>
<tr>
<td>0.78</td>
<td>0.88</td>
<td>0.37</td>
</tr>
<tr>
<td>0.92</td>
<td>0.96</td>
<td>0.22</td>
</tr>
<tr>
<td>0.91</td>
<td>0.90</td>
<td></td>
</tr>
</tbody>
</table>

*Model fit indicators:

<table>
<thead>
<tr>
<th>χ²</th>
<th>df</th>
<th>p-value</th>
<th>χ²/df</th>
<th>RMSEA</th>
<th>GFI</th>
<th>AGFI</th>
<th>TLI</th>
<th>CFI</th>
<th>NFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>42.517</td>
<td>12</td>
<td>0.000</td>
<td>3.543</td>
<td>0.033</td>
<td>0.876</td>
<td>0.874</td>
<td>0.851</td>
<td>0.915</td>
<td>0.888</td>
</tr>
</tbody>
</table>
The indicators (Figure 3, Table 2) show that the newly specified models show that the model fit is significantly better (Hooper et al., 2008). They show a direct positive correlation between the strategy of "cultural regeneration" and the strategies of tourism development, although there was a significant positive correlation between the two cultural strategies (0.144, p < 0.05). It can be concluded from the model that it is this very strategy that indicates the strongest correlation with the strategies of tourism development thus confirming the conceptual model. The estimated parameters also point out at the existence of a direct positive correlation, but of lower intensity, between the strategy of "culture and regeneration" and the strategies of tourism development. The "culture-led regeneration" strategy did not have a significant impact on the strategy of tourism development.

Table 2

<table>
<thead>
<tr>
<th>Construct</th>
<th>Variables</th>
<th>Standardized loadings</th>
<th>SMC</th>
<th>Standard error</th>
<th>Test statistic (critical ratios)</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural regeneration</td>
<td>Spatial aspects</td>
<td>0.874</td>
<td>0.76</td>
<td>0.109</td>
<td>8.580</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Social aspects</td>
<td>0.851</td>
<td>0.72</td>
<td>0.122</td>
<td>8.275</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Economic aspects</td>
<td>0.823</td>
<td>0.68</td>
<td>0.138</td>
<td>8.054</td>
<td>0.000</td>
</tr>
<tr>
<td>CR = 0.886</td>
<td>AVE = 0.722</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Culture and</td>
<td>Spatial aspects</td>
<td>0.898</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>regeneration</td>
<td>Social aspects</td>
<td>0.958</td>
<td>0.92</td>
<td>0.065</td>
<td>13.126</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Economic aspects</td>
<td>0.884</td>
<td>0.78</td>
<td>0.086</td>
<td>11.258</td>
<td>0.000</td>
</tr>
<tr>
<td>CR = 0.938</td>
<td>AVE = 0.835</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural regeneration</td>
<td>Strategies of tourism development</td>
<td>0.336</td>
<td>0.267</td>
<td>2.720</td>
<td>0.007</td>
<td></td>
</tr>
<tr>
<td>Culture and</td>
<td>Strategies of tourism development</td>
<td>0.225</td>
<td>0.157</td>
<td>1.900</td>
<td>0.057</td>
<td></td>
</tr>
<tr>
<td>regeneration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To supplement the primary research and in order to verify the results, the supplementary analysis was conducted with an aim to ascertain what kind of strategic documents were in existence in the cities participating in the study in 2011 and 2014. The underlying assumption for this type of research was that the importance of culture and/or tourism in a given city will be reflected in the strategic planning process. In 2014 this research was repeated given that Croatia has become the EU member state and, with a view of harnessing the benefits of EU funding, the planning process has accelerated at all levels of government. The intention was to establish if in the meantime the cities have initiated more intense planning of their own development and how they perceive the role of culture and tourism under the new circumstances.

Although the number of cities with written strategic documents till the end of 2011 was relatively small (out of the total of 48 analysed cities, 20 of them had general or economic development strategies and 3 of them tourism strategies), in general, the existence of planning documents was proportional to the size of the city. The smaller the city, the less likely it was that it would have written strategies, although the same was the case with a few larger cities.
The strategic plans, of both the coastal and continental cities, indicated "culture development", "development of high-quality tourism", "sustainable tourism development" as their strategic goals followed by "development of cultural tourism" albeit less frequently. However, their strategic priorities were defined, it was obvious that cultural heritage was put at the service of tourism through priorities such as: preservation, conservation and revitalisation of the tangible and intangible heritage for tourism requirements, fostering the development of events for, both, local residents and tourists, networking of culture and tourism stakeholders with the aim to develop high-quality tourism, promotion of traditional arts and crafts to be integrated into the tourist offerings and the like. Many activities were identified merely at the level of recommendation, not as concrete projects. However, it was obvious that at this conceptual level, the strategic elements tend towards those strategic choices that were also evident in the results of the primary research. In most cases, there was no serious reference to "urban regeneration" and, consequently, the term is not correlated to any particular project in culture and/or tourism, i.e. cultural tourism. Furthermore, there was no mention of the potential creative and cultural industries connected with tourism in most of the documents (if any, then its significance was only sporadically indicated). The concept of cultural and creative clusters was not an object of strategic considerations either, although it should be pointed out that in all strategic documents there was a clear commitment to the development of small and medium-sized entrepreneurship. Overall, the results have shown that certain cities do recognize the effect of synergies between culture and tourism on regeneration and development. However, the ways in which they would like to achieve such synergies have not yet been clearly specified.

In 2014, the smaller cities still lagged behind in strategic planning with 13 cities lacking any formal strategies. Eleven cities have still valid strategic documents of general nature (drawn up in the period between 2008 and 2011), eight of them have strategies of tourism development (compared to 3 cities in 2011) and six cities have drawn up the cultural development strategies. This is indicative of a gradual change of attitude towards the importance of culture (and tourism) for the city development.

In the period between the beginnings of 2012 till April 2014, eight cities got new, either general or economic development strategies. New strategies of tourism development have been put in place for seven more cities. By insight into those new documents, it is evident that within a relatively short period of time, qualitative shifts have occurred in the way the role of tourism, and especially of culture, is perceived within the development processes of some cities. First of all, a more "serious" approach to writing of the documents, involving numerous local development stakeholders was apparent. A stronger cross-sector correlations between the culture and tourism was also evident; in both types of documents (cultural and tourism development strategies), as well as in the general development strategies, "cultural tourism" is very often emphasized as the key development goal, and this was not only for the coastal historic towns, but also for the continental ones, and even those that rely more on rural culture. In larger cities (such as Rijeka, Karlovac, Varaždin and Zagreb in particular), strategic documents (regardless of their nature) contain the concepts of "urban regeneration" and "creative regeneration", as well as "creative cultural industries and clusters".
Conclusion

The aim of this research was to investigate the role of culture and tourism in urban regeneration and, in particular, to ascertain the ways in which cities in transition countries, characterised by degraded city centres, under-utilized urban land on valuable locations, declined or abandoned industrial or military areas etc., are utilising culture in their overall strategic development. The research was conducted in Croatia as it was considered that Croatian cities embody all the characteristics of the cities in transition (PAP/RAC, 2004). Based on the literature review the conceptual model was developed hypothesising that cultural and tourism strategies might be interrelated in specific ways aiming at enhancement of urban regeneration processes. The research showed that cultural strategy based on flagship cultural projects cannot be related to tourism development strategies in Croatian cities. Furthermore, the estimated parameter have pointed at the existence of a direct positive correlations between the strategies promoting the development of cultural districts and similar projects, which are integrated into the general city development strategies and the tourism development strategies relying mostly on the small and medium-sized entrepreneurship.

This was supplemented by the analysis of strategic documents at two points in time – 2011 (at the time of the primary data collection) and 2014 (after EU accession when formal planning was accelerated at all levels of government) in order to verify results of the primary research and detect any changes in the way that the culture is integrated into tourism and overall development. The strategic documents analysis has shown that on the strategic level, as far as culture is concerned, Croatian cities are mostly leaning on "cultural regeneration strategy" since they seek to integrate cultural activities into their overall strategies alongside other activities. However, bigger cities (especially those that have announced their candidacy for the European Capitals of Culture) show an ambition to get some large cultural projects and programmes that might attract more tourists and serve as catalysts for their future development. Here, it was possible to detect a few elements of the "Culture-led regeneration" strategy. As far as tourism related strategies are concerned, considering that orientation towards small and medium-sized entrepreneurship is continuously emphasized as well as the intention to convert abandoned production facilities into tourist areas, shopping and accommodation facilities, entertainment and educational areas, it can be concluded that, just the same as the empirical research has indicated, production-oriented strategies intended for small and medium-sized entrepreneurship, as well as consumer strategies aimed at the development of service industries, present the key strategies of the Croatian cities.

This research has some limitation, such as: insufficient cultural statistics in Croatia as well as the lack of precise methods of valuing cultural goods and measuring their contribution to social and economic goals fulfilment.

In the light of detected problems, further research will be needed in the area of urban planning based on the international best practices (in particular research of optimal models for spatial organization of cultural resources in cities and their relationships with the public infrastructure) and in the area of urban management (empowering stakeholders from public administration, culture and tourism, but also from the local community, to enable them to respond to the new challenges of good governance process). The necessity of implementation of adequate models of managing downtown areas of historic cities is particularly emphasized, especially the ones under UNESCO’s protection, whose historical
and cultural value cannot be endangered by the development of tourism. Furthermore it is necessary to conduct future research on the attitude of all relevant stakeholders as to the modalities of utilization of such localities. It is desirable to foster the initiatives of cultural product development through networking and partnership of the cultural and tourism sectors, especially through the development of creative and cultural districts and clusters that promote small entrepreneurship development. And finally, it will be necessary to research the cause and the consequences of the gentrification process related to urban regeneration in Croatian cities, for the purpose of creating relevant policies capable of regulating such processes.

References


## Appendix

### Laws and strategic documents


Strategic Plan of Tourism Development of the City of Varaždin 2013-2020. Retrieved from https://www.google.hr/#q=Strate%C5%A1ki+plan-razvoja-turizma-grada+Vara%C5%BEedina+


The Law on Tourist Boards and Croatian Tourism Promotion (Official Gazette 52/08).


Submitted: 10/05/2014
Accepted: 01/12/2014