

PRIVATE AND PUBLIC SECTOR COOPERATION IN TOURISM

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Abstract. Cooperation in tourism has been one of the key topical issues for many years. The paper deals with solutions to cooperation problems for three different kinds of tourism: rural, bicycle and health tourism. A qualitative research method – structured interviews with experts and entrepreneurs involved in tourism – was employed to acquire information. The key interview results showed that the representatives of both the public and the private sector considered cooperation to be necessary, while its activation required interest in it or a common goal. Private sector entrepreneurs were not always the initiators of cooperation – it could be a local authority as well.

Keywords: rural tourism, bicycle tourism, health tourism, cooperation.

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Introduction

Exports of tourism services rose by 4.4% in Latvia in 2014. Expenses of foreign tourists on recreational and other private trips in Latvia increased by 14.7%, whereas their expenses on business trips declined by 3.1%. In 2014, the tourism trade balance remained positive, with a surplus of EUR 182.5 mln. The tourism balance for Latvia has been positive since 2011 when its surplus amounted to only EUR 3.6 mln. The key priorities of the government's tourism policy declare that further development of tourism products has to be based on such basic values as quality, sustainability (including introducing environment-friendly technologies and approaches), individualisation, high value-added, cooperation, tourist engagement/gaining experience and cooperation to ensure competitiveness (Ministry of Economics, 2015).

Tourism problems specified in Latvia's strategic documents and solutions to the problems require in-depth research.

The research aim is to identify key effective cooperation activities for representatives of the private and public sectors aimed at contributing to various kinds of tourism. The specific research tasks are to reveal similar and different activities for private sector organisations, local authorities, nongovernmental organisations and governmental organisations aimed at developing rural, bicycle and health tourism in Latvia, based on qualitative research studies performed by the students of Latvia University of Agriculture (LLU).

Research results and discussion

Tourism involves certain social and economic relations, i.e. obligations in which intermediary agents play some role; it provides a better flow of information among all cooperation partners, thereby resulting in

more successful and close cooperation in the tourism industry.

Cooperation is important in tackling various problems by stakeholders engaged in a system. Literature stresses that cooperation takes place to solve some structural problems rather than only occasional situations. In the context of tourism industry, it means that cooperation among partners in tourism is necessary to create a harmonised and sustainable tourism policy, an optimum environment for entrepreneurship and new tourism products. Cooperation partners from the governmental, private and nongovernmental sectors are involved in these processes (Kaufmane D., Eglite A., 2012).

Cooperation is often based on rational considerations, which are justified by various theories. For example, social change theory states that individuals, engaged in interaction, focus on the principle of exchange – to make maximum gains (friendship, profit, respect, love etc.) by making minimum investments; rational choice theory stresses that individuals, when choosing whether to engage in one or another relationship, first of all, rationally identify the maximum gain from the relationship (Roberts B., 2006). V.Vugt defines cooperation as a special form of assistance that may be important in tackling various problems among the elements involved in a cooperation system. Cooperation can be individual or structural. Structural cooperation takes the form of interaction that specifies the system's structure and regulates the requirements of all the stakeholders as well as laws, power and resources, considering the motives of participants in cooperation to be the key aspect (Van Vugt, M. et al., 2000).

Fyall and Garrod (2005) analysed such cooperation aspects as a voluntary relation of stakeholders to their common interests and goals, problems, actions,

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decision making, management, research and common institutions, which are linked by laws and social norms. Cooperation is some kind of effective interaction, including concentrated relations or simple forms of relations without a dynamic and explicit purpose; yet, it has to be emphasised that in cooperation, its participants need a common problem category that unites those engaged in it. Fyall and Garrod based their theory also on judgements by Himmelman, Krot, Haivod and Murphy regarding the manifestations of cooperation. Cooperation means mutually beneficial information exchange, common activities by stakeholders in the distribution of resources and the achievement of common goals. The existence of organisations in a long-term is also based on successful cooperation among partners (Kaufmane, D., 2011).

Depending on the context, the following synonymous terms are used instead of the term cooperation: partnership, joint action, communication, collaboration, social contact networks etc.

Cooperation in tourism is defined as a joint activity of several individuals or companies to achieve interrelated goals based on information exchange, agreements, partnership, joint ventures, membership in associations and other groups of people and companies. Cooperation involves a link that unites individuals and organisations, thereby raising their competitiveness in the tourism market (Ministry of Economics, 2008).

Research on cooperation in tourism became urgent in Latvia after the Lisbon Strategy was adopted; yet, no focus was placed on assessing and examining in detail cooperation until 2010. Inactive cooperation among the governmental, private, municipal and public sectors as well as the unclear division of responsibilities among the sectors were repeatedly mentioned as a weakness in tourism development in Latvia, whereas solutions referred to the establishment of an efficient tourism industry management mechanism and the enhancement of mutual cooperation (regular exchange of information, coordination of activities and financing and implementation of joint activities) with tourism-related areas (transport, culture, the environment, education, rural development etc.) (Kaufmane D., 2011).

Research on cooperation in tourism is urgent, and the findings might be a conceptual basis for the further tackling of practical problems in the tourism industry and the creation of development strategies. The urgency of this problem is justified by the themes of tourism-related scientific and practical conferences held

in recent years. For example, the introduction of the section Public and Private Partnership Potential in Attracting Tourists of the 72nd conference held by the University of Latvia (University of Latvia, 2014) states that the capability of tourism organisations and companies to cooperate is one of the prerequisites of successful development and competitiveness of tourism. The Latvian Tourism Forum was held in Jurmala on 4 December 2015. The forum discussed opportunities for cooperation between the government and the tourism industry, the promotion of medical tourism as well as opportunities for business tourism in Latvia. Representatives of six ministries (the Ministries of Economics, Health, Culture, Environmental Protection and Regional Development, Foreign Affairs and Transport) addressed cooperation and government support for tourism (Latvian Tourism Forum, 2015).

Theories on tourism reveal that cooperation emerges if providers of tourism services purposefully cooperate with partners directly and indirectly related to tourism, tourism products are developed, new kinds of tourism are introduced and new resources are integrated in tourism offerings.

Over the last five years, Latvia University of Agriculture conducted a number of qualitative research studies related to cooperation in selected kinds of tourism: rural, health and bicycle tourism.

A methodology for research on rural tourism was designed and approved by integrating the system approach to tourism analyses and the social network method and carrying out 75 standardised interviews (Kaufmane D., 2011). The research on cooperation systems in rural tourism in Zemgale region identified cooperation partners at municipal and regional levels. The research revealed motives for the formation of cooperation systems and their performance in Zemgale region. The region's providers of rural tourism services named 28 cooperation partners that represented all tourism-related areas: education, culture, service sector companies and the nongovernmental, municipal and governmental sectors.

The identification of cooperation stakeholders revealed each sector's role in tourism. Zemgale planning region's administration, when working on rural tourism development, has to involve cooperation partners from all the sectors: governmental, municipal, nongovernmental and private.

An assessment of the role of the governmental sector showed that the institutions which performed their functions close to providers of rural tourism

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services were rated positively and integrated in cooperation networks. In Zemgale region, the providers of rural tourism services mentioned the Rural Support Service (RSS), rural advisory bureaus and educational and cultural institutions in their cooperation networks, as their cooperation was mainly associated with the development of tourism products.

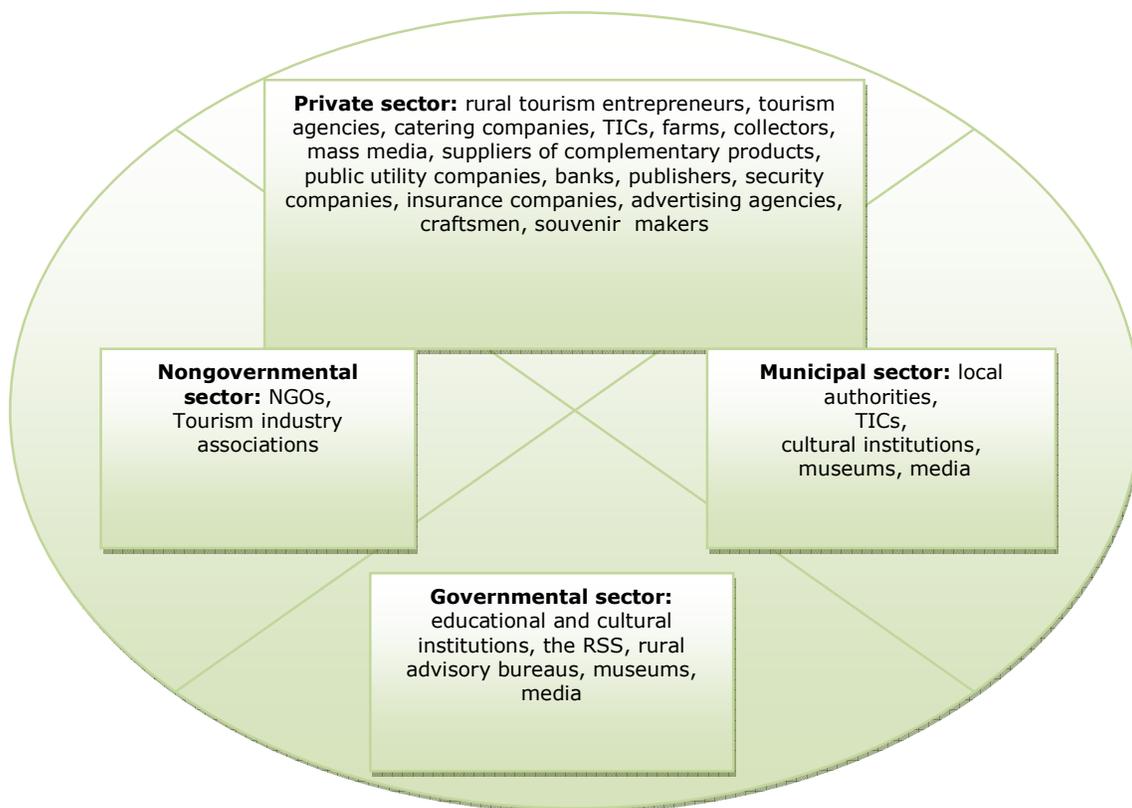
Local authorities as cooperation partners, according to the providers of tourism services, did not play an explicitly motivating and productive role in the cooperation system. In their cooperation networks, the local authorities marked 67 of the 75 interviews providers of rural tourism services in Zemgale, noting that a municipality is a territory where business is done rather than an institution that supports the tourism industry.

The research revealed organised cooperation of providers of rural tourism services – a rural tourism cluster – that covered some territory around the lake of Sauka. The providers of rural tourism services rated the local authority as an initiator and coordinator of the organising process, presenting some cooperation motives and performance results in their cooperation networks.

The providers of rural tourism services wanted the municipalities to review their information and

knowledge support system for residents who would like to integrate local tourism resources in their businesses.

Nongovernmental sector cooperation partners, which were related to the tourism industry both directly and indirectly, were identified in the cooperation system for rural tourism in Zemgale region. Of the 75 providers of rural tourism services, 46 cooperated with the tourism industry's associations and 25 – with organisations of other fields. The research revealed that in rural tourism the nongovernmental sector could be associated not only with tourism, for example, the association Rural Traveller and Zemgale Tourism Association but also with the specifics of tourism products or the basic occupation of providers of rural tourism services and their interests – the Association of Palaces and Manors of Latvia, the Latvian Museum Association, the Latvian Camping Association, the Association of Wine Producers and Growers, the Association of Latvian Bath-houses, the Association of Goat Breeders, the Organic Farming Association, the Association of Beekeepers, the Union of Museums, the Association of Seedling Growers, the Association of Hotels and Restaurants, Jelgava rural partnership Lielupe, Tervete Park Association, the Daugava Union, Sauka Nature Park Association and the Partnership of Selija.



Source: authors' construction based on their research on tourism cooperation systems in Zemgale planning region

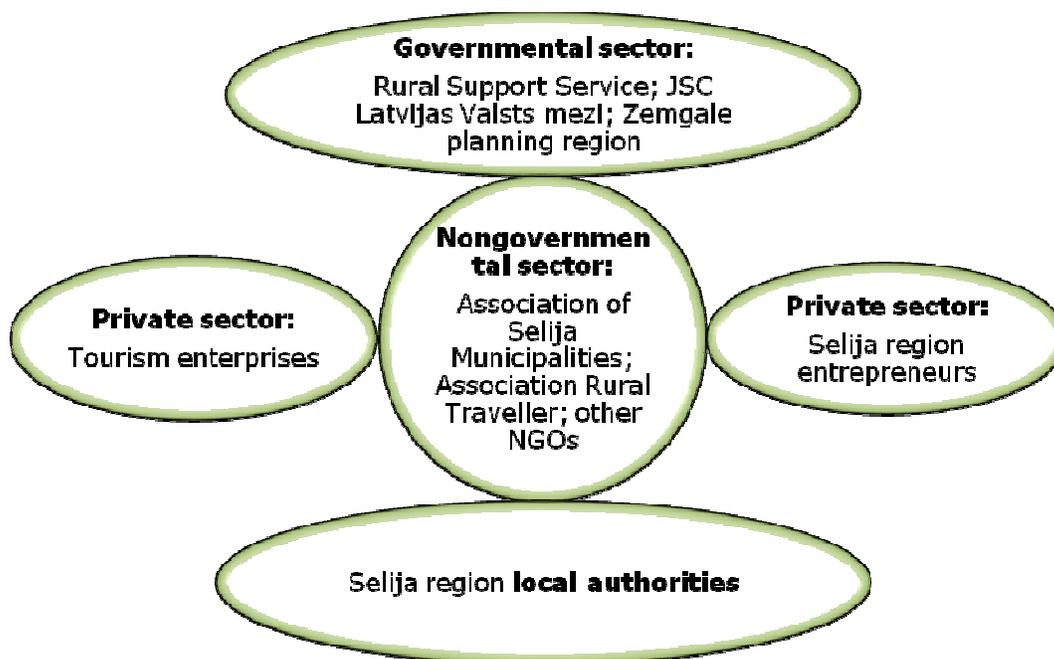
Fig. 1. Structure of the private, nongovernmental, municipal and governmental sectors in the rural tourism system in Zemgale region

Owing to the specifics of tourism products, the providers of rural tourism services are associated with interest organisations (Iecava Sports Club, the Association of Bicyclists, the Association of Jekabpils Rafters, the Angler Club Rotanss, the Orienteering Club, the Association of Book Friends) and public organisations established by local residents of municipalities (congregations, the Lady Club Mikslis, the Women Club Liepas, the Rural Women Club Dore and the Women Club Efeja).

The providers of rural tourism services cooperate with tourism industry associations and other NGOs to acquire and exchange information, knowledge and experience and to implement joint projects for the development of tourism products and for security, while their cooperation with the nongovernmental sector results in their recognition, additional knowledge, greater profit, new offers and security.

The private sector is characterised by a greater diversity of cooperation partners, as the areas the providers of rural tourism services cooperate with are mainly associated with other companies and service providers.

Similar problems in cooperation among various sectors and solutions to the problems were revealed carrying out partially structured interviews that focused on cooperation among organisations in the field of bicycle tourism in Selija (Rizga S., 2014). In the interviews, 11 professionals, entrepreneurs and representatives of municipal councils associated with the tourism industry expressed their opinions on prospects for bicycle tourism, the role of cooperation, specific activities and events to be held to contribute to the development of bicycle tourism. The interviews identified organisations and necessary functions to be performed by the organisations from the perspective of other potential cooperation partners (Figure 2).



Source: authors' construction based on their research

Fig. 2. Structure of the private, nongovernmental, municipal and governmental sectors in the rural tourism system in Zemgale region

The research finds that cooperation among the organisations involved in bicycle tourism has to be activated in order to develop bicycle tourism in Selija, and a public-private partnership and cooperation among local authorities, nongovernmental organisations and entrepreneurs are the most preferred forms of cooperation in bicycle tourism. Public-private partnerships have to be established to attract more funds, reduce risks and have an opportunity to employ the competences of organisations involved. Cooperation in bicycle tourism is necessary for exchanging experience, conducting joint market studies, making advertisements as well as providing mutual support. The research identified activities to be performed by each sector (Table 3).

Cooperation-related issues were examined with regard to health tourism as well. To identify the institutions necessary for cooperation and their role in health tourism development in Jurmala, a study was conducted in 2012 to identify the opinions of providers of tourism services on the cooperation of relevant institutions for health tourism development in Jurmala city. Health tourism, which is also referred to as recreational or medical tourism, is a term used by travel agencies and the mass media to describe the fast-growing practice of travelling across international borders for healthcare services. It is also attributed to the practice of providers of healthcare services to travel internationally to provide healthcare services.

Table 3

Necessary functions to be performed by the stakeholders for bicycle tourism development

Organisation	Functions to be performed
Nongovernmental sector	
Association of Selija Municipalities	Initiating and holding cooperation in the field of bicycle tourism, identifying the interests, needs and resources of a municipality and representing the interests of Selija municipalities regarding bicycle tourism development, initiating and supervising joint bicycle tourism development projects, coordinating the development of bicycle routes and the provision of information about bicycle tourism in Selija, providing regular communication and the flow of information among various stakeholders of bicycle tourism
Association Rural Traveller	Popularising and marketing bicycle tourism products in the mass media, holding the training of tourism entrepreneurs, participating in making laws related to bicycle tourism
Municipal sector	
Selija region local authorities	Implementing joint projects, holding joint activities, holding trips for experience exchange, developing new bicycle routes, coordinating the redistribution of funds for the development and maintenance of infrastructure, coordinating the placement of quality information on the websites of municipalities and activating cooperation with local NGOs and entrepreneurs
Private sector	
Selija region entrepreneurs	Coordinating cooperation to develop new tourism services, coordinating the provision of information, participating in making laws related to bicycle tourism
Governmental sector	
Zemgale planning region	Coordinating the development of sustainable development policy documents, carrying out activities in regional development
Rural Support Service	Administering national and EU financial assistance, receiving and evaluating project proposals, making decisions on granting funding, participating in making laws related to bicycle tourism
JSC Latvian State Forests	Expanding the forest road network, establishing recreational places, information marketing

Source: authors' construction based on their research

Because of the global financial crisis, health tourism becomes increasingly popular – people travel to another city or even country to get medically treated. Travelling beyond national borders for dentist and plastic surgery services is particularly widespread. However, ayurveda, spa services and wellness, by means of which people can purify their organisms and get rid of cigarette, alcohol or other addictions, also become popular. Health tourism is based on the wish to buy as cheap medical services as possible. Medical services of the same quality in Latvia are much cheaper than in the USA, Norway etc. Travellers usually seek an opportunity to undergo also planned medical procedures as well as complicated specific operations, for example, joint replacement, heart, dental and cosmetic surgery. More than 50 countries have declared health tourism as a tourism industry of national significance (United Nations World Tourism Organization, 2011).

A detailed identification of cooperation in tourism in Jurmala was performed at micro level, based on the structured interviews and the opinions of providers of

health tourism services on potential cooperation partners.

A research study (Kaufmane D., Polaks J., 2013) found that:

- 1) cooperation for health tourism development has to be based not only on cooperation between providers of healthcare services and health tourists but, in the future, also on insurers, tourism firms, various providers of services and leisure time companies;
- 2) the providers of health tourism services pointed that the most important partners for health tourism development were government institutions whose key functions concerning promoting health tourism were associated with the enhancement of the legal framework for resorts and medical services for tourists. Complications are created by the fact that the issues health tourism entrepreneurs are interested in are the fields of responsibility of various ministries – the Ministries of Economics, Health, Environmental Protection and Regional Development, Foreign Affairs etc.

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Municipal institutions are considered to be cooperation partners whose key tasks are to support the initiatives of providers of healthcare services and to promote health tourism in cooperation with government institutions. In future cooperation, the providers of health tourism services see similar functions to be performed by the nongovernmental sector.

In the conceptual cooperation model, the private sector is represented by real entrepreneurs whose primary task is to create and develop health tourism products in Jurmala (outpatient services, aesthetic procedures, spa and other services, complex medical services at medical institutions) as well as other service providers necessary for tourists (catering companies, transport companies, hotels, leisure time companies etc.). The private sector's key task is to create new higher value-added tourism products through expanding the assortment and including in it offerings related to other kinds of tourism (gastronomic, cognitive, cultural, active, urban tourism).

The nongovernmental sector has to be also involved in health tourism development. Tourism industry associations have to play the coordinating role in promoting product specialisation and innovation, thereby developing the cluster and engaging new cooperation partners in it.

An advantage of qualitative research involves the acquisition of detailed information and the elaboration of detailed solutions. All the above-mentioned research studies conclude that regular qualitative research studies are necessary for cooperation optimisation, mainly at micro-level, focusing on best practice examples in tourism.

The tourism industry is characterised by regional institutionalisation. It is indicated by the regional development agencies being responsible for development in municipalities and regions, the fact that the functions of municipalities are directly related to tourism development in their territory, the cooperation of the Latvian Tourism Development Agency with regional tourism associations and the establishment of tourism information centres (TIC) and points in municipality centres and rural territories according to the territorial principle. Tourism development plays an essential role in the region; thus, it is important for national, municipal, nongovernmental organisations and entrepreneurs to cooperate and support one another; yet, not always their cooperation and support were sufficient.

One of the scenarios for cooperation optimisation is the expansion of tourism institutional influence in the region having synergy centres whose establishment has to be based on three main principles: voluntary participation, initiative and creativity. A synergy centre could unite providers of tourism services, administrators of cultural and historical heritage, educational and cultural institutions, representatives of the nongovernmental sector and creative individuals for the purpose of creative activity. The centre could combine and seek common solutions to problems and ideas for cooperation among the stakeholders (Kaufmane D., 2014).

The providers of tourism services cooperate with representatives of various fields through establishing networks, which also shows the tourism industry's influence on other industries. Latvia's municipalities and regions need strategic policy documents for the tourism industry's development, which would be based on careful examinations of the industry and in-depth analyses of selected kinds of tourism.

Conclusions, proposals, recommendations

- 1) Cooperation is one of the ways how to react and productively work in the modern environment that becomes increasingly complicated and unpredictable and changes fast. It is clear that many issues are not the field of responsibility of one organisation or sector, as they require a complex perspective and broad participation.
- 2) The nongovernmental and private sectors may be viewed as the drivers in the tourism industry, and the cooperation of both sectors with the governmental and municipal sectors can contribute to the enhancement and maintenance of the flow of information. Initiators of cooperation might be not only private entrepreneurs but also representatives of the public sector.
- 3) Cooperation optimisation has to be based on the understanding of it and on information exchange, which may be promoted by new and current forms of cooperation between the public and the private sector, for example, public and private partnerships, cooperation, public discussions and experience exchange.
- 4) The detailed results of research on cooperation would serve as a conceptual basis for the further tackling of practical problems in the tourism

industry and the elaboration of tourism development strategies.

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