

INNOVATIONS AND NETWORKING FOSTERING TOURIST DESTINATION DEVELOPMENT IN SLOVAKIA

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ABSTRACT: The paper focuses on the implementation of innovations and networking in the sector of tourism in two Slovak mountain destinations of international significance. The main objective of the paper is to identify and evaluate how innovations and networking contribute to tourist destination development in Slovakia. The implementation of institutional innovation resulted in the establishment of formal and informal networks. The developed networks consist of representatives of all sectors co-ordinating all relevant stakeholders. Formal and informal networks and the collaboration among stakeholders have launched other types of innovations in the tourism sector. The interactions and intensity of relations among stakeholders are analysed by network analysis. Destinations are compared with the network of the same size and density through quantitative network characteristics. Based on empirical research we investigate the impact of networks and innovations on tourist destination development. Due to the synergy effect of networking and implementation of multiple innovations, tourist destination development is observed.

KEY WORDS: destination management organisations, innovation, networking, spatial development, tourism, Slovakia

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Introduction

Throughout history, tourism has been a phenomenon characterised by immense innovativeness. Over the past couple of years, the term innovation has increasingly been used to describe the trajectory of development of tourism enterprises, destinations and the tourism sector as a whole (Hall, Williams 2008; Hjalager 2002, 2010; Hjalager, Flagestad 2012). The role of the tourism sector in the regional, national and especially global economy has significantly increased in

recent years, and tourism has become an enhancer of economic development (Romao, Guerreiroa, Rodrigues 2013) and innovative behaviour. Moreover, support for tourist activities is an important element of regional development policies in the long term (Navrátil et al. 2013). Tourist organisations and destinations in current dynamic environment must reinvent their cultures and strategies to survive and create a sustainable competitive advantage (Racherla, Hu, Hyun 2008). If tourist destinations want to be competitive, sustain their competitive advantage, and attract new

or keep old customers, innovative behaviour is crucial (Borseková, Vaňová, Vitálišová 2017).

The paper focuses on two Slovak destinations of international significance – the High Tatras and Liptov. These two destinations are, in terms of Butler's (1980) destination life cycle, in the maturity stage. In the initial stages of the destination life cycle, the level of cooperation between destination stakeholders is weak. When the stage of maturity is reached, the destinations will experience a synergic effect of cooperation between the stakeholders, which creates the conditions for the establishment of a destination management organisation. The relationships between the stakeholders and the destination management organisation should result in trust, transparency and leadership.

These two selected tourist destinations belong to the most attractive ones with the highest number of accommodations in Slovakia. With their infrastructural capacity and the number of ski slopes, they belong to the largest winter sport areas in Central Europe. Both destinations show good internal potential and the implemented innovations should orchestrate the development of tourist destinations in the future.

The scientific goal of the paper is to identify and evaluate how innovations and networking contribute to tourist destination development in Slovakia. The paper focuses on the established networks pushed by institutional innovation and how the created networks generate and introduce other types of innovations in the tourism sector and their impact on the overall development of tourist destinations in Slovakia.

Theoretical background

There are several types of innovations in the tourism sector. Jafari et al. (2003) distinguish product, process, managerial, marketing and logistic innovations. OECD (2004) adds market and *ad hoc* innovations, while Mayer (2009) focuses also on organisational, institutional and customer innovations. Another point of view is presented by Castellacci (2008) who deals with demand-driven innovations and those resulting from technologies and state interventions. Moreover, Camisón and Monfort-Mir (2012) focus on innovations deriving from science

and research and market-driven innovations. However, the most significant classification of innovations in tourism is the one presented by Hjalager (2010) who creates the typology of innovations focused on product, process, managerial, marketing and institutional innovations.

Product or service innovations refer to changes directly observed by the customer, which are regarded as new. It can be a completely new product or service, or new only for a particular enterprise or destination. Process innovations are aimed at escalating efficiency, increasing productivity and flow (Hjalager 2010). Managerial innovations deal with new approaches to internal collaboration, motivating and empowering staff, building careers and compensating workers with extra pay and benefits (Ottenbacher, Gnoth 2005). Marketing innovations focus on new marketing approaches targeting changes in communication between service providers and customers, and building their positive relationship (Hankinton 2004). Institutional innovation is a new comprehensive collaborative or organisational structure, or a legal framework that efficiently enhances business in certain fields of tourism. Networks and alliances in tourism are considered as an essence of fostering innovations in the tourism sector (Lynch, Morrison 2007).

The development of tourist destinations is influenced by several stakeholders. A stakeholder theory defines a stakeholder as "any group or individual who can affect or is affected by the achievement of organisation objectives" (Freeman 1984). When applying the stakeholders' theory on the tourist destination, several types of stakeholders can be found. They can be divided into several groups, e.g. as community-based stakeholders, service providers, employees, market-based stakeholders, owner-based stakeholders, financial stakeholders and others (Flagestad 2001). Sheehan and Ritchie (2005) include local, regional and national tourism associations, accommodation facilities, hospitality facilities, tourist attractions, congress centres, residents and universities. Bieger and Beritelli (2012) look at stakeholders from a wider perspective. They include destination management organisations, hotels and other accommodation facilities, residents, visitors, environmental associations, tradesmen, mountain transport operators, employees, shareholders, political parties, local

Table 1. The most important stakeholders in a destination.

Sector	Stakeholder
Public-private	Destination management organisations
	Tourism associations
Public	Municipalities
	Cultural facilities
	Educational institutions
	Regional development agencies
Private	Accommodation facilities
	Catering facilities
	Tour operators
	Congress centres
	Sport and recreational facilities
	Transport associations

Source: own elaboration.

authorities and suppliers. Taking into account these classifications and the importance of stakeholders in the networking process, we propose the following classification of stakeholders in tourist destinations (Table 1).

In order to compete in the international market, the cooperation of all relevant stakeholders is very important (Wang, Krakover 2008). Although these stakeholders have various interests and in a particular situation can act as competitors, it is crucial for them to collaborate in order to reach new target groups, new markets and keep their customers.

As a result of a collaborative approach among stakeholders within tourist destinations, formal and informal networks are created. Formal networks are relationships institutionalised among existing stakeholders. These networks are based on the joint decision-making process by involving key stakeholders in resolving their conflicts, and on the advantage of sharing common vision (Gray 1989; Jamal, Getz 1995; Hall 1999). It can be done by establishing destination management organisations (DMO) or other legally binding forms of collaboration (Fernández-Cavia et al. 2014). As Pechlaner et al. (2012) state, the DMO acts as a coordinator of stakeholders in tourist destinations. Its role is to coordinate activities in a destination under one coherent strategy (UNWTO 2007). The DMO does not control the actions of its stakeholders, but brings together financial resources and undertake managerial and marketing activities. Informal networks are based on good and productive relations among the network members without creating a formal organisation.

The issue of tourism networks was researched by many experts, e.g. Beni (2003), Ferreira (2003), Capone (2004), Baggio (2008), Baggio, Scott and Cooper (2010), Beritelli, Strobl and Peters (2013) and others. Tourism networks can be classified as business networks, where networking is the tool to enhance firm performance, policy networks that provide the access to resources, and co-operating networks reaching the balance between competition and collaboration (Van der Zee, Vanneste 2015).

Data and methods

This paper is based on empirical research by the exploitation of a solid set of scientific methods. The stakeholders in each destination were identified, on the basis of a database in the destination management system, an official web page and the booking system used in each region. As these sources were designed to inform the visitor about all attractions and products in the destination, therefore it can be assumed that the number of identified stakeholders comes close to the actual number. The population consists of 405 stakeholders (195 in the High Tatras and 210 in Liptov) (Table 2).

The networking of stakeholders in tourist destinations was identified on the basis of relations during the creation of tourist destination product and the integrated marketing communication. These two criteria may be perceived as the most crucial activities of destination management,

Table 2. The structure of tourism stakeholders in the destination regions of the High Tatras and Liptov.

Category of stakeholder	High Tatras	Liptov
DMOs	1	1
Tourism associations (and clusters)	2	8
Hotels	68	43
Pensions	58	56
Catering facilities	43	44
Sport and recreational facilities	5	10
Cultural facilities	2	12
Transport associations	4	1
Municipalities	3	25
Tour operators	9	10
Σ	196	210

Source: based on destination management systems, web pages and a booking system of each destination.

Table 3. Selected quantitative characteristics of network analysis.

Category	Quantitative characteristics	Formula	Description
Main characteristics of the network	Size of network (m)	$C = \frac{1}{n} \sum_{i=1}^n C_i$	Number of cooperative relations
	Network density (δ)	$C = \frac{1}{n} \sum_i \frac{2t_i}{k_i(k_i-1)}$	The ratio between m and the maximum possible number of relations that a network can have
	Average degree (deg)	$\sum_{v \in V} deg(v) = 2 E $	Average number of relations, that the subject has with neighbours
Intensity of cooperation	Clustering of coefficient (C)	$\delta = \frac{2 \sum_i \sum_j a_{ij}}{n(n-1)}$	Tendency of subjects to create homogenous groups with relatively high density
	Weighted clustering coefficient (\bar{C})	$m = \sum_i \sum_j a_{ij}$	Probability that a subject cooperates with another subject in the network
Power of the subject and network	Degree centrality (C_D)	$C_D(v) = deg(v)$	Number of relations of the subject

Source: processed according to Hanneman, Riddle 2005; Scott, Baggio, Cooper 2008a; Baggio, Scott, Cooper 2010.

Note: a = value of a relation (0-1), n = no. of subjects, E = no. of relations, v = no. of graph vertices, σ_{st} = no. of the shortest paths from subject s to subject t , t = no. of relations between neighbours, k = degree of a node, A = adjacency matrix, d = distance between subject, $C_x(p_i)$ = centrality measure of point i , $C_x(p.)$ = largest centrality measure in the network.

therefore the power and resources were not taken into account. For determining the relations, secondary data were used. These include destination brochures, internal materials of destination management organisations, web sites of tourism stakeholders and the destination management system. The relations were identified using a binary system, without taking into account the intensity of cooperation and proceeded by social network analysis. The comparable methodology can be found in the research of Baggio et al. (2010) or Grama and Baggio (2014).

Network analysis provides tools to describe the structure of relations between the various entities and allows the measurement of networking. This is an application of the matrix and graph theory (Hanneman, Riddle 2005). It uses primarily the graphic display that consists of nodes representing actors (stakeholders), and lines representing relations (cooperation). Using this concept, network analysis identifies relevant stakeholders, focuses on the connection between them and seeks to form the nature, pattern and implications of the connection between the nodes (Scott, Carrington 2011).

Network analysis in tourism is a relatively new way of analysing the interactions between stakeholders, further explored in the works of Scott, Baggio and Cooper (2008), Baggio et al. (2010),

Presenza and Cipollina (2010), Beritelli, Strobl and Peters (2013), Del Chiappa and Presenza (2013), Grama and Baggio (2013), O'Sullivan (2014). Apart from the most used graphical interpretation, social network analysis can describe the relationships by quantitative characteristics (Table 3).

The data set is analysed by using the UCINET 6.560 program (Borgatti, Everett, Freeman 2002) and NetDraw, which make it possible to calculate all selected quantitative characteristics and visualise cooperative behaviour.

The primary data set was examined via several surveys carried out among destination

Table 4. The structure of stakeholders that answered the questionnaire.

Stakeholder	High Tatras	Liptov
DMOs/ Tourism associations	1	3
Hotels	16	13
Pensions	10	13
Catering facilities	3	4
Sport and recreational facilities	3	0
Cultural facilities	1	2
Transport associations	0	0
Municipalities	2	1
Tour operators	3	0
Σ	39	36

Source: own study.

Table 5. Networking in tourism in Slovakia since 1989.

Time period	Form of Partnership	Focus
1989–2007	Regional tourism associations, regional associations of cities and municipalities, Euro-regional associations, local action groups	Coordinated tourism development Strong competition Organising events
2008–2011	Tourism clusters	Open partnerships Coordination of marketing activities Beginning in creation of a single product
2012 till now	Destination management organisations following the Law no. 91/2010 Coll.	Branding Reservation systems Creation of product and its marketing communication

Source: own study.

stakeholders. At first, all major stakeholders in the destinations were asked to fill in a questionnaire that focused on the strength of partnerships with other stakeholders. The research sample consists of those who answered the questionnaire. In total, 75 stakeholders responded, leading to a response rate of 18.52%. The survey was not only sent to the members of destination management organisations, but to all businesses operating within the tourism industry in selected destinations as well (Table 4).

The implemented innovations in tourist destinations were identified based on in-depth interviews with the members of DMOs and operators of mountain transport facilities. Moreover, the annual reports of these organisations were examined to compare the findings from the interviews and to enrich the analysis.

Research results and the discussion

Evolution of networking in tourism in Slovakia

The networking in the tourism sector in Slovakia started after 1989, when the organisations based on the public-private partnership principle were created. Firstly, they had the character of tourism associations as non-profit organisations. Their main mission was to create the conditions to meet the needs of tourist visitors, to develop the entrepreneurial activities and to coordinate the interests of tourism stakeholders. The legislation in that period did not create sufficient space to finance the activities of tourism associations. These associations, however, represented only a relatively small number of stakeholders, and they were often “dormant” or only active for

certain projects (notably the development of the tourism infrastructure). The associations usually did not have permanent professional staff, but their members provided the tasks besides their main jobs.

Since 2008, tourism clusters have been created, with the potential for the successful implementation of spatial and tourist development. An important motivation to create them was an effort to coordinate the marketing of a destination, tourist destination development and to promote collaboration. Due to the lack of focus on research and innovations the tourism clusters were far away from the real cluster conception (Table 5).

Since 2012, for the first time in Slovakia, the systematic development of organisational structures in tourism has been observed, supported financially by the government. The Tourism Support Act no. 91/2010 Coll. was introduced, and established an organisational structure at the national, regional and local levels, and defined the way of financial subsidies for tourism organisations at the local (NUTS4 and NUTS5/LAU1 and LAU2) and regional (NUTS3) level. According to this law, a key role regarding the management of strategic business units – destinations, should be fulfilled within newly created destination management organisations (DMOs).

Current institutional and legislative conditions supporting networking in the tourism sector in Slovakia

Nowadays, the collaboration and stimulus for establishing formal networks in the tourism sector in Slovakia is legislatively governed by the Tourism Support Act no. 91/2010 Coll. So far it has been the biggest institutional innovation in

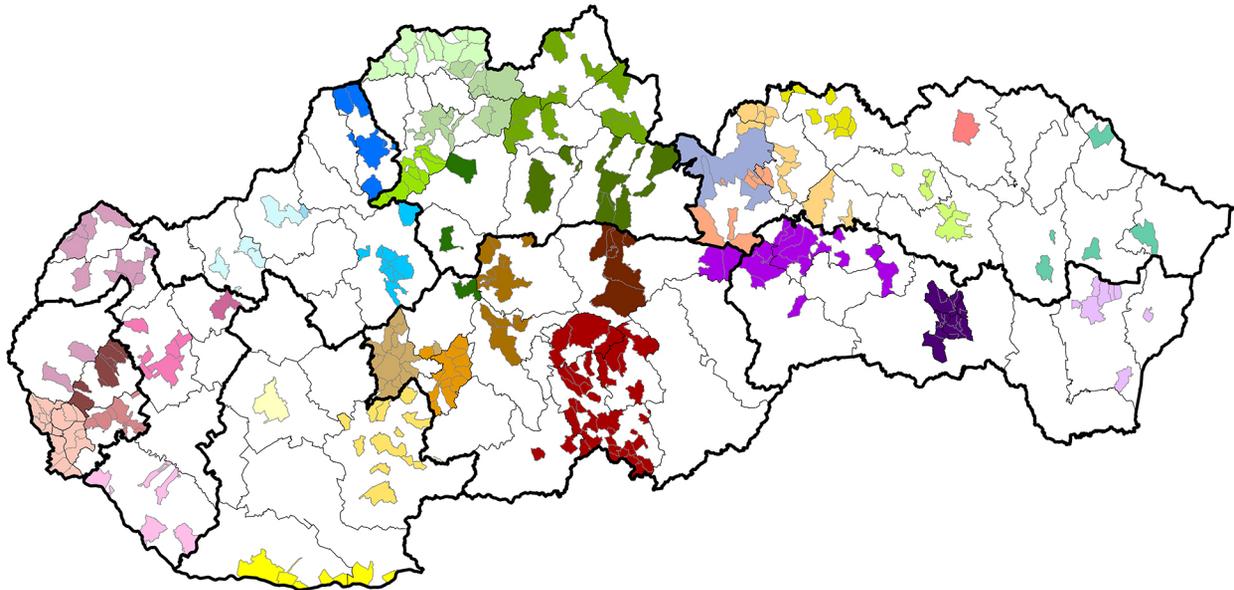


Fig. 1. Map of destination management organisations in Slovakia.
Source: own study based on Kidová (2017).

the tourism sector in this country. As the Act financially supports the creation of DMOs, it can be regarded as a “top-down” approach, where the organisations are not created from the spontaneous will of stakeholders (as was the case of tourism associations and clusters), but highly stimulated by financial incentives. This institutional innovation created better conditions for networking within tourism stakeholders.

Currently, there are 36 DMOs operating at the local level and five at the regional one. Fig. 1 illustrates the location of DMOs in Slovakia. We must critically admit that the number of DMOs operating at the local level is much too large, since some have only one employee and a limited budget. According to the Tourism Support Act, the financial support is especially dedicated to those destinations that have the largest number of overnight stays and the developed tourism infrastructure, implying deepening regional disparities (Kučerová 2015). In particular, it can be observed that the three biggest DMOs in 2016 accounted for 62.71% of total subsidies (Fig. 1).

As the collaboration within a newly established DMO is financially supported by state subsidies, newly created DMOs dominate in Slovakia as a consequence of the prevailing institutional scheme.

Due to the possibility to receive subsidies from the state budget, many other tourism associations, clusters and other subjects cooperate

with DMOs. At present, DMOs are supported from public resources, while other tourism organisations benefit from EU funds, or are financially dependent on membership fees.

Networking enhancing further innovations in tourist destinations

According to Soteriades (2012), the networking among relevant stakeholders can be one of the best available tools in fostering tourist development. Therefore, it is important to examine how the creation of networks and their operating influence the development of tourist destinations. In order to express how the networking enhances innovations in tourism, the authors focus on a quantitative and qualitative analysis of the two most important mountain destinations in Slovakia.

The High Tatras and Liptov are traditional tourist destinations characterised by a fragmentation on the supply side. In both regions, several tourism stakeholders create the destination’s product. These stakeholders differ according to their size, interests, organisational form and character of services. The networking among stakeholders in tourist destinations is analysed using binary network analysis on the basis of the creation of a common regional product and integrated marketing communication.

The beginning of collaboration among tourism stakeholders in the High Tatras started in

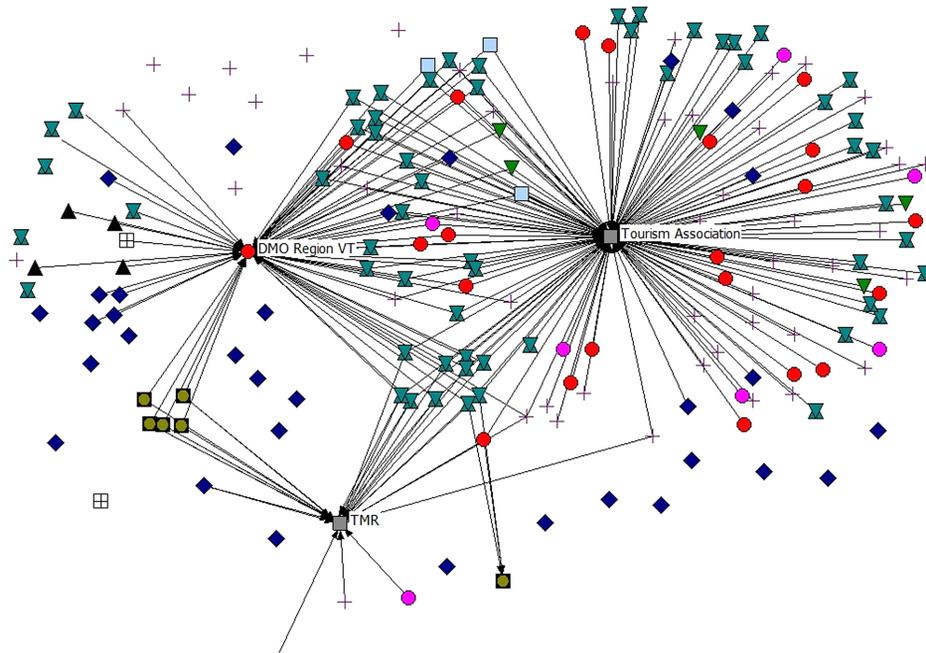


Fig. 2. Graph of network analysis in the High Tatras.
Source: own study.

1994 with the creation of the Tourism Association of the High Tatras. After the implementation of the Tourism Support Act, the High Tatras DMO Region was established in 2012. This DMO expresses the common interest of three municipalities, the Tourism Association of the High Tatras, the operators of mountain transport facilities and an aqua park. The role of public-private partnerships is crucial in order to support the process of development and marketing of a regional tourism product. Fig. 2 indicates that the collaboration of stakeholders in the High Tatras, particularly accommodation facilities, is concentrated in the Tourism Association and the DMO Region High Tatras. The stakeholders cooperate in the development of the destination visitor's card Tatra Card Winter and Tatra Card Summer, through which visitors can enjoy discounts in sports and recreational facilities, cultural and catering facilities, and also free transport by an aqua ski bus. This cooperation can also be seen in the Go Pass card, which is a loyalty program of a private stakeholder (TMR, Inc.), but due to the inclusion of the major tourist attractions in the destination, this card acts as a destination visitor's card.

The collaboration of stakeholders in Liptov is concentrated on the destination management organisation the Liptov DMO Region and the Liptov Cluster. The Liptov Cluster was established in

2008 through a bottom-up approach. From the membership point of view, the cluster combines the operators of mountain transport facilities and aqua parks, supporting businesses and 19 municipalities (three cities and 16 villages). In total, the cluster has 27 members. The DMO Region Liptov was established in 2012, following the Tourism Support Act. 91/2010 Coll. A top-down approach was driven mainly by the opportunity to benefit from state subsidies. The Liptov Cluster and the Liptov DMO Region do not compete with each other, they built the brand "Liptov" together. The DMO is financed by a state subsidy and membership fees and the cluster is financed by European funds.

Fig. 3 indicates collaboration and networking in Liptov, where the cooperative behaviour of accommodation facilities, the Cluster and the DMO can be observed. Stakeholders created the product Liptov Card Winter and Liptov Card Summer. The visitor can benefit from discounts on major attractions in the region. An interesting product of the summer season is the Seven Treasures of Liptov, which uses the elements of geocaching and motivates visitors to get to know the entire region of Liptov.

The research is enriched by the quantitative network characteristics (Table 6), where the actual network characteristics of destinations are

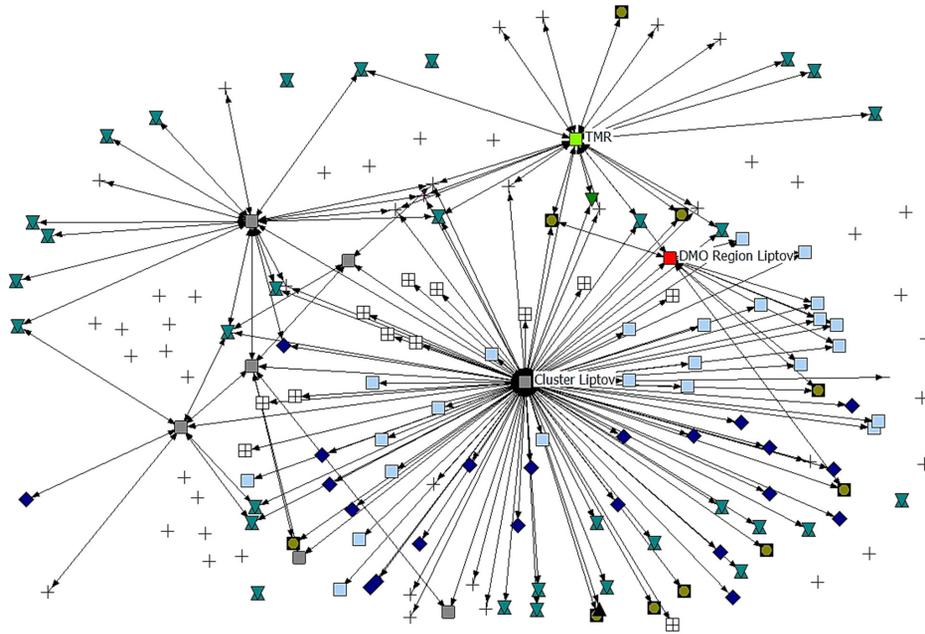


Fig. 3. Graph of network analysis in Liptov.
Source: own study.

compared with the network of the same size and density, but with the random distribution of stakeholders and relations.

The average in both destinations shows that the average number of relations that the subject has with its neighbours is almost four. As far as the intensity of networking is concerned, the most important characteristics are a clustering coefficient and its weighted value, which measure the tendency of the subject to create homogeneous groups where collaboration prevails. Based on the values of these characteristics, which are larger than zero, as well as larger than in networks with a random distribution, the creation of groups where collaboration is higher than in other places in the network in both destinations can be observed. The reason for the creation of such clusters is collaboration and networking stimulated by the established DMOs.

The second analysis is also supported by the results based on a questionnaire that focuses on

the strength of collaboration from the stakeholders' point of view (Fig. 4). The stakeholders were asked to evaluate the strength of collaboration with another group of stakeholders on the scale 1-5, where 1 stands for very weak collaboration and 5 stands for very good collaboration. In all, 39 stakeholders from the High Tatras and 36 from the Liptov region took part in the survey. The strongest collaboration can be found with destination management organisations, tourism associations and municipalities. In terms of creating a competitive tourism product, the cooperation with accommodation and catering facilities should be stronger.

Both DMOs now play a crucial role in networking based on product development and marketing communication. Their annual budgets exceed €1.5m and their goals in destination development are presented in Table 7.

Due to the networking of the major stakeholders, several product and marketing innovations

Table 6. Quantitative characteristics of networking in the High Tatras and Liptov.

Quantitative characteristics	High Tatras	Liptov	High Tatras - random	Liptov - random
Size of the network	696	794	696	794
Network density	0.018	0.017	0.018	0.017
Average degree	3.569	3.710	3.528	3.682
Clustering of coefficient	0.543	0.413	0.019	0.019
Weighted clustering coefficient	0.037	0.035	0.020	0.018

Source: own study.

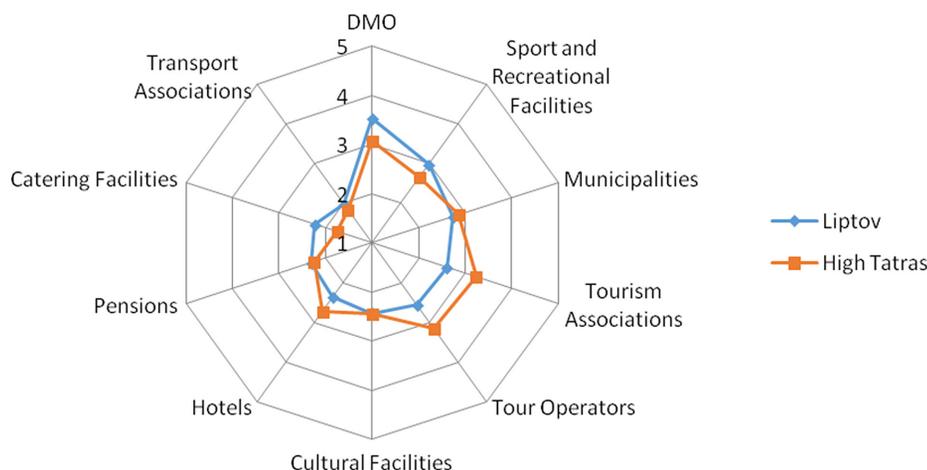


Fig. 4. Strength of networking in the examined destinations. Source: own study.

have been introduced in the High Tatras and in Liptov in the last years (Table 8). Although a DMO would be expected to be the initiator of these innovations in both destinations, several innovations were initiated by the company TMR, Inc., or the Liptov Cluster. These innovations were focused on the product, price, promotion, and distribution. The creation of accommodation packages had an impact on the growth of the average length of stay and increased occupancy rates in hotels. Both DMOs and TMR, Inc. started to create accommodation packages. Destination

cards primarily aimed at increasing the sales of a multi-day ski pass and the average length of visitors' stay. A suitable combination of accommodations with skiing and other discounts on additional services stimulated by collaboration and networking affected tourist destination development.

Process innovations were focused on efficiency, productivity and flow. They were connected mainly with implementing information technologies. In both destinations, new destination management systems were introduced. This

Table 7. Goals of destination management organisations.

High Tatras	Liptov
- to group the destination's stakeholders	- to create a recognisable brand of the destination regions in the domestic and international market
- to group the financial resources for tourism development	- to create attractive tourism products
- to build the common infrastructure, product and promotion of the destination region	- to create a complex system of destination management
- to support effective spatial organisation in the region	- to create and build effective marketing promotion
- to create a good image of the region	

Source: annual reports of DMOs, 2016.

Table 8. Product and marketing innovations implemented in examined destinations.

Innovation	Stakeholder
Accommodation and ski packages	TMR, DMO
Amusement paths for children (Wilderness in Tatras, Marmot country)	DMO
Destination card (Liptov Card)	DMO, Cluster
Destination card (Tatry Card)	DMO
Loyalty programme Gopass	TMR
Ski pass discounts in accommodation facilities	TMR
Building an appealing brand in both destination regions	TMR, Cluster
Brand Liptov coherent with brand Liptov used for local products	DMO, Cluster
Extensive marketing campaign in Poland	TMR
Utilisation of innovative communication tools, including digital marketing (web side, social networks)	TMR
Life-style journal about High Tatras	TMR
Active cooperation with tour operators from Russian speaking countries	DMO
Online selling of Gopass and ski passes	TMR

Source: own study.

implementation changed the internal processes in the destination management organisation. The following processes were innovated:

- destination product development,
- destination marketing,
- booking of services (accommodation, cultural events),
- management of visitors' cards,
- customer relationship management (CRM),
- management of stakeholders' destination.

Conclusions and policy implications

Both examined destinations are mountain areas with the rich cultural and historical heritage, and unique water resources suitable for building aqua parks, wellness and spa resorts. Both destinations have good potential for tourist development and they stand a chance of being recognisable on the international market. Fig. 5 shows the impact of innovation processes.

In the High Tatras and Liptov, institutional innovations were introduced in the form of formal networks in the tourism sector via the introduction of destination management organisations. Although tourism associations and clusters were also present before, the creation of DMOs offered better possibilities for networking and led to stronger collaboration.

The collaboration of organisations within the tourism sector as well as relevant stakeholders enhances the development and implementation of the product, marketing, process and managerial innovations and contributes to the creation of

new formal and informal networks. Innovations, formal and informal networks contribute to the development of the tourism sector that orchestrate the overall development of tourism destinations in the High Tatras and Liptov. The Liptov region was visited in 2016 by almost half a million of tourists. The number of visitors increased from the last year by almost 13% and the summer 2016 was the best ever for the region. Networking and innovations lead to the higher number of visitors and thus positively influence the stakeholders. Moreover, these two destinations seized the opportunity to organise major events such as the 27th Winter Universiade and FIS Ladies World Cup 2016. Slovak tourism destinations thanks to hosting important sport events are appearing on the map of significant tourism destinations of international relevance.

Since innovations contribute to the higher competitiveness of tourist destinations, via the synergy effect, it brings also economic benefits to the region (higher direct and indirect tourism income, direct and indirect job creation etc.). We believe that further research needs to be conducted within existing informal networks as there is a lack of evidence in the contribution of social capital to higher innovativeness in tourism with particular attention paid to tourist destinations. In order to assess the social capital, the outcomes of the research conducted by the commission of the European Science Foundation within the European Social Survey should be taken into account. The link between social skills, networking and collaboration within a tourist destination as a stimulus of innovation processes leading

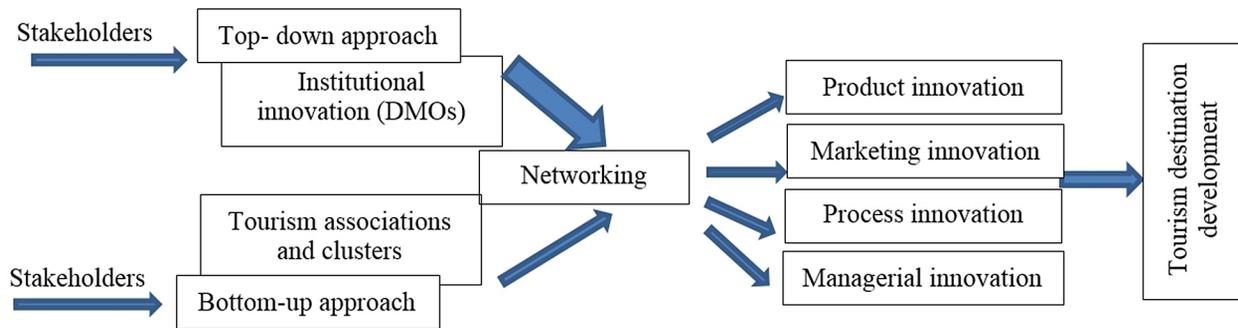


Fig. 5. The impact of innovations and networking on tourism destination development.
Source: own study.

to higher competitiveness in tourism should be investigated. The access to social capital means higher competitiveness and social solidarity, while the lack of social capital is related to the lack of economic success and consequently leads to social exclusion. Moreover, social capital strengthens innovations and thus supports economic growth and development. Therefore, further research should be focused on informal networks, leadership and co-operative relations beyond the tourism sector framework aligned with the destination governance concept.

According to the prognosis of the World Travel and Tourism Council (WTTC), the tourism sector and its impact on overall development will be growing in Slovakia. In the ten-year WTTC prognosis, a direct contribution of travel and tourism to GDP is expected to grow by 3.8% p.a. to 2.7% of GDP by 2026 in Slovakia (WTTC 2016). Despite the positive prognosis of the WTTC there is a large space for improvement. The Slovak tourism sector is still underdeveloped and not enough attention is paid to its smart and sustainable development. In the long-term growth forecast for 2014–2024, Slovakia will rank 148th out of 184 countries. This situation cannot be perceived as satisfactory. Policy and decision makers at the local, regional and national level in Slovakia should create efficient support tools for tourist development. The Slovak tourism sector, despite its potential, lacks systematic approach integrating all spatial levels and all relevant stakeholders. The collaboration among stakeholders and efficient networks (formal as well as informal) can act as building blocks for successful tourist development in Slovakia.

Innovations are crucial for the development of the tourism sector and for ensuring the

competitiveness in tourist destinations. As discussed in the paper, the implementation of institutional innovations in the form of establishing destination management organisations, supported the creation of formal and informal networks and together with tourism associations and clusters generated additional innovations. Due to the synergy effect of innovations, collaboration and networking, the development of the tourism sector is orchestrating the overall development of tourist destinations by an increase in employment, local or regional economics and well-being.

The reasons for implementing innovations can vary in each region. Every municipality, region or destination has its own history, tradition, policy and leadership style. They are influenced by the external environment, state and European policy. It is therefore quite challenging to assess which innovations are in general the most suitable for orchestrating tourist destination development with important economic benefits. The aim of implemented innovations should be to increase the competitiveness of the destination on the tourism market with the respect to the principles of sustainable and smart tourist development. Thus, they should meet the economic, environmental and social needs of a tourist destination and entire regions to ensure their smart and sustainable development.

Although the institutional innovation in the form of national law results in the collaboration of tourism stakeholders in destinations, which we believe is a positive feature, this top-down approach stimulated the creation of weak destination management organisations as well. We are of the opinion that without an impulse in the form of the state subsidy, several of these organisations would never be established and their

perspective for sustainability and a long-term efficient operation would be low, which is not conducive to smart and sustainable tourist development. However, we can expect merges of several small DMOs covering an area with limited potential in tourism in the near future.

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