

# Tourism in a New Role: The Relation between Destination Development and Social Well-Being

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## Abstract

Tourism, making up an ever growing share of Hungarian GDP has become a key factor in the branches of national economy. Tourism Destination Management organisations (TDMs) guide and coordinate the life of tourism as bodies operating on local and regional levels. These organisations were so far investigated from the vocational aspect of tourism, or their competitiveness was analysed from the management side. The research into these organisations from the point of view of innovation is a new element: how large and what kind of performance was delivered by these groups in the wake of the subsidies of the past EU budgetary cycle. Innovation research analyses – according to the Quadruple helix model – the fourth helix, as a media-based civic community, highlighting the importance of civic society and its role in the efficiency of innovation systems. TDM organisations shall be considered as media-based civic groups shaping communities and the extent and dimension of their role in implementing social innovation be analysed. The research conducted in 2016 investigates this correlation system hypothesising that TDM organisations are key workshops of social innovation and thus one of the pillars of social well-being. The aim of this paper is to prove, or deny: TDM organisations are the birthplaces of – social – innovation and the cooperation system of TDM organisations supports the development of social well-being.

**Keywords:** Tourism Destination Management, innovation systems, social innovation, society

**JEL classification:** O3, O35

## Introduction, aim of the research

Innovation, as a term, is already an integral part of the everyday life. It refers to the ability of doing things in other ways, or more simply it can be understood as adapting to changes and being open to new notions. The European Union launched the „Innovative Union” initiative, which serves as the base for the Horizon 2020, the research-development and innovation policy in the years 2014-2020. The creation of innovative communities was formulated on the highest European levels and the member states are now about to adjust their own regulatory systems. Accepting novelties and the need thereof is vital for the future of enterprises/organisations; therefore the development of the innovation abilities of key actors in tourism, i.e. the **t**ourism **d**estination **m**anagement (**TDM**) organisation is important for the future of the entire industry.

The availability of tourism development funds in the previous program period (2007-2013) laid the foundation for the creation of Hungarian TDM organisations. Their structure, organisational form and parameters make them very different from each other. Thus the time has come to investigate these organisational forms on the basis

of their innovation abilities and interpret their role from the point of view of increasing social wellbeing.

The aim of this paper is to prove, or deny: TDM organisations are the birthplaces of – social – innovation and the cooperation system of TDM organisations supports the development of social well-being.

After introducing the theoretical framework, the individual features of services and their innovation research is presented. Drafting the Hungarian tourism and TDM systems leads to the introduction of innovation systems. Research methodology and the results achieved so far provide the opportunity for lining up conclusions and further steps.

### *Theoretical framework*

Innovation refers to wide-spread term which was and is researched by many. Several definitions exist and are used depending on the field of science and author. (Nagy, 2014)

In economy the term refers to doing things in other ways, meaning that the gist is a new combination of production factors (Schumpeter, 1980). Schumpeter's theory provides the basis for other theories on innovation.

Once the term of innovation spread beyond the economy, it was necessary to create a unified approach, which was achieved under the coordination of the EU and the OECD. Various editions of the Oslo Manual (1993, 1997, 2005) provided a fertile soil for innovation-related surveys and definitions. The latest edition provides apart from the product- and process-innovation, a new definition for innovation including marketing-innovation as well as organisational-innovation: „innovation is the introduction of a new, or significantly improved product (service, or good), or a process, a new marketing method, or new organisational system into the business practice, the organisation, or the external relations" (Katona, 2006).

We consider this definition the foundation on which our research is carried out.

### *Service innovation*

The service sector provided the majority of workplaces requiring knowledge in the leading countries of the world over the past decade. Its economic importance is rising, its innovation is decisive. The usage of R+D results is more intense and the need, that decision-makers and stakeholders had proper information at their service, emerged. The aim is to make the innovation performance of the service sector measurable when describing its performance. (Inzelt, 2001)

Measuring innovation and its scientific analysis in the service sector internationally began approximately twenty years ago Evangelista – Sirilli (1998), Gallouj – Weinstein (1997) published results for scientific audiences, indicating the difficulty of differentiating between product and process in the service sector. The differentiation of the terms radical and incremental innovation is another major feature. Another research of Evangelista – register the differentiation between product and process innovation as a result of query in Italy. (Evangelista- Sirilli, 1998)

The uniqueness of services requires the rethinking of the measurement of the sectoral innovation performance. The uniqueness of the services is: it is unascertainable, inseparable, fluctuating, and damageable (Evangelista – Sirilli (1998), quoted in Jacob et al, 2003)

The third edition of the Oslo Manual is already open to services and enabled the measurement method to investigate the innovation performance of services. However, there is a need for a national and branch-related adaptation: some

researchers believe that organisation innovation area and the management innovation areas are the same (Nieves et al., 2015).

Several researches were conducted along the above mentioned principles. Martinez-Ros-Orfila-Sintes investigated tourism, as a typical branch of services, and investigated the innovation activities of the hotel-industry. Our research analysed the correlation between the types of innovation and certain hotel-characteristics (management, size of enterprise, geographical location). Further research (Orfila et al.) in the hotel industry shows that hotels aligned into a higher chain of hotels and lead by managers has a higher innovation performance.

### *Tourism and TDM organisations in Hungary*

There are several approaches to the definition of tourism. The one provided by Michalkó (2012) is worth mentioning because of its briefness: „Tourism is the change of environment of an individual accompanied by gaining experience through the usage of services.” (Michalkó (2012), cited in Papp (2013) p.15). Tourism plays a key role in Hungary and in global economy as well. The direct GDP share of tourism in Hungary amounts to 5,6%. The number of foreign tourist increased by 16.3% in the year 2014 compared to the previous years.

The TDM organisations gradually became the coordinators and organisers of this remarkable branch in Hungary in the EU program period 2007-2013

The gist of the activities of TDM organisations as the implementers of destination management is: „an activity keeping the interest of both the tourists and the hosts mind and serving them, because its mission is to:

- provide tourists travel experience,
- provide the hosting community with economic, social and environmental advantages;
- engulf the entire system of tourism, as it is able to create the renewed accord between touristic demand and offer;
- provide all basic tasks related to tourism management, because planning, development, marketing, professional training and administration are all activities which are mutually self-assuming for the sake of creating successful tourism.” (Lengyel, 2007 cited in Papp, 2013 p.31)

It is obvious from the above mentioned notions that tourism is one of the most important areas of services and TDMs are one of the most important bases of tourism.

### *Innovation systems*

According to the so-called triple helix model of Etzkowitz and Leydesdorff (2000, pp. 109-123) the closeness and intensity of the cooperation (state-enterprise-university in the original model) defines the way of the dynamics of a branch-related (this is true for the touristic-service branch as well). The key of development lies in reducing the factors which prevent interactions, therefore the elbowroom between various areas increases and this opens the way of sustainable development.

Afterwards the existence of a fourth helix appeared (Etzkowitz-Zhou, 2006). In connection with that suggestions related to several factors, like work, risk capital, informal sector and civil society, were made. Carayannis and Campbell (2012) developed the triple-helix model and created the quadruple-helix model in which the media- and culture-based space and civil society appear as the fourth helix. Thus it is clear that the members of society and a community are linked to business, technology, service and science, therefore the civil and public spheres join the original correlation system. The appearance of the fourth helix means the existence of social innovation. Social innovation does not have a generally accepted

definition because of it being new (Benedek et al., 2015). Publishing authors put the emphasis on new or novel solution to social problems and on the development of social and community connections.

Alongside the above mentioned framework we analysed the cooperation-system of TDM organisations, as enterprises providing services, being responsible for the management of tourism and able to innovate, and we assumed that these organisations are key entities of social innovation and thus one of the pillars of establishing social well-being.

## Methodology

The above mentioned theoretical assumptions create the possibility of introducing our research. Scientific references provide examples of researching the innovation activities of enterprises (Birkner, 2010), and the correlation between innovation areas and the competitiveness of enterprises (Kiss, 2014), the research of innovation and enterprise performance (Halpern 2010), researching the competitiveness of TDM organisations (Papp, 2014), however the research of the innovation performance of TDM organisations is still a white spot. The measurement of innovation performance is based on the CIS-type of questionnaire from the OSLO Manual.

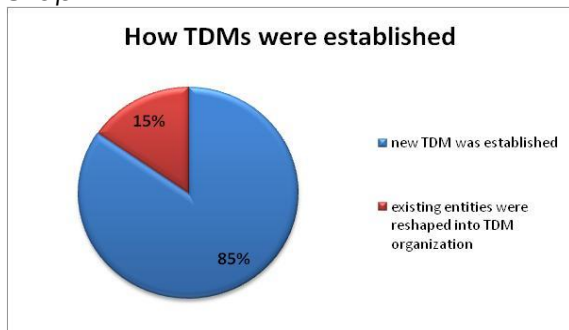
Denomination	Sample characteristics
basic units	Hungarian TDM organisations
Element number of the sample	21 TDM organisations from all over Hungary
Selection method	national sampling within the individual geographical regions with random choice
Selection duration	15 <sup>th</sup> January – 15 <sup>th</sup> April 2016
Way of data collection	questionnaire
Type of sampling	non-representative

## Results

Among the conducted research we only highlight those which are interesting from the point of view of research. We evaluate the innovation performance of TDMs, the factors bolstering and hindering innovation and the existence of social innovation along various parameters.

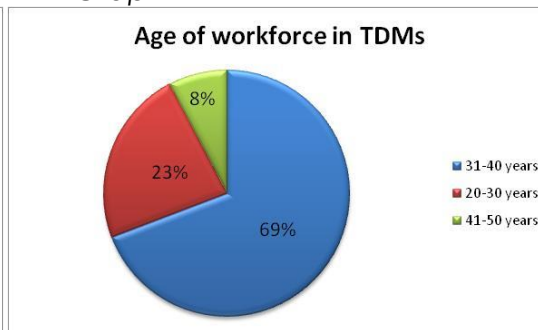
The majority of the organisations (85%) were newly created (Graph1) around 2011 (this was the time when the EU-subsidised funds supporting the operation of TDMs appeared). The tourism information network operated by the old tour inform offices could not transform, therefore new stakeholders and participants were required. This was on one hand an advantage when the new structure was created (major, radical changes were introduced), on the other hand this can be a disadvantage when finding experts. The average organisation has 91 members which implies a very wide-range cooperation and could refer to major civil foundations of social innovation. TDMs usually engulf 6.08 municipalities in to a destination-organisation which again refers to the importance of cooperation beyond public administration borders. 69% of TDM-employees are aged 31-40 (Graph2), i.e. young, but experienced people organise touristic life.

Graph 1



Source: own research

Graph 2

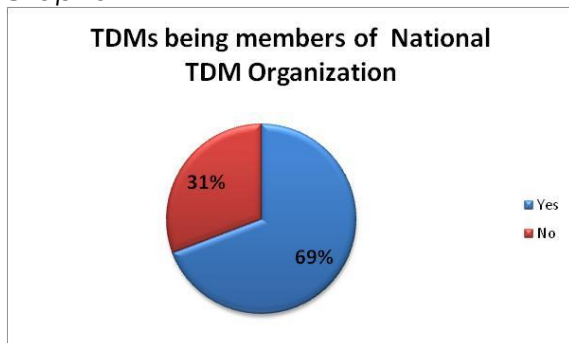


Source: own research

Civil cooperation is another feature and important field, where civil-based organisations enter a higher-level civil alliance for the sake of validating interests and professional cooperation.

Today there are examples of such country-level cooperation in Hungary; we attempt to show one of these. (Graph3). The cooperation shows the existence of the civil net being the basis for the fourth helix-type communities. The National TDM Alliance is an important basis for developing tourism. One of the most typical forms of media-based cooperation is the use of social media for the sake of developing professional cooperation (Graph4).

Graph 3



Source: own research

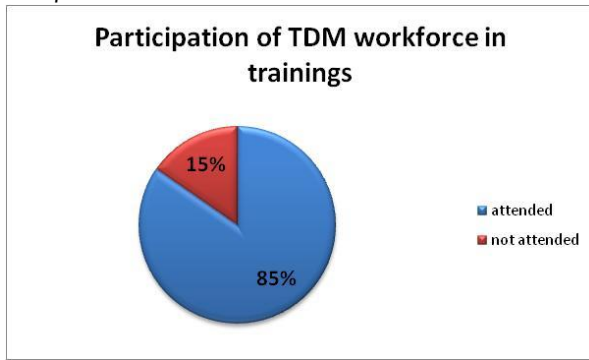
Graph 4



Source: own research

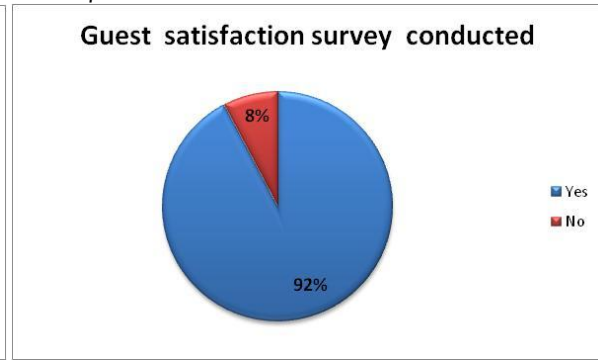
Training is emphasised and also guests were asked about their opinion. Conducting the guest satisfaction research implies a strategic point of view and can help to discover the future directions of innovation (Graph5-6).

Graph5



Source: own research

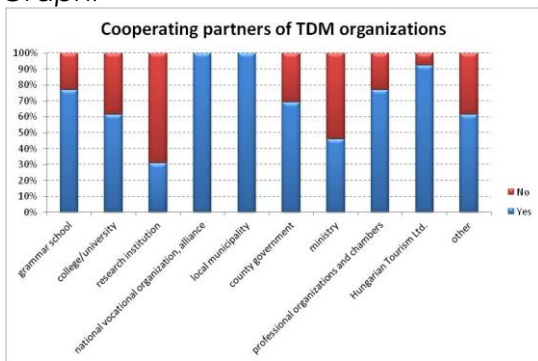
Graph6



Source: own research

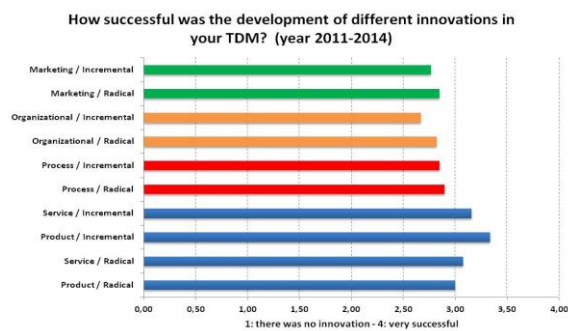
We were curious about cooperating partners who assist TDMs as this can be a key factor for social innovation (Graph7).

Graph7



Source: own research

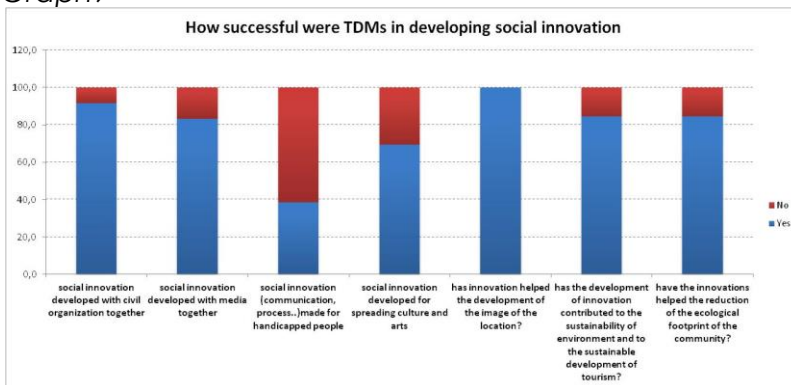
Graph8



Source: own research

This is an interesting picture. "Municipality" cooperation is typical (local government, county government, ministries, Hungarian Tourism Holding), at the same time the schools-university-institution helix does not show such a large intensity. One of the main questions of the research, i.e. the innovation performance, shows that TDMs were rather successful regarding innovation areas and types; product- and service-innovation were very typical (Graph8) Our questions investigating social innovation show that there is a civil and media-based cooperation among stakeholders and also there are steps towards environmental sustainability (Graph9).

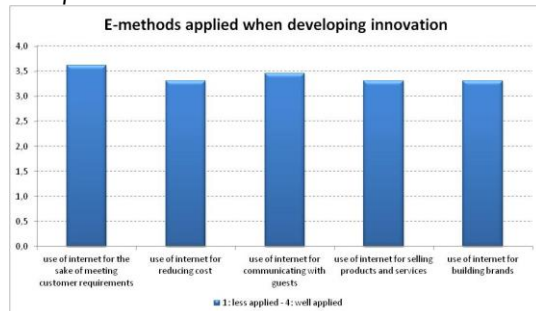
Graph9



Source: own research

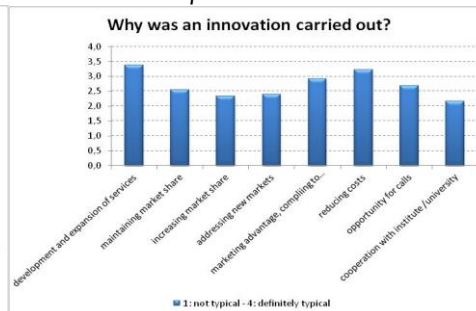
TDM organisations mostly develop innovations because of economic-market reasons and they also make use of community media-based spaces, thus providing the base for the development of social-innovation (Graph10-11).

Graph 10



Source: own research

Graph 11



Source: own research

## Discussion and conclusion

The main questions, whether TDM organisations show innovation and whether social innovation potential exists, were answered. Community media helped exploit the media-based spaces and TDMs also contributed to social wellbeing. Product- and service-based innovation potential is remarkable, just like the range of entities contributing to tourism and their contact-network. The research database provides further opportunities of analysing data and researching various correlations. Our further research aims at defining the characteristics of innovative TDM organisations and the analysis of parameters influencing their innovation-related decisions. All this can contribute to using EU subsidies in better ways.

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