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Social capital and the life cycle model: The transformation of the destination of Åre

Abstract

This article analyzes the development of the Swedish tourism destination of Åre and its transformation from one of many mountain villages into Scandinavia's leading alpine ski resort. In reference to Butler's life cycle model, this evolution is analyzed and some historical turning points in Åre's development identified. The role of social capital is added to the historical analysis, based on the assumption that there is a link between a destination's development and its ability to reproduce its social capital. The analysis shows that the social capital at the early stage was, to a large extent, built by and around local actors which predominated the village. The transformation to an international ski resort was possible only by the entrance of new actors, increasingly from the national and international arenas. These new actors have largely come to play leading roles in Åre's development. At the same time, the new actors' different values and networks have impacted Åre's social capital.

Keywords:

destination development; life cycle model; networks, social capital; Sweden

Introduction

The development of destinations, like economies on a more general level, often moves in cycles. They go through different stages as they face various levels of growth and decline. Thus some destinations grow strong and fast, whereas others seem to stagnate and maintain a constant level or even decline. The tourist area life cycle model introduced by Butler (1980) focuses on the growth and development of tourist destinations. Butler suggests that the volume of tourists rises and falls over time and could be compared to the sales curve of the product life cycle.

The validity of the model for resort evolution has been thoroughly discussed (e.g. Cooper, & Jackson, 1989; Debbage, 1990; Getz, 1992; Ioninides, 1992; Pearce, 1989; Breakey, 2006; Butler, 2006a, b; Schuckert, Möller, & Weiermair, 2007). But the model has also been a target of criticism (e.g. Haywood, 1986; Getz, 1992; Wil-

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liams, 1993; Agarwal, 1994), notably the fact that many destinations do not reach the kind of growth described in it and the fact that it largely ignores the external environment and its effect on the tourism industry. However, the idea of destinations passing through stages of discovery, growth and decline is appealing. The model may be a helpful tool in analyzing the historical development of a destination and in studying its transformation from a rather small and unknown place into an international full-scale resort.

In this article, Butler's life-cycle model will be applied to the Swedish destination of Åre, recently perhaps most well-known for hosting the Alpine World Ski Championships of 2007. The article analyzes the resort's transformation from a small mountain village in the 1960s into Scandinavia's leading alpine ski resort of current time. When a destination goes through this kind of transformation, a lot of conditions and factors are bound to change. New actors will enter the picture, commercialization is likely to get a boost and village citizens often tend to increasingly loose influence to actors at national and international levels.

Changes like these are usually inevitable when a spot like Åre is propelled into a resort of an international caliber. The process is characterized by a strong local development, with the life cycle providing a framework for analyzing the growth of the destination. This article attempts to develop Butler's life cycle theory by combining it with social capital theory.

In searching for answers to the factors behind local and regional development, the concept of social capital has received increasing attention in recent time. Social relations have been assumed to play a central role in these development processes, not least in peripheral communities like the destination of Åre. It is consequently our assumption that major changes in a destination will also affect its social capital.

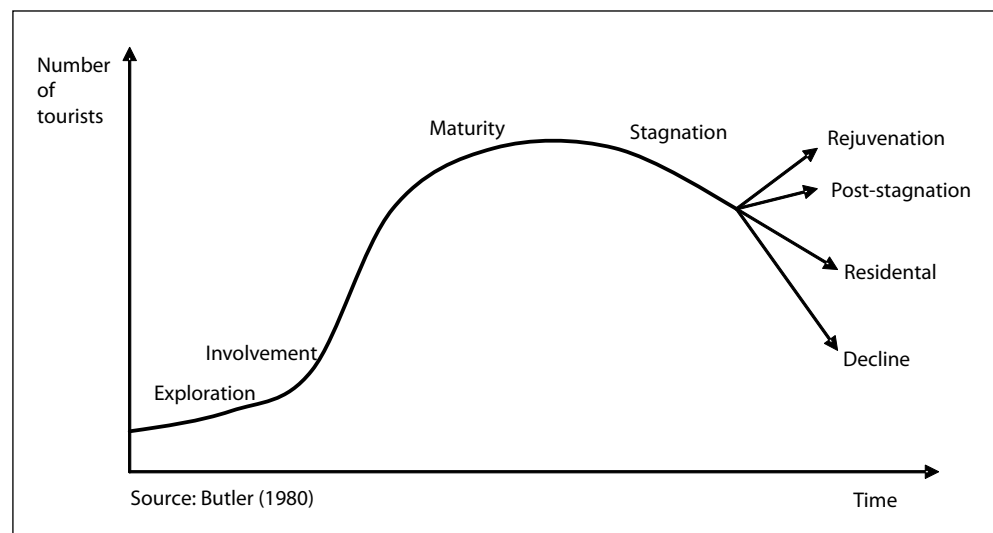
The aim of this paper is therefore to add this perspective to Butler's life cycle theory and try to understand and explain if there is a link between a destination's development and its ability to change and reproduce its social capital. The focus is not on measuring social capital directly, but rather on analyzing how it is affected by the process of growth, for instance through increased exposure to external influence and internal divergence and the role of social capital in the development process. This is relevant since research suggests that it may affect both the economic performance of regions and the efficiency of political institutions (Putnam, 1993; Fukuyama, 1995; Coleman, 1988, 1990). This focus may contribute to an increased understanding of how destinations and the actors connected to them are affected by the process of growth and increased commercialization, showing how influence changes between actors or groups of actors over time.

The transformation of a destination – Butler's life cycle model

Many internationally well-known destinations have emerged from once rather unknown places. They have gone through various stages as they have developed and grown. Butler (1980) is the first to apply the life cycle idea to the field of tourism, but many before him tried to seek patterns to explain the evolution of tourism and to make generalizations of change. Butler's work can be regarded as a continuation of earlier work in the same field (Gilbert, 1939; Christaller, 1963; Plog, 1972; Doxey, 1975; Noronha, 1977; Stansfield, 1978).

Butler replaces sales of a product with tourist arrivals over time and describes six stages that the destination would pass through as tourism is developed – exploration, involvement, development, consolidation, stagnation and finally either rejuvenation or decline. Each stage has its own typical characteristics, described briefly in the following sections. The model implies that there is a rather smooth transition from one phase to another. A number of studies have, however, emphasized the difficulties in clearly identifying these stages, particularly at the moment they are taking place (Agarwal, 1997; Cooper, & Jackson, 1989; Haywood, 1986). Despite the criticism, we still find the life-cycle model to be useful as a metaphor and model to structure the evolution of resorts, not least post facto.

Figure 1
BUTLER'S LIFE CYCLE MODEL



Generally speaking, Butler's model suggests that the first two stages are characterized by foremost local use and ownership. The effect of tourism on the local economy is described as limited and the impact on infrastructure and employment is small. However, during the involvement stage the number of tourists grows and an increased pressure on public actors may emerge to provide a more developed infrastructure. Sometimes seasonality or specific travel periods develop (Butler, 1980).

The third stage is generally characterized by growth. The infrastructure supporting the destination is developed further and external companies frequently enter the resort to

build new up-to-date facilities. Control is to some extent passed out of local hands, as regional and/or national involvement may be necessary for further development of the destination. In the fourth stage – consolidation - growth continues, but more slowly. It is now a fully developed destination with major chains and operators. The local economy more or less depends on tourism. Products and services are to some extent commoditized and industrialized and even less influence may be left in the destination (Butler, 1980).

Growth continues until it reaches its peak and becomes more mature and even saturated in the fifth stage - stagnation. The destination may now face economic, social and environmental issues. Finally, in the sixth stage two things can happen – the number of tourists can begin to decrease and revenues stagnate or fall or the destination is able to reinvent and move into the seventh stage.

The model has been used in different ways, not least in combination with strategic management issues and tourism resource management (Schuckert, et al., 2007). We will, however, use it to provide an analytical framework for the growth of the destination in question. In doing so, we will take into account external structural changes and the local responses to them, as well as supply-side processes. This is based on the assumption that both growth and decline are the result of a complex interaction of supply and demand. However, we will also attempt to develop Butler's life cycle theory further by combining it with social capital theory. Hence, it is our assumption that major change in a destination will also affect its social capital, i.e. the links and actors of the social networks and the norms and values being distributed in these networks (Macbeth, Carson, & Northcote, 2004; Westlund, 2006). By adding this perspective to Butler's life cycle theory we can also examine if there is a link between a destination's development and its ability to change and reproduce its social capital.

As a place turns into a resort and then as a destination develops during different stages changes are bound to take place. When the number of visitors in peak seasons out-reaches local citizens, when influence is increasingly in the hands of people from outside the region and when commercialization booms, certain conditions are no longer the same – they transform into something else. This development will certainly affect and change the place it once was, the actors and the social relations, i.e. the local social capital, which can be considered both a product of change and a factor determining future development.

Social capital, networks of relationships and embedded resources

Networks span across tourism destinations and go beyond them. They operate within and around the formal organizations in the destination, comprising sets of formal and informal social relations between the industry, the public sector and the civil society. The whole concept of a tourism destination is as such based on groupings of organizations clustering together to form a destination context, generally covering a wide range of competing as well as complementary operators, public-private linkages and multiple sectors combined by an infrastructure.

The continuous development of inter-organizational relationships in destinations sustains the theory that actors are not self-sufficient, but rather need support from other groups or organizations in their environment. This implies that there is frequently a degree of dependency between the destination actors, which also can be described as a source of power, i.e. some players being able to control as well as withhold certain resources. Despite that, it is suggested that territorial-based networks with relationships based on interdependencies may profit from an increased capacity to combine and exchange resources that may benefit the learning process, the innovation capacities, the competitiveness and ultimately the growth of the region or as in this case, the destination (Scott, & Storper, 1989). This gains support for instance from research on agglomerations of firms and clusters. The results indicate that the success of spatial phenomena, like clusters (Porter, 1990) and industrial districts (Becattini, 1990; Panizza, 2002) largely depends on their internal and external relations and their qualities.

Yet proximity in a limited geographical area such as a destination does not automatically lead to profitable cooperation and synergies and it does not by design create local development, growth and innovation. In this sense, research relating to both inter-organizational networks as well as regional and local development has emphasized the central role of social capital - a resource or an asset that resides in social relationships and that emerges or exists in social structures through interaction between actors (e.g. Cook, & Willis, 1999, Maskell, 2000; Westlund, & Bolton, 2003).

The concept of social capital has sometimes been described as the 'missing link' in development and has as such gained increased attention in recent time. The concept has long traditions, but it has been developed and popularized in its present form amongst others by Coleman (1988, 1990), Putnam (1993, 1995a, 1995b, 2000), Bourdieu (1980) and Bourdieu, and Wacquant (1992). It is not a one-dimensional concept. However, in recent interdisciplinary research two strands of work have emerged; the first focuses on the individual level and the second analyzes social capital at community level. The latter is relevant to this study. It goes as far back as Jacobs (1961). But the research by Putnam has gained more attention along with other scholarly work focusing on the relationship between social capital and regional or local development (Putnam, 1993; Fukuyama, 1995; Westlund, 2006).

In line with the expanding literature on social capital, the number of definitions of the concept has increased considerably. However, a common characteristic of many definitions is that they include networks of actors and the norms, values etc. that are distributed within them. We adopt this approach. Social capital is hence viewed as a type of (social) infrastructure with nodes and links. The nodes consist of actors (individuals and organizations) which establish links (relations) between each other. Norms, values, preferences and other types of information are distributed in the interactions in the social networks. In this article, social capital is looked upon as a feature of all the three societal sectors - the private, the public and the third sector.

The social capital of a community can be described as a product of its past and presence (Flora, 1998; Kilkenny, Nalbarde, & Besser, 1999). It can be based on historical and cultural factors with roots deeply buried in a region's past as well as built up through dense interactions of actors engaged in joint activities taking place this very moment, providing the basis for cooperation, trust and collective action (Wolfe, 2002). Accordingly, social capital can develop over centuries with deep roots in the cultural and social history of a locality, but it can also be reproduced in localities trying to establish a basis for their own competitiveness (Wolfe, 2002; Fröbel, & Westlund, 2009). How to balance these two sources or aspects of social capital is an interesting question to ask. In the same breadth, it is important to see how social capital is affected by changes taking place over time in a community.

Applying these thoughts to a tourism context, it is clear that most destinations develop over time. Similarly, the actors, the networks they engage in as well as their norms, values, preferences and so on, change, to some extent, in due course. As stated, some very well-known international tourism resorts have emerged from once small unknown places. Yet very little research has examined the link between tourism development and social capital (e.g. Johannesson, Skaptadottir, & Benediktsson, 2003; Macbeth, Carson, & Northcote, 2004; Grängsjö, & Gummesson, 2005; Jones, 2005). And to the authors' knowledge, there has been no in-depth investigation specifically focusing on destination development and its relation to social capital, i.e. if and how the transformation from a small place to a major commercial tourism destination affects the social capital of the place.

Method

Using the case research method (Yin, 1994), this article analyzes the transformation of a Swedish mountain village into a market-leading alpine skiing destination. The article's empirical contribution is based on a single-case study of the Swedish ski resort of Åre (marked on the map in Figure 2).

A single-case study approach naturally offers both advantages and limitations. Common criticism of these kinds of studies deals with two main points. First, that they have a limited value in terms of offering results that can be generalized, and secondly, a lot of these studies lack statistical representativity and analytical control. These issues can be discussed and opinions vary. However, in this case we agree with Yin's argument that the case-study method is the 'correct' method when studying 'a) contemporary phenomenon in its real-life context, especially when b) the boundaries between the phenomenon and the context are not clearly defined' (Yin, 1981a, p.59). Case-studies are, moreover, often used in network research in trying to facilitate an understanding of complex patterns of networks and network activities (Curran, Jarvis, Blackburn, & Black, 1993).

The case data in this study were collected by Nordin over a period of several years. In depth semi-structured interviews with a total of 24 respondents were used as the main

method of collecting information. In addition, ten interviews were conducted in 2002, although they all focused on analyzing the destination of Åre from a regional tourism cluster perspective (Nordin, 2003). An analysis of newspaper articles covering the historical development of the destination was also done. The newspaper material was then compared to government reports, protocols and historical documents.

Figure 2
MAP OF SWEDEN AND THE LOCATION OF ÅRE



Fourteen of the 24 interviews were conducted during 2004. They were open-ended questions designed to cover the topics of the development work in the destination, decision-making and agenda-setting, the role of the respondent and his/her relations, social capital, trust and norms, networks, influence and power, public-private relations as well as future visions. The respondents from that interview session were selected because of their influence and/or position in the destination at the time when the interviews took place. The sampling was made to receive a variation in terms of private (seven respondents) and public actors (the latter including both politicians (two respondents) and civil servants (two respondents) plus three respondents from semi-public organizations. Some of these were part of the destination strategy group and others were not.

The private participants were selected to get a variation in terms of company size, type and time spent in the destination. When these interviews are used as a source they are referred to as interviews A-N.

Table 1
SAMPLING METHOD IN 2004

1. Main criteria: Influence and/or position in the destination.
2. Covering both private and public (both civil servants and politicians) actors.
3. Covering both actors within the destination strategy group and actors outside.
4. The private actors covered a variation in terms of company size, type (e.g. hotel establishments, ski operator, representative of the business organization, complementary businesses in outdoor equipment) and time spent in the destination.

Ten of the interviews took place in 2006. They involved open-ended questions covering different development periods in the destination, from the 1960s up until the present time, focusing on actors, influence, power, motives, values, norms and attitudes, the role of public and private organizations, the third sector, privatization and development processes, the 'spirit' in the destination and the networks. In this session the respondents were chosen to acquire knowledge of the destination's historic development. Both private (five respondents) and public actors (three respondents) were interviewed (plus two respondents representing both the private and the public sphere). Some respondents had their roots in the community whereas others came from other parts of the country, some still lived in the area and others had only spent a period of their life in the destination and then left the community. This was done to get an insider/outsider perspective and to be able to examine to which extent they correlated. When these interviews are used as a source they are referred to as interviews 1-10.

Table 2
SAMPLING METHOD IN 2006

1. Main criteria: Actors with knowledge of the destination's historic development.
2. Covering both private (e.g. former tourism businesses connected to ski equipment, ski operating, housing and public actors (both politicians and civil servants)).
3. Covering both actors within the destination and those who had spent time there, and left.

Each interview lasted approximately one to one and a half hours. All were recorded and later transcribed for analysis. The transcription was first sent to the respondent to ensure a correct understanding. All respondents were promised full anonymity. Åre is a rather small place. This explains why the citations in the following text usually only refer to a category of respondents, such as public or private actors, and not to certain professions or individuals.

When reconstructing a process, especially from the past, there is always a risk of informants forgetting or rationalizing their behavior or the behavior of others. Hence when doing a historical analysis, which was the case in this article, it is an advantage to compare the information given by interviewed respondents with other sources of information. In this case newspaper articles from the early 1970s until the present date in the two local newspapers were selected and structured with the method of message analysis. The focus was on what happenings were being reported, who the persons interviewed were, and how these incidents and happenings were described both by the newspaper reporters and those interviewed in the articles. In addition to the newspaper articles, a number of government reports, protocols and historical documents related to the development of the destination were examined as well.

The case study of Åre – growth and social capital change from a life-cycle perspective

Looking at the transformation of the destination with some references to Butler's life-cycle model, it should be clarified that tourism has been an important part of Åre's history for a very long time and that as a destination it has gone through several cycles and rejuvenation phases, although it did not obtain throughout these cycles the kind of growth visible today. This article takes its starting point in the 1960s and early 1970s, which can be looked upon as the start of a new cycle. The historical description is foremost based on the ten interviews conducted in 2006 and on newspaper articles. Some references are also made to the interviews conducted in 2004.

DISCOVERY AND EXPLORATION: THE 1950s AND 1960s

Åre was established as a tourist resort in the 1880s, but tourism was still a part-time activity which only a few practiced. It was not until the World Ski Championships in 1954, that the resort became known all over the world, turning into an important landmark (Bodén, & Rosenberg, 2004)

The first stages of the destination life cycle in the 1960s were to a larger extent characterized by local actors and ownership. Tourism had at the time a small impact on the local economy as well as on infrastructure and employment (interviews 1, 3, 7, 8 & 10). This is in accordance with the description of the early phases of the life cycle model and may therefore be referred to as the discovery or exploration phase, even though Åre attracted visitors prior to this date.

In terms of influence over the community development, this period was dominated by people from the village. "People from other regions who came to Åre mainly did so out of a genuine interest in skiing – I do not think they were economically strong actors in general", one private respondent says (interview 3). Tourism was still a small-scale business, facing certain problems such as split ownership of the lifts and a wide-spread attitude of viewing each other as competitors rather than collaborators. The public actors had, moreover, a limited interest in developing tourism in the 1950s and 60s, public and private respondents maintain (interviews 2, 3, 9 & 10). The two key associations, described as important networks, were the local tourist association consisting of local businessmen, and the local ski association: "If you were part of the ski association, competing or volunteering, you were part of the village", one private respondent says (interview 7), emphasizing its central role in the community at the time. Other respondents agree. The social control was strong, but being a resort Åre was still open for newcomers and new influences. If they showed a serious interest in skiing or in the tourism business, they were normally quickly accepted (interviews 1, 3, 7, 10).

DEVELOPMENT PHASE I: EXTERNAL PUBLIC INFLUENCE DURING THE 1970s

In the early 1970s a national government initiative was made to support a few premier recreational areas in Sweden, which would come to include the destination of Åre. This marked a new stage in the development of the destination. Externally funded projects were initiated along with heavy investments in infrastructure, which is in accordance with the third stage of the life cycle model. An increased demand in mountain and ski

tourism was visible, which also correlates to the model, describing this period as characterized by expansion. The growth was high, business flourished and the number of tourists surged (interviews 1, 2, 3, 7, 8, 9 & 10).

The development that was part of the public initiative started in the early 1970s with major state-funded investments. At the time the project caused some skepticism among many village residents, due to its nature and organization which lacked local support. The initiative was based on national policies, implemented by regional and local public actors according to a top-down approach. One respondent representing the public says: "It was something we gratefully welcomed - it was a set package. It increased the power and influence of the public actors and had very little participation from the industry. It was the people that the government had chosen who were in charge of the project and that made the decisions" (interview 2).

However, prior to the state initiative, the industrial perspective characterizing the destination today was very much lacking. Tourism had to a large extent been looked upon as an extra income and not as an industry in itself. Hence, even critics of the project eventually began to welcome the initiative, seeing the major public investments as a turning point for the destination. "This was really when it all started. We did not have that kind of money in Åre", one respondent says (interview 3). It is hence possible to say that in a way this phase marks the beginning of a profound development that gave other actors the courage to make investments in the destination. The project, moreover, had an excellent timing as Ingemar Stenmark, the Swedish former world class skier, became a national hero in the late 1970s, which increased the interest in down-hill skiing tremendously and hence also the volume of skiers (Bodén, & Rosenberg, 2004).

Despite some positive results, the project was at the national level described as a failure. It had cost twice as much as planned and yet not accomplished what it should have. According to the national daily Dagens Nyheter (January 30, 1977): "The implementation of the Åre project has to a large extent been made [---] without the participation of skilled people from the tourism industry and the local population. The multimillion deals have been handled by officials from the county administration and politicians without any participation from experienced business administrators." Yet the evaluation launched in response to the criticism showed positive results such as population growth, more tax income and higher investment (interview 9). The interviewed respondents are also generally much more positive about the results, although they acknowledge problems with the implementation. During this period, the local government, also for the first time in Åre's history, entered as an actor with a stake in tourism establishments, indicating a changing attitude towards the importance of the industry for the municipality (interviews 1, 2, 3, 5, 6, 7, 8, 9 & 10).

During the first part of the development phase, when the great boom started, conflicts emerged with local interest groups that opposed exploitation of their own or nearby estates. The destination was to some extent divided between those who supported the

new investments and those who opposed them (interviews 1, 3, 9 & 10). However, the process did not result in any long-lasting conflicts in the destination.

DEVELOPMENT PHASE II: PRIVATE EXPANSION DURING THE 1980s

When it became clear that the national government did not intend to carry through the next planned phase of the government initiative previously described, the influence of private actors started to increase. One local public actor, involved in the project at the time, says: "We received signals from the government that tourism was no real industry, even though we acknowledged it as an important business [--] We went to the industry representatives in the early 1980s and promised to try to get state funding if they committed themselves to making further investments" (interview 2). This joint effort brought the public and private actors closer. The strategy also proved successful and the destination was granted a large sum of money in 1983 to be invested in ski infrastructure. A few key private companies owned by people based outside of the destination had, at the time, established themselves in Åre (interviews 1, 2, 3 & 9).

Despite increased involvement of the private sector, the local government still had a central role to play in the resort throughout most of the 1980s, namely its stake in the cable car ski lift system and some nearby facilities. However, during the 1980s as the destination faced a period of great expansion, the influence of government stakeholders at all levels declined and private actors grew in numbers and significance. From this point on the local government lost its majority ownership in the lift company and a regional private actor along with a consortium of local entrepreneurs took over until the bank and real estate crisis of the 1990s (based on all ten interviews). Previously, joint cooperation of this kind would have been difficult, as indicated in a newspaper article: "So far the tourism industry in Åre has not been particularly well-known for its ability to cooperate, particularly when it comes to economic issues" (Fryklund, 1985). The destination's marketing was one of the highly discussed issues.

There are two possible reasons as to why the government had to sell its stake in the lift company. First, the local government at the time had limited resources to invest. Second, it was still not so clear what role, if any, the government should play. As a result, a local newspaper came to the conclusion that "[t]he background to the privatization of ÅKAB [the name of the company] is that the company now is in need of heavy investments to keep pace with the development" (Nord, 1987). With the new stakeholders both capital and industry competence were gained, and the local tourism industry had a boost. However, there was also an emerging era of privatization that Åre quickly responded to. For example, the municipality was the first in Sweden to run a private library. Their way of working was sometimes referred to as the 'Åre Model', inspiring other municipalities to embark on extensive privatization in the early 1990s (interviews 1, 2, 4 & 5).

Several respondents describe leading local government actors as strong driving forces and paint a picture of an overall an active local government (interviews 1, 2, 3, 4, 5,

7, 8 & 9). "The mayor was, besides the mountain itself, our biggest resource. [...] He learned to understand tourism and entrepreneurship", one private actor says (interview 1). A national newspaper, emphasizing private entrepreneurs' new ways of investing, writes: "To support the tourism development the local government has made quite unconventional decisions" (Lisinski, 1983).

The 1980s were also a period when many new private actors came to the destination. It was to some extent characterized by a "Klondike atmosphere"; a chase for easy money (interviews 1, 3, 8 & 10). Sweden faced a period of good economic times. Tax regulations had also made it profitable to own a condominium in the mountain regions. This increased demand, leading to a real estate boom and good times for construction firms. Several village residents the author interviewed remember the large number of investors who flocked to their village to buy and sell and then leave with good money (interviews 1, 2, 3, 6, 8, 9 & 10). The influx of investors was not always welcome with open arms by the villagers. One respondent says he was viewed with skeptical eyes on arriving in Åre by the villagers who kept asking him about his motives for coming and duration of his stay (interview 6).

Keen to keep the investors put, the local government did its best to preserve and increase the pace of developing the destination, the respondents say. Thus building permits were granted with little scrutiny, the thing that resulted in emergence of structures that did not harmonize with the local architecture. A clear strategy for urban expansion was missing. The norms and values that governed the development were very much characterized by making money; caring for the guests came second (interviews 1, 2, 3, 4, 6, 8 & 10). The respondents describe how the phase of the destination changed with external actors gaining further authority and the village losing control over the vibrant pace of development. "We simply lost control between the years of 1975 and 1990. It was too easy to make money and attract visitors", one private entrepreneur said (interview 3). Others say that the climate during the 1980s was bad, but the village was so successful and everyone made so much money, putting potential problems on the back burner (interviews 1, 2, 3, 6 & 10).

STAGNATION AND DECLINE: THE EARLY 1990s

The development quickly came to an end as recession hit Sweden in the early 1990s. This meant that the consolidation phase of the life cycle was no longer a reality. Instead, the resort plunged into the stagnation phase which Åre, like the rest of the country, had to face unprepared and with no warning. At this point two things could, given the model adopted in this paper, happen – either the destination would have the capacity to reinvent itself or the number of tourists would drop leading to a fall in revenues. In the case of Åre, the destination faced a period of strong decline and many businesses faced bankruptcy.

The crisis reduced the number of less serious speculators and forced the destination actors to question what they were doing and how to get back on the right track. They had to make priorities and to cooperate on a new level in order to survive. The situa-

tion also created a more widespread feeling of modesty. The economic recession was not the only problem; the changes introduced to the tax rules regarding ownerships of condominiums in the mountainous regions, the dry winter 90/91 which barely saw any snow and a number of negative incidents such as the blaze that burned down the tourism office added to the grim picture (based on all ten interviews).

According to a report in the Swedish national daily, *Dagens Nyheter* of October 23, 1992: "When the Swedish economy was mushrooming, Åre was a 'hot' place with enormous flurry of construction and huge investment. Åre was the trendy place. [...] but the tax on tourism and the economic recession hit Åre especially hard. The economic turndown was huge. Cabins and apartments have been empty these last winters. Few people on the slopes. The skiers are gone." It was, however, not only the mountainous regions that faced difficulties. The Swedish tabloid, *Expressen*, in an article published on December 4, 1993, speaks of 500 hotels that had gone bankrupt in Sweden as a result of the financial crisis (Montan, 1993). The paper shows how the government turned into Sweden's biggest hotel owner as its banks and credit companies took control of the failing hotels.

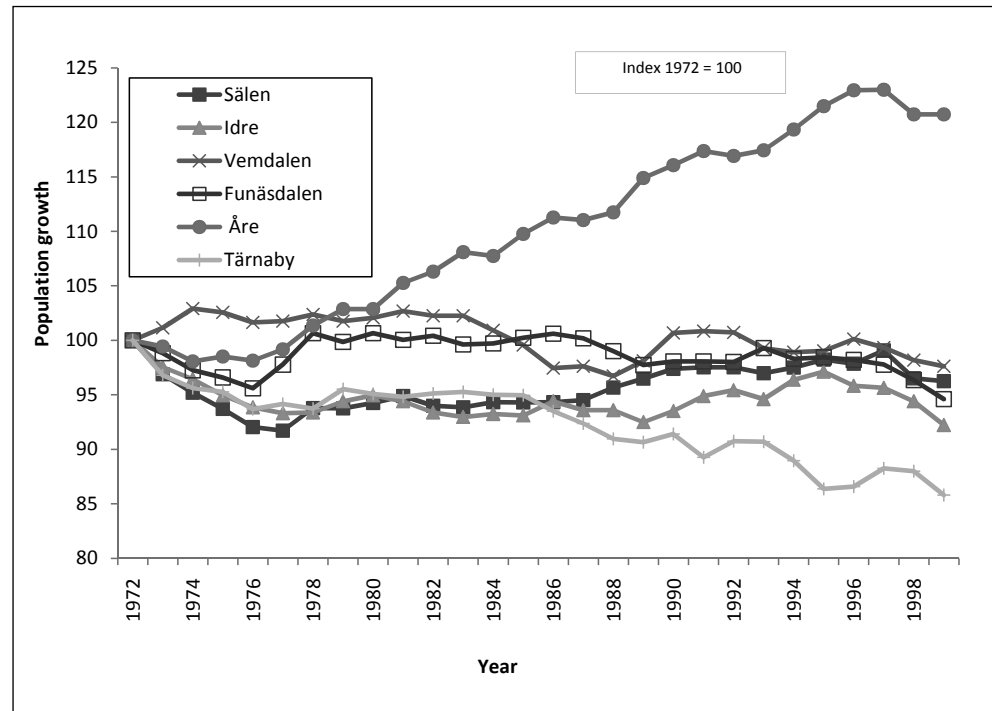
The crisis of the early 1990s consequently led to serious economic problems, bankruptcies and ownership changes in Åre. A company called Åre Invest AB¹ took charge of the lift company and some of the major accommodation establishments in the destination. This meant that when the economic situation eventually started to improve, village citizens and entrepreneurs had little to say in terms of development, strategies and pricing. "No real influence was left among the previous company leaders and the village citizens. Securum [the founders of Åre Invest AB] dominated the scene and did things their way", one public respondent states (interview 2), a position with which other respondents concur (interviews 1, 3, 4, 6, 8 & 10). Another private businessman says: "We had no possibility of influencing the development. They did not develop anything. I talked to the manager of Securum about the need to invest in the ski business since it was a big attraction, but they did not see that as their responsibility. They had a national focus and their job was to bring as much money back as possible" (interview 1). The local newspaper, *Länstidningen*, declared in a banner headline on November 26, 1992: "The banks have taken over the control of the Åre Valley" (Nord, 1992). Many village residents were uncomfortable with this situation.

The recession also marked a new stage in the social capital of Åre. With support from the municipality, local private firms took the initiative to form a joint strategy for the destination, a platform for shared values and attitudes towards the guests. A growing view that cooperation was the only way to regain growth emerged (interviews 3, 4, 6, 10). This created much of a joint local social capital in Åre, with a content that had not existed before. The work focused on developing a destination embracing strategy, creating a sense of joint responsibility for the destination as well as increasing the communication and dialogue – values and norms that previously had not been frequently discussed. "We started over. It was useful. This is how we created the foundation for the present success", one private actor states (interview 3), expressing a view shared by

others. As the successful years of the 1980s were replaced by hard times spawned by the recession, the destination had a common platform to lean on.

Despite shorter periods of recession such as the one described, the population growth of Åre shows an overall increase over the studied period. This growth would even strengthen in the 2000s. In this respect, Åre diverges from all other major ski resorts in Sweden (see Figure 3).

Figure 3
A COMPARISON OF THE POPULATION GROWTH IN MAJOR MOUNTAIN DESTINATIONS IN SWEDEN



Source: Annual Statistics for Municipalities in Sweden.
 (as cited in Bodén, & Rosenberg, 2004.)

RENEWAL BEGINS: NEW OWNERSHIP IN THE LATE 1990s

The late 1990s was marked by changes involving nomenclatures and ownership. The name and ownership changes² ended with a major winter tourism operator, Sälenstjärnan, taking control. The acquisition attracted a lot of attention, not least in the media since Sälen was Åre's major competitor in Sweden. The company later changed its name to the current Skistar (Bodén, & Rosenberg, 2004).

Though initially met with some skepticism, the change was eventually welcomed by many destination actors (interviews 1, 2, 3, 4, 6 & 7). The destination of Sälen had a good reputation, and with the new owners' competence in product and destination management which was previously lacking, the resort was bound to benefit. "For the first time the leading destination company got a professional management", one of the hotel owners says, adding: "Skistar came in as professionals. They trained their employees. They understood that the ski product needed to be developed. I believe

some values were changed with their entrance – professionalism, employment policies, service..." (interview 1).

Thus, the rejuvenation phase, the latter part of the 1990s and the first years of the 2000s, marked once again the appearance of new external actors. However, in contrast to the 1980s, the new actors were of a much bigger size with their own commercial company cultures and external professional business networks. Initially, the new actors almost solely focused on their own businesses and cared little about the rest of the destination. This created value conflicts within the destination whose other actors, starting with the recession, had developed a joint strategy for handling common interests. The new major actor also caused a sense of fear and powerlessness among some of the smaller companies (interviews B, D & N).

NEW STRONG EXPANSION: THE 2000s

The millennium shift marked a strong rejuvenation of Åre. This was possible with the entrance of new actors, foreign and domestic. In accordance with the description of the life cycle model, Åre began reaching out to new customers and markets. More family-oriented and internationally focused, the destination worked hard to extend its tourist season and came up with a new destination governance solution based on public-private cooperation. A strong growth phase ushered, firmer than any time before (interviews A, B, E, F, G, H & I).

The renewals at the end of the 1990s resulted in a new situation with the major ski operator listed on the stock-market. The respondents say this has added a new level of professionalism to Åre (interviews 1, 2, 3, 4, 6, 7, 8 & 10). One of them says: "According to my opinion the great turning point was when we got a professional ownership and management of the lift company" (interview 3). However, the entrance of Skistar has also brought along other norms and values such as a more commercial and business-oriented way of managing the winter product (interviews 1, 2, 6, 9 & 10). Tourism has to a greater extent turned into a "real" industry.

The new management has skillfully propelled the resort to broader international fame, drawing foreign tourists. The ability to invest has increased tremendously. Besides, Skistar is a strong driver of development and innovation. However, there are also potential problems with a dominating external operator. It means that the influence of external stakeholders has come to increase even more (Nordin, & Svensson, 2007). The risk is that the profits may no longer be reinvested in Åre but redistributed to shareholders and other destinations.

Before Skistar took control of the ski area, the company in charge of the lift system had played a central role in the destination development. Several respondents state that when Skistar first entered the picture, they focused entirely on their own business; they brought with them a company culture that was not part of or rooted in the destination. According to these respondents, Skistar only cared about the ski area on

the mountain, the ski ticket sales and the company share prices on stock-market and not about the destination as such (interviews B, D, M & N). However, Skistar is not the same company and it has shed most of this negative image. Several respondents say the company has changed attitude in many respects. This is evident from the support Skistar garnered in the summer campaign, investments in down-hill mountain biking and a realization that it is important to get as many stakeholders as possible involved in developing the destination (interviews A, B, F, J & M).

Skistar's ownership and steering committees are not mainly based in Åre. This means that many important decisions are made far away from destination. The main owners are also pointed out as powerful individuals: "...the Paulsson brothers have a much bigger influence in this village than anyone has realized. They own the mountain, they own some of the hotel establishments, they own the construction companies that get all the job contracts. To them growth in Åre is always something positive no matter what consequences it has to the destination... they are very strong *initiators* in this village, but they do not act directly but indirectly through Skistar, PEAB (a construction company) or one of the hotels", one private entrepreneur says (interview D).

The second largest company, Holiday Club, is also based outside of the destination, and is owned by a foreign company, also signaling a change towards a stronger international interest in Åre. This may have been further boosted by the Alpine Ski Championships that took place in February 2007. One effect of the increased interest in the destination is that the real estate market has, during the last decade, come to a point where prices now are too high for some local citizens to afford, and more and more real estate is bought by people from outside the region. The average price of houses more than doubled between 2003 and 2007 (Annual Statistics for Municipalities in Sweden).

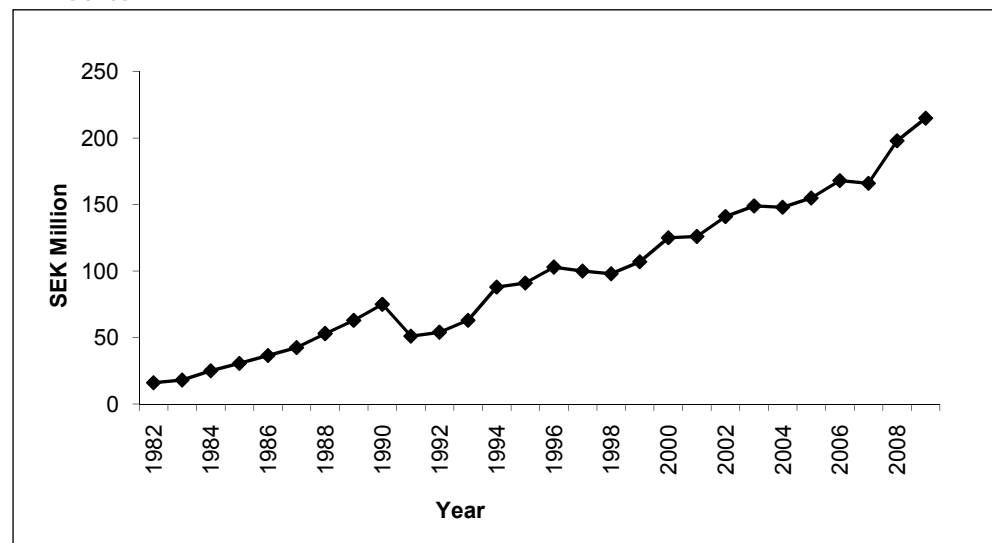
In terms of public-private cooperation, an informal destination strategy group called Vision 2011 was of great importance at the turn of the century (Nordin, & Svensson, 2007). The Vision 2011 constellation was a platform where politicians and senior officers met with industry in the form of leading people from the local business association, the two major tourism companies - Skistar and Holiday Club - as well as a representative of the Tourist Office to discuss approaches and agendas regarding Åre's future.

Vision 2011 was formed during a period when the local government and the major private companies as well as the local business association rallied to finance the construction of public utilities including a congress hall, a swimming pool, bowling etc, the establishment of Holiday Club in Åre and to explore the possibility of hosting the Alpine Ski Championships in 2007. These major projects demanded public-private cooperation to succeed, but the initiators also realized that they still could fail and recognized the need for a date and a vision beyond these happenings. This was also a time of great expansion when a joint strategy was needed to control where the destination was heading (interviews A, B, E, F, G, H & I).

Hence, in a sense it was the growth phase and the major initiatives that created a need for a new form of governance including both public and private actors, to come up with a shared view of the future in the destination and to plan the development. The planning started in 2001 for schemes and projects that would cover the following ten years. Today as most goals of Vision of 2011 have been accomplished, a new vision for 2020 has been launched.

The growth more or less ever since the crisis of the early 1990s is supported by the increase in ski lift turnover (see figure 4), which also strongly supports that the development in Åre is in accordance with Butler's life cycle model. Being a typical ski resort ski lift turnover can be regarded as a good measurement of the increasing or decreasing customer demand over time.

Figure 4
THE DEVELOPMENT OF SKI LIFT TURNOVER IN SEK MILLION FROM 1982-2009 IN THE SKI AREA ÅRE-EDSÅSDALEN



Source: SLAO

THE SOCIAL CAPITAL – ACTORS, THEIR VALUES AND NETWORKS

In the 1960s and early 1970s, the local ski association played an important role in the social life of Åre. It was a strong network of members and volunteers holding almost regular meetings, exchanging information and knowledge not just about skiing, but about the village as a whole. One private respondent explains: "if you were part of the ski association you were part of the village" (interview 7). However, the association's influence has waned in the course of the years and today it cannot be said to have the same impact as before. Yet, the tourist attractions it offers, the mountain and the skiing, are what lures visitors to Åre and makes many of the inhabitants happy.

The passion for skiing is a uniting factor in Åre – it was in the 1970s and still is today. This is a value that has deep roots in the village, but that also has managed to 'survive' and it is a value shared by a substantial part of the population. The volunteer work

around big ski competitions, not least in the World Ski Championships of 2007, has played a significant role in the development of the destination and in keeping the village together. Hence the local ski association can be described as a central node, but one that has lost influence as the growth has continued.

A lot of people moving to the destination from other places cite the way of living as the main reason behind their relocation (interviews 6, D, E & L). This is also visible from a relatively high number of lifestyle companies, that is, people who do not wish to expand their business but prefer to have time left to be outdoors in nature, not least skiing. The interviewees mention this as one of the major advantages of being located within the destination (ibid). Overall, the number of businesses per inhabitant in Åre has been high over the years, compared to both other 'similar' municipalities in northern Sweden and the Swedish average (Annual Statistics for Municipalities in Sweden).

A tight network of local people referred to as the 'Åre mafia' in a sense has its origins in the local ski association. The so called 'members' are not at all criminals, but influential citizens, sharing a sincere interest in skiing and therefore having had an interest in the way Åre has developed. The 'mafia's' use of their informal connections to try to influence the development and even to force some new actors described as 'insincere' to pull down shutters is also an expression of Åre's social capital.

To some individuals this has been something negative, since it may have made it harder to get access to certain information or resources without the approval of this group. To others, the 'Åre mafia' hardly exists, as most respondents describe the constellation in positive terms. They talk about this group as representing the 'heart of Åre', some even mention the word 'spirit' (interviews 1, 2, 3, 6, 7 & 10). The 'mafia' has been a stable group of citizens who have witnessed the great transformation Åre has gone through. One of the mentioned 'members' is described as 'the closest Åre has had in terms of a real mayor' (interview 6). This informal group of individuals is, as already implied, starting to lose influence as members retire and withdraw. And the destination has now entered a phase when influence is more and more in the hands of the bigger and external actors. This means that the lifestyle companies are working side by side with actors with purely commercial interests. Many of the external major operators are described to 'have their heart outside Åre'. They have no personal bonds to the destination, they do not live there permanently – their intentions are strictly professional and business-like.

The owners of many of the recently established businesses have little knowledge of Åre's history. They are seeing it in terms of a more or less full-scale international resort. Some see a clear dependency on other actors; others feel more independent towards the surrounding community. However, when it comes to the tourism industry many of them express a clear interdependency (interviews A, B, D, E, G, J, K & M). Even the two leading major companies – Skistar and Holiday club, see themselves as dependent on the many small firms to get happy guests.

Trust is generally developed over time and may lead to form a reproduction of social capital. Yet, the big companies are also bringing in new values that are part of their company culture and as strong actors they have a lot of influence. Companies who do not keep up with required standards may simply be cut off from their network of suppliers. There are consequently informal rules and norms in the destination but a number of these rules are set by the big actors. This is something which particularly the smaller businesses are highly aware of and some are even uncomfortable with (interview D & N).

The above mentioned Vision 2011 group marked a new form of actors' network. For the first time in Åre's history, local private and public actors were meeting continuously to discuss long-term destination-embracing strategies and issues and doing so in a rather untraditional way. The participants initiated the group themselves, selected members after position, influence or access to capital, and when asked to elaborate they said they regarded themselves as Åre's central operators (Nordin, & Svensson, 2007). Thus, the group has no representative mandate, even though the members relay information to the groups or companies they represent. Initially the participation was without commitments, but the ties have been strengthened. When someone is unable to attend a meeting, a replacement is rarely sent – those are the rules of the game, indicating the close ties and personal relations between the network members. The composition of the group is a key success factor, the participants say (ibid). It is very much tied to a limited number of actors and their personal bonds and trust, but foremost their position in the destination and their access to resources and capital. Information and knowledge are two of the main resources that are being exchanged. Members of this network have confidence that sensitive information stays within the group (interviews B, E, F, G, H& I).

DISCUSSION AND INTERPRETATIONS

The social capital of Åre has changed with the actors, their networks and values. In the 1960s, almost solely local actors, many being active in the ski association, were exerting a strong influence over the destination. These actors also formed the destination's social capital with values and networks that mainly built on personal relations.

The 1970s were overall marked by the increased power of public stakeholders and external influence. The new actors to some degree cooperated and communicated with the local government, although the local influence appears to have been rather limited. Not involving the tourism industry and the local people to a larger extent may be looked upon as one of the biggest mistakes, which sometimes led to costly errors that could have been easily avoided. Yet, the investments during this period probably never would have been accomplished without state funding and support and it was the start of a new phase of growth.

We can conclude that Åre during this period had the ability to resist exploitative moves while at the same time accepting change. In this way, a new, partly changed social capital – a synthesis of old and new networks and values – emerged. An impor-

tant feature of this partly new social capital was the networks, rules and values of the governmental sector (the municipality, the county administration and the national industry development agency), which during this period was the main actor coalition in Åre's transformation.

With the growth of Åre during the late 70s and 80s, the influence of actors with purely commercial aims and non-local investors mainly interested in profits increased. The 'Klondike spirit' group brought new values to Åre; values that were contradictory to the long-term and sound economic policies that are generally pursued by both private and public actors when investing in businesses like these. However, this did not happen without resistance from the local networks and in particular the 'mafia' acted as informal gatekeepers against external actors that they considered unreliable. The conflict between these contradicting social capitals was not resolved by a synthesis as was the case during the former decade. The recession that hit Sweden's real estate and banking in the early 1990s did the job. The recession swept away the fortune-hunters and with them their values.

The stagnation and decline of the early 1990s marked at the same time the formation of a new social capital. This was resting on a growing insight that cooperation between and within the private and public sectors was the only way to regain the growth of the destination. The local networks were strengthened, based on the joint values about the future that emerged, at the same time as they would have little to say in terms of influencing the future while the resort faced hard economic times. However, at least a common platform to lean on was developed with new insights, shared values and attitudes towards the guests.

The new strong expansion during the 2000s meant that Åre was being exposed to a stronger external influence than ever, with new national and foreign-owned establishments. The new actors brought with them purely commercial values in which the rest of the destination mainly was considered a resource that should be used. However, the 'resource' consisted of a number of existing actors that in the aftermath of the crisis had formed a new, joint social capital and learned to cooperate. In a densely concentrated destination like Åre it is almost inevitable that relations between local actors and leading local representatives of the new companies start to emerge. These bonds might develop over breakfast meetings arranged by Skistar, through cooperation agreements or in completely informal ways. An insight that the big business depends on small business, which together can attract guests to Åre began to materialize. This meant that not even the big actors could do whatever they wanted, unless they collaborated with others. Hence, they to some extent had to adjust to the already existing norms and values.

Vision 2011 reflects how social capital is not just a heritage of the past, but that it is possible to reproduce within more recent networks of actors. In Åre this group with its strong bonds and trust have had a major impact on growth. In the course of time up to 2009, the year this paper was written, there have been signals that a new synthesis

of conflicting social capitals was emerging. The two large actors seem to have realized that their establishments are part of a destination whose general attractiveness is of importance also for them. Their participation in Vision 2011 (now called Vision 2020), together with leading local politicians, officials and business owners, is a clear sign of their current engagement in the development of Åre.

Thus, Åre's social capital has in broad outlines developed and transformed in accordance with the stages of the life cycle model. From a social capital dominated by the ski club and local (competing) businesses, new actors have emerged and new values and networks have been synthesized with the old. With the coming of new major actors, both foreign and domestic, partly new values of professional commercialization entered the picture. These new actors took over the leading roles in the destination. The social capital was further exposed to influence from outside, but it is clear that the past has boomeranged on the future – and that has been the case up to the present day. People who have been part of this transformation are still around and they have some influence left. The social capital has been reproduced in new kinds of constellations of networks, such as Vision 2011, where 'people of the past' are represented. Hence, Åre has been successful in reproducing its social capital in its transformation from a small mountain village to an international ski resort. And the shared passion for skiing is still there strongly adding its imprint on this northern Swedish ski resort.

Concluding remarks and future research

Based on Butler's tourist area life cycle model, this paper has investigated the development of Åre from a small village with a few family hotels and ski lifts in the 1960s to today's international ski resort. The first conclusion is that the life cycle model could be used in the analysis of Åre as a general reference framework, but that the development of Åre in certain respects deviates from what the model predicted. The curve or the development reflects a change in demand as the alpine ski product turns into a mass product and volumes increase over time. However, what is obvious is that it is not just the demand-side that has led to the various stages of growth and decline, but also a number of supply-side factors such as the national government project of the 1970s, the bank and real estate crisis of the early 1990s, the entrance of Skistar, etc. and the continuous development of the ski product and the infrastructure surrounding it. The conclusion in this regard is that it is not just changes in demand influencing the development but a dynamic interaction of supply and demand.

The second conclusion is that the social capital of Åre, which has been in the center of this analysis, also follows a development that corresponds to the stages of the life cycle model. In earlier research, issues of social capital have not been connected to the life cycle model. Our analysis shows that this dimension could be added to the model.

The third conclusion is that Åre seems to be an example of social capital transformation where local and external networks and values are adapted to each other, creating syntheses. This can be compared with the two extremes where a) local actors prevent a potential tourism destination from developing by preventing external actors from

establishing in the area, or b) places of mass tourism where external actors completely have taken over the destination and local networks and values are languished or suppressed. During the period analyzed, there have been certain fears of a development in either of the two extremes, but Åre has been able to follow a middle way.

The fourth conclusion is barely tentative. However, it might be the case that basic elements of Åre's social capital help explaining its reinvention. Partly there is the passion for skiing that goes like a main thread through Åre's development and that battled the Klondike spirit of the 1980s. Partly there is also Åre's ability to adapt its social capital through syntheses of the most developable values and networks of local and external, and private, public and third sector actors. Passion, collaboration and professional commercialization are the basic elements that over the stages of the life cycle have been added and synthesized to the social capital of Åre of today.

The limitations of a case study like this are obvious. As we know of no similar studies, it is impossible to wholly dismiss an assertion that Åre might be a unique place, from which no general conclusions can be drawn. However, even though our observations are derived from a single case study, it can just as well be that some of the conclusions may have a broader and more general relevance that can be explored in other destinations. Hence, a case study like this can contribute by forming the base for new hypotheses and research questions. In this respect, we particularly would like to focus on the new research issues related to the social capital of destinations.

First of all, it would be interesting to compare the development in Åre with that of other destinations, to examine similarities and differences and particularly focus on the role of social capital in destination development. Is there a general path; a pattern of change in social capital tied to each stage of Butler's life cycle model? Åre's development is clearly divided into different periods marked by different stakeholders and also differences in terms of how the social capital has taken form and adjusted to the changes taking place. Our analysis of Åre shows a swaying between internal and external dominance but a swaying not far from a "middle way" in which the social capitals of local and newcomers over time adapt to each other and become integrated – after which a new process starts. Although such processes vary from case to case, this is probably a development that Åre has in common with many other destinations, but not all, since there are many examples of how, on the one hand, local interests block the development of potential destinations, and on the other, how external actors take total control and reduce local influence to a minimum. A decisive issue is thus what kind of norms and values among the different actors make the swaying around the "middle way" possible.

Analyses of this problem can be based on the social capitals (values/norms and networks) of the three major actor blocks of a destination, i.e. companies, (local) government and the civil society/third sector. The three actor blocks all build their social capitals in order to improve the performance of their main activities (Westlund, 2005). For companies this means profitable production and sale; for (local) government it

means public services and (local) development, and for the civil society it means cultural and leisure activities of a high quality. The successful example of Åre seems to imply that the three actor blocs can be able to influence each other and learn that there is a partial, mutual interdependence between them and that positive development of their own activities is connected to the development of the destination as a whole.

Thus, research questions can deal with how important it is to balance values and interests of both newcomers and locals and integrate them. Furthermore, what role do actors in various sectors and levels play in the creation of innovative forms of governance, contributing to the development of destinations? What role does destination governance play in balancing the different interests and values of locals and newcomers, and in transforming partly conflicting social capitals to a common one? What are the main obstacles to successful performance in these fields?

Accordingly, our final conclusion is that the clear inter-organizational relationships in destinations and the frequently high degree of dependency between destination actors make social capital studies on destination development highly relevant to future research.

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Endnotes:

¹ Åre Invest AB was started through a state-owned bank's credit company, Securum, in charge of businesses with financial problems.

² Åre Invest AB led by Securum changed its name to Åre Resort Enterprise AB (Å.R.E. AB) which was sold to a new owner in 1996/97, Investment AB Bure. The company expanded the business of Å.R.E. AB to include the lift company, a ski school, three major accommodation establishments, restaurants, grocery stores, ski rentals and a company in charge of marketing and a central booking system. The progress was followed by a purchase of Å.R.E. AB (and Åre-Vemdalen AB to which it belonged) by a major winter tourism operator, Sälenstjärnan (Invest AB Bure mainly received payment in stocks, which they decided to sell in 2001. Some of the major owners of Sälenstjärnan acquired the stocks, giving them control of the business).

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