

# THE CONCEPT OF TOURISM CLUSTER AS A PATH TO RURAL SUCCESS: SLOVAKIA, LIPTOV REGION

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## Introduction

Changes in the political and economic management in the former socialist countries have greatly influenced the differentiation of official conceptions concerning their spatial development. These facts also influence the spatial choice behaviour of population and the consequent creation of new spatial structures. Rural population in the 20<sup>th</sup> century had to face the challenge of developing industrialisation, which have also directly impacted agricultural production and forestry. Increased mechanisation and introduction of new technologies in these two branches of the economy pointed to inevitability to retrain the great part of agrarian population.

The transformation of agrarian workers into industrial ones also possessed its spatial dimension. The industrialisation process, as well as efforts to achieve the most economically effective productions through the spatial concentration of productive plants, were the cause of increased urbanising processes in Slovakia in the later half of the 20<sup>th</sup> century. This process was based on the conception of growth poles and was directed into a selected number of settlement units where jobs were concentrated (especially in industry). Rural population was offered two possible ways to face the changing situation: on the one side, they could continue living in the original rural environment and commute to towns or change their permanent addresses and move to places that offered jobs. The above-mentioned processes increased urbanisation in Slovakia, which meant that the development of towns in its initial phases was not caused by natural increases of urban population but by immigration of people from the rural areas. The selective exodus of (predominantly) young people from rural areas, though, caused their depopulation with the parallel reduction of their developmental potential. Rural areas acquire the more-or-less generally accepted status of problematic areas.

The political and economic changes in Czechoslovakia (and also in other former socialist countries), which triggered the transformation of the whole society at the beginning of the 1990s, represented an incentive for a more distinct spatial differentiation of the rural areas. Under the effects of the neo-liberal conception of economic development, the rural area is no longer perceived as a homogeneous spatial unit formed and maintained by the State's paternalism with ambivalent development impacts. The spatial redistribution of population, a product of suburbanisation, and economic restructuring accompanied by the spatial dispersion

of economic entities, has also created a chance for the selective revitalisation of the country.

Rural municipalities and rural areas compete with each other on regional, national or European levels. Every (?) rural spatial unit tries to occupy the place among winners in competition for people and capital. But the fact is that the number of “losers” with unsuccessful development stories is always higher than that of “winners”. Attractive investments, which contribute to the creation of jobs, economic growth, prosperity and improved living standard of the local and regional population, flow only to a limited number of rural localities and rural regions, which become attractive for potential migrants. They represent (together with the unique tacit knowledge of human community embedded in concrete space) an important source for potential successful (economic) development stories of selected rural areas. Rural “success” in the neoliberal sense is connected with the adjective of “economic”. On the other side, there is a relatively small group of rural localities with extremely sustainable developmental strategy and with a totally different understanding of rural “success”.

The aim of the article is to present a basic idea of the term “successful rural area” which is a kind of final picture of the influence of selected endogenous and exogenous factors on its socio-economic development. One of the possible alternative paths to (economic) success in rural area will be demonstrated by showing the example of how the concept of tourist cluster has been applied in the region of Liptov endeavouring for a more efficient use of (not only) the natural potential existing in its territory.

### **Term “successful rural area”**

Several relevant terms describing either something abstract (quality of life, development) or something real and very complicated (region) exist in contemporary human geography. These terms are not univocally perceived, defined and interpreted. Obviously, the term “successful rural area” composed of words that express something very abstract (success) on the one side and something real and existing but very complicated on the other side (rural area), will not be also univocally perceived, defined and interpreted.

The perception of the rural character and the consequent delimitation of rural areas can be viewed from several angles (e.g., *Elands–Wiersun*, 2001; *Hurbánek*, 2008). Some authors (e.g., *Czapiewski*, 2010, *Székely–Michniak*, 2009) prefer the administrative approach while defining and delimiting rural area due to pragmatic reasons. Rural areas for them are cadastral territories of basic administrative units (municipality – *obec*, *gmina*), which were not granted the status of a town/city (urban municipality). Applying the quoted principle we can say that in time of the last

Census of people, houses and flats (2001) it was found that only 43.5% of the total population of Slovakia lived in 2,745 rural municipalities (95.2% of all municipalities in the country). It means that rural municipalities distinctly dominated in the settlement structure of Slovakia (Székely, 2003).

The idea of success is a highly individual and subjective matter. The dynamic perception of success is moulded by changes in subject's value scale. Practically it is not possible to univocally and generally define success from the scientific point of view. *Perlín and Šimčíková* (2008) pointed to different views of success or successfulness depending on the interests of individual rural actors (citizens of the rural municipality along with representatives of non-profit groups or informal associations in rural areas, representatives of local government, and representatives of the state and higher territorial-administrative units). As to capture the complex idea of a successful rural municipality, they define it on the basis of six more or less questionable criteria. The successful rural municipality is, according to *Perlín and Šimčíková* (2008), characterised by the following conditions:

- the population has been increasing and is relatively young (demographical indices);
- development activities are present (economic indices);
- the appearance is pleasant (appearance aspect);
- the municipality is sufficiently equipped (equipment of the municipality);
- community life is rich (political activities of the local population and cultural life in the municipality);
- the municipality works correctly (functionality of the municipality).

Summarising their notions, *Perlín and Šimčíková* report that the present successful rural municipality should be a synonym of a municipality with rich social and cultural life and high economic activity of local people.

Polish geographer *Czapiewski* (2010) elaborated the theme of successful rural areas and believes that success can be talked about only if the satisfied dreams and wishes are in balance with all life components. The status of imbalanced partial successes and failures cannot be considered as a successful status. Success must contain a feature of complexity. The above-mentioned author transformed his idea and interpretation of the term success (extending it with adjective “socio-economic”) and applies it then to the concept of successful rural area, which should provide replies to a series of questions concerning the very essence of existence, genesis, spatial delimitation and spatial differentiation of successful rural areas. Special attention is given not only to the identification of endogenous and exogenous conditions and factors that determine successful rural areas but also to specific features of defining the spatial success and measuring of such success.

*Czapiewski* associates success, and the success of rural areas in particular, with the total, relatively high and steady socio-economic (civilising) development of an

appropriately defined spatial unit. On the base of study of literature review, he quotes three groups of conditions that should be analysed during the process of successful rural areas delimitation (in Poland):

- Economic-financial – they correspond with the level of activities and entrepreneurship of population and authorities of the self-governing territorial units;
- Socio-demographic – they consist of demographic and educational characteristics as well as from elements of human and social capital.;
- Infrastructural-environmental – characterising the elements of technical, social and communication infrastructure, as well as the quality of basic environmental elements.

All (the request of complexity fulfilled) conditions characterising the socio-economic (civilising) development of a spatial unit with the assistance of numerous specific indicators are relatively high and above average in a successful rural area and they show traces of steady (quantitative and/or qualitative) progress during the determined interval (the request of stability fulfilled). Czapiewski emphasises that a successful rural area cannot be a unilaterally developed territory where only one condition of spatial success is characterised by above-average values and is accompanied by the simultaneous existence of below-average values of the second and/or third condition. Simultaneously, Czapiewski asserts that a rural area that is not subject to continuous growth and positive qualitative changes cannot be a successful one either (it is necessary to stress that the comparison of the level of conditions was realised only in two time horizons chosen with the aim to express dynamic changes that took place under the effect of political, economic and social transformation of the Polish society at the end of the 20<sup>th</sup> century). The essential feature of all delimited successful areas is their relativity. As a matter of fact, spatial success is always referred to with regards to certain spatial reference and simultaneously confrontation points such as a selected municipality or higher spatial units (district, region, state). Depending on nature of the reference point it is then possible to align adjectives to the term success according to its size (local, regional, national).

### **Socio-economic strategies of rural development**

For decades, the development of rural area has been associated with the exogenous form of development. It meant that developmental incentives and indispensable means came from central managing and planning bodies. The rural area was in a position of total dependence on decisions made in other than rural environment and in heads of people who lost immediate contact with rural life. The results of their

location decisions is for instance the existing spatial distribution of industry which reflects the process of socialist industrialisation and creates the regional structure that influences further investment and entrepreneurial decisions.

The top-down model of rural development is now being supplemented by a bottom-up model, or the model of endogenous rural development. The exploitation of multidimensional local and regional rural potential (location and the following relative geographical position, natural resources, cultural heritage values, economic level and characteristics of local communities) by stimulation and initiation of local and regional rural communities and their leaders is characteristic of such a model. In spite of the fact that endogenous development is not and does not aspire to be a universal remedy (panacea) to all problems, notable efforts exist in economically advanced Europe to pursue the bottom-up planning mode of rural development. It means the transfer of many and appropriate competencies and responsibilities in the sphere of development to local and regional self-governments.

### **Selected endogenous factors of the socio-economic development of rural areas Character of locality and relative geographical situation**

A rural municipality situated in an attractive natural setting possesses an important but (in the complexity spatial unit) only partial potential for successful development. A rural municipality which is situated in a close neighbourhood of a big city but lacks other partial potentials relevant to the socio-economic growth is in the same situation. In spite of this, the character of a rural locality and its relative geographical position is in many cases a determining element which influences the potential possibilities of its socio-economic development and consequently the stability and quality of life of the local population. Suburbanisation processes appear on the greater scale practically only in hinterlands of bigger cities. It means traditional commuting to work, for education and services to the centres of political, economical and public life is still typical for the rural population in Slovakia. Commuting to cities is connected with the obligatory time loss and financial cost, which represents the distinct barrier to the socio-economic development of some peripheral and eccentrically situated rural municipalities.

### **Human and social capital**

The emphasis on the relevancy of human and social capital as decisive determinants of spatial success is typical for the contemporary concepts of local and regional development. Human capital is produced by the local intrinsically heterogeneous community, where size and structure are spatially differentiated.

It may seem at first glance that rural municipalities with a larger population in adequate age, educational and economic structure enjoy better conditions and outlooks for the socio-economic development. However, it is reasonable to assume that precisely the above-mentioned rural municipalities may become the source of human capital for the competing, normally urban (even foreign) spatial units. The selective emigration of young qualified people is a serious problem from the short-term point of view. But in case they return, the rural area and local community acquires more skilled, more experienced and more engaged people ready to build a quality local environment. In an optimal case, the formal and informal meetings may lead to information exchange and mutual learning, resulting in cooperation and the strengthening of social capital of the particular rural municipality. The existence/absence of a natural and generally accepted leader of the community (mayor, local priest) may initiate, motivate, and attract people to responsibility for the socio-economic development of the rural municipality by his/her enthusiasm and innovative approach, thus contributing to increased life quality of local population.

### **Concept of tourism cluster as a path to successful rural areas**

The term “cluster” was introduced by the American economist M. Porter who described it not only as an analytical concept but also as a political tool for achieving the competitiveness of various economical branches (particularly in manufacturing) and spatial units. Porter defines clusters as „geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related industries, and associated institutions (universities, standards agencies, and trade associations) in particular fields that compete but also cooperate“ (*Porter, 1998*). Contracting supply-demand relationships, joint technologies, common purchasers or distribution channels or even the common labour market are the factors that unite cluster into one unit. But it can be also various training or research initiatives, joint marketing and lobbying (*Nordin, 2003*).

Porter saw the cluster (and clustering) as a geographically localised grouping of interlinked businesses and as one of the possibilities to increase their competitiveness, to improve productivity and through them to increase the economic well being of population living in the concerned territories. Although Porter’s work is mainly focused on the manufacturing industry, it has also been extended and applied to service industries, such as tourism.

Tourism cluster is represented by the groups of organisations trying to cluster together to form a destination context (*Novelli – Schmitz – Spencer, 2006*). The existence of various networks and active participation of individual actors (municipalities, firms, etc.) are very important for the successfully functioning of cluster.

For the (not only) tourism cluster, the co-location of complementary firms, which may not necessarily be involved in the same sector, but may benefit from pre-existing network membership and alliance dynamics. Networks of created and functional clusters provide approach to knowledge, resources, markets or technologies for individual firms. They also make it possible for actors to participate in the co-development of tourism products or services and spillover of theoretical and practical knowledge: one member of the network (cluster) is affected by the experiences of another.

The aim of the tourism cluster is to make use of endogenous territorial potential based not only on the natural potential (locality's character and relative geographic position) but also on the capabilities of the local population (human and social capital), and the presence and quality of locally based supporting industries related to tourism (accommodation and catering facilities, transport service etc.).

### **The first tourism cluster in Slovakia as a concrete product of the Regional Innovation Strategy**

Liptov as one of historic regions of Slovakia is situated in the north of Slovakia and its north-eastern part is in contact with the Slovak-Polish frontier. It is included in the administrative region of Žilina. The territory of the Liptov region (1,970 km<sup>2</sup>) with the excellent conditions for development of tourism (Székely, 2010) is not homogeneous – its western part (district of Ružomberok) is a “predominantly rural area” and the eastern part (district of Liptovský Mikuláš) is a “significantly rural or intermediate area” (Székely, 2003). Liptov is not among the most populous regions of Slovakia. According to the last Census in 2001, the population of three towns and 78 rural municipalities amounts to 133 thousand. The largest town is Liptovský Mikuláš (33 thousand inhabitants), which along with Ružomberok (almost 31 thousand inhabitants) ranks among the medium-sized towns of Slovakia. Liptovský Hrádok is a smaller town and ranks lower in the settlement hierarchy. Its population amounted 8.2 thousand in time of the last Census.

The emphasis on the competitiveness, prosperity and sustainable development of member countries and their regions declared by the EU has led the representatives of the Žilina's regional self-government (with co-operation with the local University and partners' institutions) in 2005 to assume the project of Innovation Policy of Žilina (part of the Regional Innovation Strategy for the Region of Žilina). Its aim was to create an environment stimulating regional innovation potential, cooperation between the existing institutions and organisations, and to prepare a developmental frame in order to activate the companies so that they introduce further innovations. One of the projects supporting the building of innovation infrastructure (as part of the RIS) is the project Clusters and Partnerships (Dado et al.,

2006). The implementation of this project is expected to support not only the cooperation of companies but also to increase their international competitiveness.

As the real result of the quoted activities, the first tourism cluster not only in the region of Žilina but also in Slovakia in general has been introduced. In April 2008, organisation of the “Liptov cluster – tourism association” has been established. Its web site (<http://www.klasterliptov.sk/>) declares that it is “the first organisation of destination management (DMO) in Slovakia and the joint marketing centre of the destination of Liptov”. It associates the entities of the private and public sectors and the aim is the joint promotion of the region of Liptov as the unique “green” region for an “attractive leisure and agreeable experience”. The founders of the organisation with the name containing the word cluster are the three towns of the region (Liptovský Mikuláš, Ružomberok and Liptovský Hrádok) and four important tourism centres with supraregional significance: Aquapark Tatralandia, Thermal Park Bešeňová, Jasná Nízke Tatry, and Ski Park Ružomberok. The founders financially support the newly established organisation as its strategic objective is to double the current visiting rate of Liptov before 2013. The ambition of the Liptov cluster is to: “incorporate Liptov to the map of sought-out European tourist destinations, to present Liptov as a unified brand both at home and at abroad, to generate competitive products in the sector of tourism, and to promote the active cooperation in the region”. The activities of “Liptov” cluster should be directed to the professional coordination of the development of tourism in the Liptov region.

The individual towns, founders of this organisation, have been mentioned above. Representatives of the towns appreciate that in addition to the cultural and historic monuments they possess, their greatest asset is the proximity of attractive tourism centres (they are also founders of the tourism cluster “Liptov”) represented by the private entrepreneurial sector (together with towns they constitute an example of something like public-private-partnership) and their activities complement each other. Aquapark Tatralandia, located in the territory administered by Liptovský Mikuláš is with its 11 swimming pools and toboggans the biggest year-round open water park not only in Slovakia but also in the Czech Republic and Poland as well. It exploits the local thermal springs (60.7°C), which were the base for building a combination of different services offering the complete physical and mental relaxation of visitors. The Thermal Park Bešeňová was built with the same objective and on the same basis. It is located in the territory administered by the village situated 12 km away from Ružomberok. Both companies may as well stand for the typical example of horizontal competitive-cooperative interlinks of an established cluster.

Centres focused on winter sports, Jasná Nízke Tatry and Skipark Ružomberok, represent a considerably less balanced couple. The first of them is located near Liptovský Mikuláš on the territory of several rural municipalities and the National park of Nízke Tatry. It is the most sought out and the biggest winter sport centre in



Slovakia. However, the declared ambition of the management involves further expansion. Plans exist to make it not only the centre the biggest ski resort in Eastern Europe, but also to diversify activities in order to reach the balanced year-round operation. The result should include an increased visiting rate, proceeds and profit. The centre has been classified under the top category of tourism facilities with international significance. The Skipark Ružomberok has been also included in this category. Its natural potential and the ensuing prospect of spatial expansion though, are much more limited than in case of Jasná. However, in spite of being a smaller ski centre, it is one among ski centres in Slovakia with top evaluation. It is situated in the territory administered by the town of Ružomberok (also including some typical rural settlements) and in the territory of the National Park of Veľká Fatra. Managers of the centre adopted the same strategy for the future development as those at Jasná: they try to diversify activities in order to reach a more balanced visiting rate during the whole year. Like in case of regional centres of Liptov exploiting the hot springs, regional ski centres can be also considered entities participating in the horizontal competitive-cooperative interlinkages of the established cluster.

### Conclusion

The interaction of all relevant factors makes Liptov a region with above average potential for the development of tourism. Marketing activities initiated by the local and regional self-governments in coordination and cooperation with the local entrepreneurial group are oriented at the exploitation of this potential. The fragmental romantic picture, so spread in the past, and the present marketing of Liptov's recreational facilities which substantially contributed to its high visiting rate should be now complemented by an overall view of Liptov and its subsequent promotion. Presumably, the targeted regional marketing will support the interest of both the domestic and international clientele in visiting this part of Slovakia.

An important note has to be added to the conclusion: in case of tourism clusters something more is necessary than a common marketing strategy. The real cluster should not be only represented by a common brand and trademark for the organisation that introduces the word "cluster" in its name and sells the regional material and non-material products. It is above all the tourism cluster that should be a phenomenon based on the existence and gradual perfection of horizontal and vertical relationships between the participating actors with the aim to use the exogenous local and regional potential. The result in time of economic prosperity should then be not only an adequate profit of the whole and the individual members but also a functioning successful regional and rural economy.

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