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MASTER'S THESIS

**RESIDENT'S ATTITUDES TOWARD TOURISM DEVELOPMENT: CASE  
OF ADRIATIC ISLAND ILOVIK, CROATIA**

Ljubljana, November, 2020

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## AUTHORSHIP STATEMENT

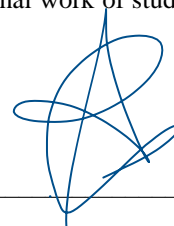
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## Abstract

In the recent years, islands have become a popular tourist destination and islands have been experiencing rise in the numbers of visitors. It is important to have in mind that islands have much bigger issues when it comes to the tourism development due to the fragile environment that they are in. Tourism development in smaller environments take more time and is a major challenge communities face. Croatia has many small islands which have small communities, but still there is not enough research which is concerning them and their attitudes towards tourism development and its effects. To fill this gap, this research examines the residents' attitudes towards tourism development on the island Ilovik in Croatia.

Keywords: sustainable tourism, sustainable development, residents' attitude, Croatia, Ilovik, residents perception

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# 1 Introduction

Tourism industry experienced growth in the past years and it is becoming one of the leading industries in the world (UNEP & UNWTO, 2005). The volume of industry activities increased in most developed and developing countries by becoming one of the key economic benefit in terms of income generation, increasing the standard of living, increasing competition, creating jobs (Schubert, Brida & Risso, 2010). Although many authors praise the economic importance of tourism (Ivanov & Webster, 2014), tourism also lead to some negatives such as unstable income and employment with seasonal workers, high inflation and seasonal fluctuations of exchange rates (Cornelissen, 2005).

In 2018, tourism reached the number of 1.4 billion international arrivals, which was an unexpected number, even for UNWTO predications for that year (UNWTO, 2019). That information gives the conclusion how much has the demand for travelling increased and how people are becoming more open to travel to new places to experience new cultures and traditions. There are different concepts and frameworks that measure tourism and its development, such as Butler's Tourism Area Life Cycle, Social Exchange Theory, Doxey Irridex, and many more, but these three will be more analyzed and discussed later. However, with all of this sudden expansion, tourism brought many positives but also a significant number of negative impacts. That is why the concept of sustainable development has become accepted as a form to lead a better future. In order to maintain sustainability for the long term and achieving success, countries will need to implement more sustainable practices and regulations (Diedrich & Gracia-Buabes, 2009).

The most frequent used definition of sustainable development is the one by World Commission on Environment and Development (1987) which states that "sustainable development is a process to meet the needs of the present without compromising the ability of future generations to meet their own needs". This means that the concept of sustainable development mainly focuses on forming a better quality of life for all people, but in a way that it will be beneficial for them in the future as it is now (UNEP & UNWTO, 2005). Since then, the concept has evolved through different action plans and conferences which gave additional support of the concept. Sustainable development has three dimensions which are now acknowledged and highlighted, and they are: economic, social and environmental sustainability. All of the three "pillars" are interdependent but achieving sustainable development means finding a balance between all of them (UNEP & UNWTO, 2005).

The magnitude of tourism and growth that it experienced in the past, also caused many concerns on the tourism destinations. Doing more research and understanding the impacts that tourism has on host communities and tourism destinations, will bring more clarity in the future planning and developing of tourism. Being able to understand how and what factors are influencing residents' behaviors and attitudes towards tourism will be beneficial for the ones who are responsible for destinations management, strategic planning and developing (Perdue, Long, Kang, 1999). Impacts

that tourism imply are rarely “one-way relationship”, and according to Hall & Lew (2009) “tourism both affects people and things and, in turn, is affected by them”. It is also mentioned how impacts are not purely on only economic, social or environmental scale, but impacts can have been involved with two or even all three levels (Hall & Lew, 2009). Those impacts have a direct relation to the host community and their residents which are the ones whose attitudes and behaviors will influence the future development of tourism in their area. Host community would be considered as a fundamental component of any tourism system whose acceptance would play a big role in the sustainability development.

When talking about Croatia, in the past decade it has experienced growth, which are shown in the numbers of international visits. According to the data from a national statistical bureau, Croatia registered 19.56 million arrivals in 2019, which is an increase of five percent compared to the previous year and it had 91.242 million overnight stays, which is an increase of two percent from 2018 (Državni zavod za statistiku, 2020). This difference in the numbers can be also condoned due to World Cup in 2018, in which Croatia won second place, but the national football team gave a great advertising for their country.

Giving the its location and natural resources, Croatia has been a tourism destination for many visitors, especially in the past ten years. The international tourists’ expenditure in Croatia amounts to almost 20% of overall GDP and approximately 7 % of national population is employed in the tourism sector (Orsini & Ostojić, 2018). Given its climate and geographical position Croatia uses a typical “sea and sand” model in which majority of visitors arrive during summer months and are usually concentrated in the coastal areas (Orsini & Ostojić, 2018). Accommodation structure of the country is mainly concentrated on the private accommodation, which compared to other competitors, is relatively high. Countries like Italy, Spain and Greece have the majority of the tourists staying in hotels which is not the case in Croatia, which is reflected on the relatively small percentage of employment related to tourism compared to the big percentage of GDP that the country generates from tourism. Croatia has two regions, and so-called Adriatic Croatia is the one with higher visit rates and where majority of tourism activity takes place. As the name states, this is the region, which is on the coast of Adriatic Sea, which is covering 24,705 square kilometers of Croatia and is inhabited by 1,411,935 inhabitants (Croatian Sustainable Tourism Observatory, 2018).

On July 1<sup>st</sup> 2013, Croatia entered European Union and became the twenty eighth member (Ministry of Foreign and European Affairs of the Republic of Croatia, 2020). Even though that spiked a lot controversy at the time, Croatia greatly benefited by becoming one of the members of the European Union. In the 2014 – 2020 strategy, European structural and investment funds has allocated seven billion euros to Croatian tourism sectors, with the ultimate goal of improving all segments of sustainable tourism practices and extending the tourist season, Since this are the founds that



Croatia can and did benefit greatly, project that will help tourism entities to improve infrastructure, facilities and offerings should be taken on (Rogić, 2014). Since Europe is one of the main regions that is commonly visited, and it has been experiencing international visit's growth, that Croatia an advantage to non-EU members, since it opened the boarders for tourist to come in.

Before becoming member, Croatia was involved with different European Union projects which were regarding the sustainable development (Mimica, Krajačić, Medved & Jardas, 2019). Once joining and becoming a part of European union, Croatia has been more involved with the sustainable practices and it has implemented many frameworks to When it comes to Croatia and its sustainable practices, research has shown that the country is involved in many different projects which are connected to sustainable practices. At the United Nations conference on environment and development in Rio de Janeiro, in 1992, Croatia was involved and supported the declaration and agenda 21 which provides strong support to the sustainable development principle and its future evaluation. Additionally, Croatia was also involved in 2030 agenda and had a strong advocacy about sustainable development goals which should be reached by 2030. Croatia is trying to achieve the goals in the most efficient manner by implementing sustainable development on the national level (Government of the Republic of Croatia, 2019). At the current time, tourism plays a big role when it comes to the economy of the country and that is why it should have a more sustainable outlook on future policies and frameworks.

Since the topic of this thesis is regarding one the Croatian islands, it is important to mention how important they are to the tourism sector. Croatia has 78 islands (Krnetić & Pivčević, 2012) which along with the coastal areas are becoming more visited by every year. Croatian national strategy of sustainable development considers clean sea, great biodiversity and few pollutants main advantages of coastal regions and islands, where their main issues are economic and demographic decline which was impacted by the depopulation and also the loss of active and fertile population (Tonković & Zlatar, 2014). Research that has been done so far regarding Croatian islands, have all found common factors that have an impact on the future island development as well as their diversity Tonković & Zlatar, 2014). According to Stubbs & Starc (2007) local case studies are necessary in order to gain a better understanding of the island development, since island communities as well as the islands are diverse and cannot be looked at the same. Even though depopulation of the islands and the lack of human capital are considered to be the biggest issues, switching from traditional activities such as fishing and agriculture also has been an important factor to why has the development of islands and their communities slowed down (Tonković & Zlatar, 2014).

Islands in Croatia and their communities are becoming more tourism oriented and that are putting aside their traditional activities in order to be more involved in tourism activities which are being more profitable (Podgorelec & Klempić-Bogadi, 2013). Even though tourism industry has boosted

economic development of the islands, it did not stop the depopulation of the areas because there is still lack of investment on all levels, which play a key role if the young want to stay on the islands (Podgorelec & Klempić-Bogadi, 2013). Croatia has an administrative division of islands into two or more municipalities which usually have no mutual cooperation when it comes to planning and coordination, local institutions are not being efficient in their jobs and there is an overly politicized decision-making which stands in the way of successful implementation of sustainable island development projects (Stubbs & Starc, 2007). Although islands are dealing with a lot of issues when it comes to their development, they are considered to be a great case study in which future research can be done, which potentially could be a baseline for future development of all areas not just islands. This research will use all of the theoretical background and implement it in the case study of small Adriatic island Ilovik, in Croatia.

### 1.1 Rationale

The main motivation for writing this thesis was authors connection to the island and the potential the island has. Giving that there was a lack of academic literature which would elaborate on resident's perception on the tourism impacts in the island communities, taking island Ilovik seems like a perfect case study. The case study is related to the island which has many characteristics that make it interesting to investigate, such as the isolation of the island, the small number of permanent residents, the history and the slow tourism development that has been happening in the past ten years. The author saw the opportunity to make a research which would give many answers to sustainable environment and development that the whole world is going through. The research would give a good foundation for the future research as well it could potentially help policy makers to take into consideration residents and their attitudes since they are the ones who can give an objective insight. Having the previous experience of the environment and resident's behavior in the best, author knew that the findings of the research will be interesting as well as beneficial for any other Croatian island that has similar characteristics and issues. Since the tourism industry plays a high role in the country as well as on the island, this study assumes that there is a correlation between the island development in tourism which also affects the local community.

### 1.2 Structure

The research is divided into five main parts which all have subcategorizes. First part presents the literature review which is used as a theoretical foundation. This part gives all the necessary concepts, models and definitions which needed to be elaborated in order for the research to have a more theoretical base. The first concept is tourism, the development it has experienced in the past few decades and the impacts it brought. This part also talks about Butler's TALC model which is beneficial to understand in which stage of a life cycle is the destination going through. Next concept is sustainable development, sustainable tourism development and also sustainability development on the islands which have been concepts that have gotten a lot of attention in the previous years and are beneficial for all tourism destination to implement in order to have a better

future development. Lastly is the resident's perception which dives into the attitudes of the residents toward future tourism development. It also connects to both social exchange theory and Doxey's irritation index which both give two good perceptions and points of view on why residents would have specific attitude and what would be the factors.

Second segment is showcasing the methodology which was used while gathering the data. In this gives the paradigm of the research which is important to gain a better viewpoint at which was the research conducted from. Research structure is explaining why the qualitative method was used and why were the in-depth interviews chosen as the way of collecting data. Study population is explained in more details, since the study population is so specific, author wanted to explain why was were certain people selected to be part of the research and why was there that amount of. Lastly, methodology part is elaborating the data collection, which goes into detail about how was the data collected, when and what were the techniques used.

The third part is mostly concerned with the information about the case study by giving it more details about the country and the island. It starts with the country and the tourism development that the country experienced and then it continues to the actual case study, which is the island Ilovik. It gives the geographical position, history, activities on the island and the tourism development it has experiencing in the past few years. This part provides of more descriptive and detailed analysis of the information regarding the island which needed to be mentioned.

In the fourth part, author is analyzing and discussing the findings, and which were related to the literature review which was given in the beginning. It is also answering the research question by summarizing the results from data collection. Last part is giving the conclusion to the overall research as well as the limitation that the author found while conducting the research.

### 1.3 Research Question

The research question of the study which the author will try to answer is:

**What are tourism impacts on Ilovik and how do they impact the life quality local residents?**

Objectives of the master thesis are:

- Understand the concept of sustainable development and to possibly try to narrow down the concept of the given case study
- Use the case study of island Ilovik in Croatia, to better understand but also to compare the academic literature related to the topic
- Asses the main impacts that the residents experience from the tourism

## **2 Literature Review**

Literature review will give the reader a better understatement of the research by giving all the necessary definitions which correlate with the research question. Academic literature that could be relevant in the future research will be in this segment of the paper.

### **2.1 Tourism**

Even though tourism as an activity has been undertaken by mankind for a longer period of time, in different types, and the primary motive for the travel was in relation to exchange of goods, trade and commerce. Tourism as we know it nowadays has been recognized as an important economic and social phenomenon only in the recent times (Bhatia, 2006). Nowadays, tourism is considered to be one of the leading and growing current industries in the world (UNWTO, 2019). In the new millennium, we have witnessed major changes in tourism that have been driven by many factors which changed the way people perceive tourism and what are they expecting from tourism offerings (Kartakoullis, Karlis, Karadakis, Sharaf, Webster, 2013). According to Aziri and Nedelea (2013), tourism is becoming one of the most significant factors that is affecting economic growth and development both in developing and developed countries on a global scale.

This trend happened in the past decade which could easily be connected to the increase interest and diversification among destinations, which creates a healthy competition. According to UNWTO, the scope of tourism business volume is equal and, in some instances, surpasses other industries such as oil and food industry and even automotive sector. Tourism sector has become one of the major industries when it comes to international commerce, especially for many developing countries for which tourism is the main source of income they generate (UNWTO, n.d.).

Even though tourism is perceived as an activity which is solely based on leisure and fun, the business that it generates and the billions of dollars it contributes to the economy, tourism should be taken seriously and analyzed by researches, policy makers, both local and national governments as well as by scientists (Aziri, Nedelea, 2013). Hall and Lew (2009) also imply that there is a problem in which tourism is not just leisure travel and holiday but that it is a much wider concept which can be interpreted from multiple perspectives. Tourism as a term may seem as easy to define but looking into different approaches and numerous literature that exists which are giving different versions, it is important for this thesis to give a definition that will have the biggest correlation to the given topic.

The importance of tourism has been recognized for the first time in Manila in 1980 where the Declaration on World Tourism was signed and they defined that tourism “is considered an activity essential to the life of nations because of its direct effects on the social-

cultural, educational, and economic sectors of national societies and their international relations. Its development is linked to the social and economic development of nations and can only be possible if man has access to creative rest and holidays and enjoys the freedom to travel within the framework of free time and leisure whose profoundly human character it underlines”. This gives tourism additional factors that are included in the definition itself and is taking into account social and economic development as well as educational and socio-cultural impacts.

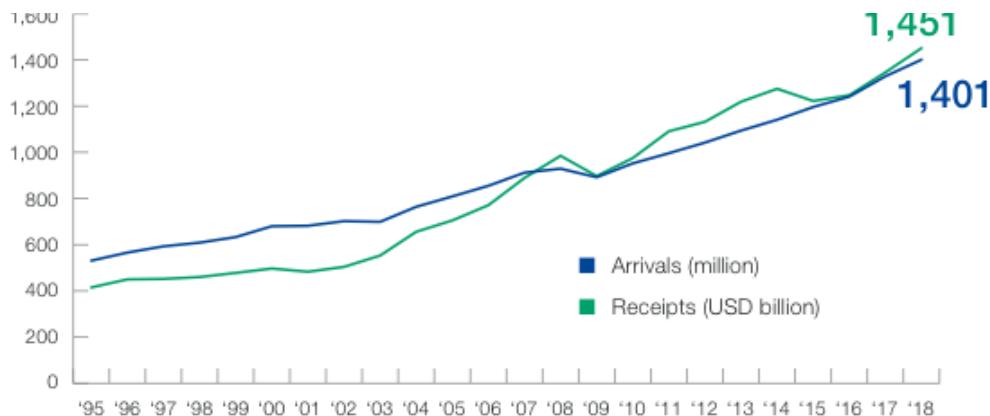
There may be different constraints that need to be discussed within countries and analyzed in order to have a better understanding of what tourism really is. With the constant change in the world and the change in consumer demand, UNTWO realized that the definition of tourism also needs to be updated so it defined tourism as “social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes”. It also defined visitors as “people which may be either tourists or excursionists; residents or non-residents and tourism has to do with their activities, some of which imply tourism expenditure”.

In addition, UNWTO recognized that “tourism has implications on the economy, on the natural and built environment, on the local population at the destination and on the tourists themselves. Due to these multiple impacts, the wide range and variety of production factors required to produce those goods and services acquired by visitors, and the wide spectrum of stakeholders involved or affected by tourism, there is a need for a holistic approach to tourism development, management and monitoring. This approach is strongly recommended in order to formulate and implement national and local tourism policies as well as the necessary international agreements or other processes in respect of tourism” (UNWTO, 2008).

#### 2.1.1 Tourism Development

From 1950 till 2018 tourism had an increase in growth from 25 million international travelers to 1.4 billion, as seen in Figure 2 (UWTO, 2019). International tourist arrivals grew by 5% in 2018, so it reached 1.4 billion international arrivals. This figure was something that UNWTO did not expect since the number was reached two years ahead of their forecast (UNWTO, 2019). Figure 3 is showing number of tourism arrivals by regions as well as tourism receipts. This also consequently boosted the export earnings which are generated by tourism to USD 1.7 trillion, which is a great indicator that the tourism sector has a great impact on the global level for economic growth and future development. Development of tourism is supported by the economic benefits, but it is experiencing challenges when it comes to social, cultural and environmental destruction (Liu, Sheldon, Var, 1987).

Figure 1 International tourist arrivals (million) and tourism receipts (USD billion)



Source: World Tourism Organization, 2019

UNWTO states how tourism in creating new and better jobs which are needed across the globe and simultaneously is transforming communities and bettering lives for millions of individuals. The growth that tourism is experiencing also brings obligations that need to ensure effective destination management which needs to minimize any possible unfavorable impact of tourism on the destination. That is why having sustainable practices implemented in destination management is crucial and will benefit in the long run.

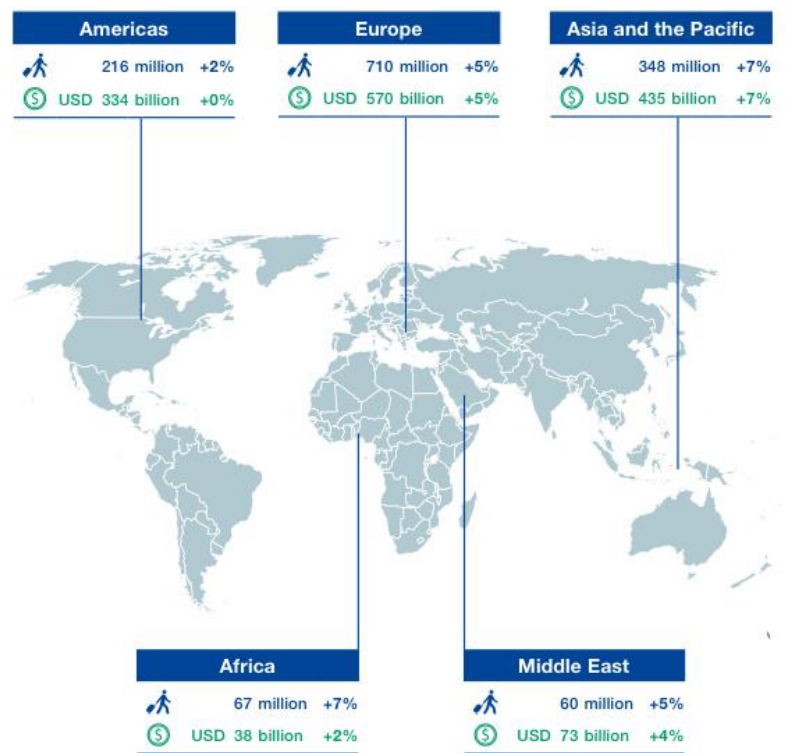
The industry will be shaped by the upcoming digitalization and innovation that we see every day, which will make both destinations and companies to adapt to remain competitive, as well as embracing tourism at the same time.

In previous years, tourism industry has showed that it is one of the fastest growing industries in the world, as well as it being one of the fastest growing industry. Tourism is the world's third largest export category bringing in 29% of world services exports and 7% of global exports. Tourism is seen as a diverse sector which brings importance to many countries and regions by creating jobs at different levels and in that way, it helps with developing bonds between societies (UNWTO, 2019). UNWTO in their annual Tourism highlights explained how tourism in the past six decades has gone through continuous expansion and diversification which made it become one of the leading and fastest growing economic sectors in the world (UNWTO, 2016).

Export earnings gained from international tourism are an important source of foreign revenues for many destinations in the world and that's why tourism also plays an important role in export diversification. This is true for both emerging and advanced economy, since it has the capacity to reduce trade deficits and to compensate for weaker export revenues from other goods and services (UNWTO, 2019). In the year 2018, Europe experienced a 5% growth in international tourists'

arrivals as well as the 5% increase in international tourism receipts, that was a ninth year in a row of sustained growth, making Europe world's most visited region, which is indicated in the figure 2.

Figure 2 Map of international Tourist arrivals (million) and tourism receipts (USD billion)



Source: World Tourism Organization, 2019

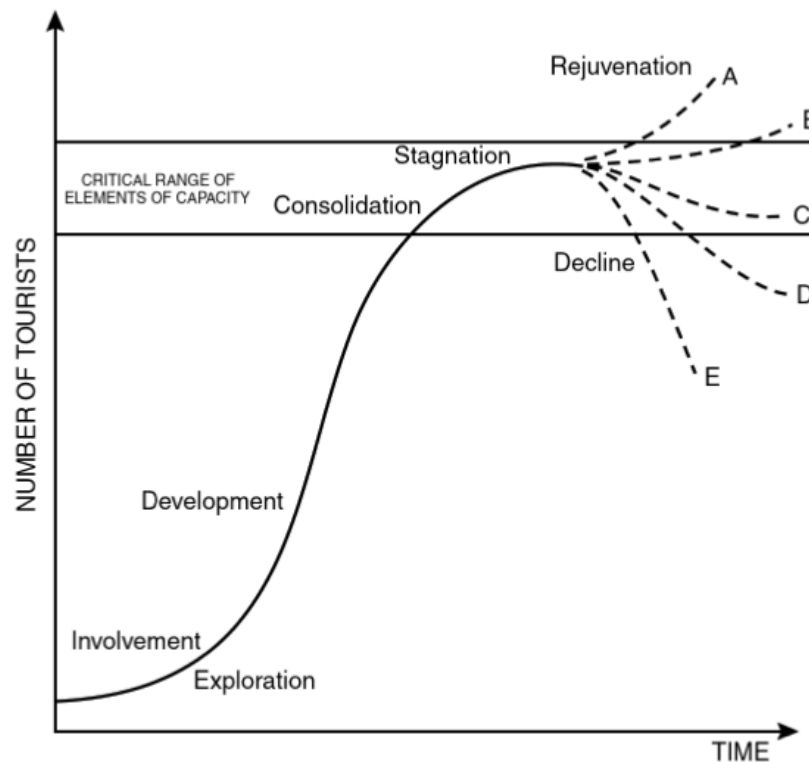
### 2.1.2 Life cycle of a tourism destination

Every tourist area has its own dynamic which results in transformation and growth over time. Both are affected by different factors, such as change in the need and wants of visitors, gradual decline in quality of facilities at the area and lastly the change or even disappearance of the original attractions which gave the given area initial popularity. This is showing how tourism destinations go through a constant process in which they need to keep up with the trends (Butler, 2006).

This pattern can be compared to the product life cycle concept and we can see tourism as a product which goes through several phases in its life cycle. Sales of a product will slowly rise at the very beginning, then it will experience a rapid rate of growth, followed by stable phase and subsequently decline. Butler (1980) believed that this concept can be translated into tourism, especially into destination area which will go through similar phases. As seen in Figure 3, Butler provides the stages of the tourism area, which are exploration stage, involvement stage, development stage,

consolidation stage, stagnation stage, decline or rejuvenation stage. The concept of a tourist area life cycle brought great importance and input to the studies of tourism development because of the main point that it provided for discussion of what leads to destination change, how do destinations reach it and how do their markets change as well (Hall, 2006).

Figure 3 Hypothetical evolution of a tourist area



Source: Butler, 2006

**Exploration stage** is identified as a stage with the small number of tourists who could be non-local visitors who are attracted to the area for its unique features which have considerably different natural and cultural qualities. At this stage there are no facilities that are provided for the visitors which results in a higher contact with the locals and their facilities. Increase in tourist's arrivals and departures would have little or none no significance to the economic and social life to the permanent residents of the destination (Butler, 2006, page 5-6).

In the **involvement stage**, the number of visitors increases as well as the involvement of the local residents towards the visitors. Some of them will start providing different types of facilities which are designed exclusively for visitors. The contact between the two can be expected to remain high and even increase for the locals who decide to involve themselves in the visitor activities. In this stage the interest for the area increases which results in some advertising techniques which set the



tone for the market and the possible offers of the destination. Social patterns change, especially for the ones who have a bigger involvement in the tourism activities (Butler, 2006, page 6).

According to Butler's **development stage** becomes well defined tourist market area. This stage is characterized by heavy advertising and also by an increase in tourist gathering areas. Due to the growth and external organizations stepping in, local involvement as well as control of development will decline. Attractions will be developed and marketed specifically accordingly to the market and the demand. The overall appearance of the area would change which would consequently make the host community not in favor of visitors and tourists coming to their region. The number in arrivals of tourists will peak and the numbers could potentially exceed the permanent local population (Butler, 2006, page 6).

Once the **consolidation stage** is entered the rate of increase in numbers of visitors will drop but the total numbers of visitors will still be high. At this point a big part of area's economy will be linked to tourism so the marketing and promotion of the destination will be extensive in order to extend the season and market area as well. With the growing numbers of visitors and the facilities that have been built specifically for the tourism will follow with disapproval from the permanent residents, especially those who are not involved in the tourist industry in any way. This could lead to some withdrawal and restrictions upon touristic activities. (Butler, 2006, page 7)

Once the tourist area reaches peak number of visitors it will enter the **stagnation stage**. The capacity levels at the destination for many variables will be reached or even exceeded which will follow with environmental, economic and social issues. exceeded in numbers. Even though the area reached stagnation phase, it still maintained its well-established image but at this point it will not be as popular to visit anymore. The destination will heavily rely on repeat visitations, and the surplus bed capacity will force a lot of persistent efforts to be made in order to maintain the level of visitation. All the natural and cultural attraction will probably be outdated by imported artificial facilities (Butler, 2006, page 7).

After the stagnation phase the destination area can either go into decline stage or rejuvenation stage. In the **decline stage** the area cannot longer compete with the upcoming and newer attractions. It will face declining numbers in the market and the area will no longer be used for longer trips but rather for weekend or day trips. Since the tourist facilities will be replaced with the non-tourist structures, permanent residents would be able to afford those facilities and use them for their own use. In this stage destination can potentially lose its tourism function completely (Butler, 2006, page 7).

If the area is managed properly it could enter the **rejuvenation stage** which will require the area to completely change the attractions it once had. It could also take advantage of natural resources

that it has which have not been used before in the tourism sector. This stage will require both government and private efforts in order to remain the tourism activities. The rejuvenation stage could keep the area alive for a few years but eventually it will lose competitiveness. Timeless attractiveness can be expected only in the case of the truly unique area which would be able to push through the pressures of visitation and remain its uniqueness (Butler, 2006, page 8).

Butler's model shows stages which do not have to be what every destination will go through, but it is a good indicator of what the area potentially could go through. Figure 3 illustrates two axes which are symbolizing number of visitors and time. An increase in either direction consequently gives a reduction in overall quality and attractiveness, once the capacity levels are reached. There could be several interpretations of the direct of the curve, after the period of stabilization.

**Curve A** is showing successful redevelopment, which would be characterized by renewed growth and expansion.

**Curve B** is showing continued growth at a much-reduced rate, which would be gained by minor modifications and adjustments to capacity levels.

**Curve C** Is showing that readjustment to meet all capacity levels would result in a more stable level of visitations which would be easier to maintain.

**Curve D** is illustrating the overuse of resources, not reinvesting and decreasing competitiveness which results in the market decline. (Butler, 2006, page 9-10)

All four curves are indicating that every destination needs to be approached differently as well as the destination management has to be realistic. Change of attitude is needed from the point of view of the accountable teams for planning, development and management of the tourist destinations. Attractions that exists in certain areas are not infinite and eternal, but they should be viewed as finite which would lead to better preservation of the same. Education as well as gaining more knowledge about the process which shapes a tourist area is necessary in order to keep destinations alive (Butler, 2006, page 11).

### 2.1.3 Impacts of Tourism

The size and growth that the tourism experienced in the past few decades also brought many concerns on the tourism destinations. According to Hall, Lew (2009) an impact is "a change in a given state over time as the result of an external stimulus. This is often considered in relation to specific environmental, economic or social impacts" but with the concept of sustainability being more in focus, impacts are being approached in combined fashion, taking into account the interrelationship of two or even all impact types (Hall, Lew, 2009, page 69-70).

The influences of tourism are becoming more public and talked about in the media, and the topic of those issues vary from climate change and coastal urbanization to changes in communities and

housing to increased cost of living (Hall, Lew, 2009, page 28). Understanding the impacts of tourism on a host community brings more clarity in the future research, especially on residents' perception and attitude toward tourism and its development and it also helps in identifying which factors lead to the encouragement for the future advance (Perdue, Long, Kang, 1999). Study by Liu, Sheldon and Var (1987) found that economic, socio-cultural and environmental impacts will have an influence on the residents and their perceptions on tourism. In that study residents claimed that the economic and cultural impacts are being beneficial to the community, while the social and environmental costs were not seen as a negative impact of tourism (Liu, Sheldon, Var, 1987).

But when talking about impacts, majority mainly focuses on the economic impacts and are ignoring the other factors which also play an important role and affect in host communities. With this being said, impacts that it has on communities are not quite understood, especially for destination areas in which tourism is a primary activity and is growing rapidly. even for places world tourism sector is growing rapidly and should be of greater concern (Kreag, 2001).

The residents are the ones understanding the potential impacts of tourism and should be the ones who will take all the initiative in order to positively integrate it to their community. This research will mainly focus on economic, socio-cultural and environmental impact, even though Kreag (2001) introduced seven general categories. All of them have both positive and negative impacts and not every community will have the impact applicable to their area.

When developing tourism industry, the main goal is to maximize positive impacts while trying to minimize potential negative impact. It is very crucial to identify all the possible impacts so that the planning around them ends up being easier to handle. This is a crucial part because not every destination area will have the same issues which means that every community will deal with their impacts in a different way. This also shows the there is a necessity of cooperation between community residents, elected officials as well as the tourism industry, in order to have a successful tourism development. Broad community involvement can have a really positive impact said to gives another perspective to the officials while planning, it helps them identify and deal with concerns that they could have missed and deal with them ahead of time (Kreag, 2001).

#### 2.1.3.1 Economic impact

Tourism is offering numerous advantages to the host community which then transfer to better benefit to the tourist. From an economic point of view, tourism attributes to the economy of the region which results in the future development of the region (Kartakoullis, Karlis, Karadakis, Sharaf, Webster, 2013). Tourism industry growth affected many countries and it's increased their economic activity and it also created jobs for the communities at different levels (Kreag, 2001).

One of the main economic impact that tourism has on a community is that it increases employment opportunities. It creates additional jobs ranging from entry level to high paying positions and both management and technical fields. This is generating income within the community which results in raising the standard of living. This is well seen in the rural and not developed areas where the diversification which is created by tourism helps the community and the residents who used to be dependent on just one type of industry before tourism came along. Normally, as the industry grows it opens doors for more opportunities which bring in more potentially investors which are willing to invest in the region (Kraeg, 2001). The incoming investments can then boost the business activity in local community which leads to higher employment rate, more opportunities, higher incomes for the locals and also a higher standard of living (Lin, Chen, Filieri, 2017).

Since tourism has a direct impact on the locals and their community, it will induce improvements in public utilities such as water, sewage, public restrooms, litter control and landscaping. It will also encourage improvements in the infrastructure of the area resulting in improved roads, better public transportation, updating nontraditional transportation, introducing airports at the destination.

Even though tourism will increase the numbers of employment, it is important to know that tourism businesses often include a big number of housemaids, waiters, waitresses, gardeners and kitchen workers, which are usually low-paying jobs often at a minimum wage or even less (Hall, Lew 2009). This also leads to imported labor, which can be even cheaper to have but it creates seasonal employment as well under-employment during off seasons. The demand for goods and services is increasing in the tourism area which could potentially lead to an increase in prices that will affect the cost of living (Kreag, 2001). The community will have to pay higher tax in order to maintain all of the improvements that the area experienced with tourism development (Hall, Lew, 2009). The overall development of the tourism destination could also lead to the rise of price of goods and services, land and properties in the destination (Lin, Chen, Filieri, 2017).

#### 2.1.3.2 Socio-cultural impact

The impact that the tourism development may have on both social and cultural aspect of the community can either be a great positive or a detriment to the community, which is why the responsible ones have to be aware of the possible consequences. An increase and the number of tourists coming to the destination brings many values to the community as well it shifts behaviors and family life. Tourism can also positively impact community by encouraging their involvement in tourism activities, but it also evokes the sense of being proud of their destination and their relation to it (Hall, Lew, 2009). Interactions between the local community and tourists can have both negative and positive opportunities depending on the outlook of the locals. According to Lankford and Howard (1994) and Liu and Var (1986) tourism can also create opportunities to

develop infrastructure, both indoor and outdoor facilities and parks, which will benefit the locals within the community (in Kartakoullis, Karlis, Karadakis, Sharaf & Webster, 2013).

Local communities have the internal and personal knowledge about the destination, about the past and their current identity. On the other hand, tourists bring their image of the area that they gain through media source as well as through word of mouth. When coming to a new destination, tourists want to experience traditional practices and ceremonies which are common to the local culture. This desire creates a demand for these experiences which are usually met by the host community, who then profit of the old skill which could have been forgotten about and in that sense, they keep the tradition alive (Hall, Lew, 2009, page 159). Tourists will have a better experience if their expectations of the destinations are met (Halle, Lew, 2009, page 167). Tourism will have a positive impact on cultural exchange, and it will give a better understanding of different communities for both local as well as the tourists. It will increase the demand for historical cultural activities which will lead to preservation of cultural identity of the host population (Kraeg, 2001).

Some areas will encounter negative impacts and the number illegal activities such as underage drinking, will increase. Locals may experience some lifestyle changes such as alterations in local travel patterns in order to avoid tourist congestion as well as development of tourist facilities in prime locations may cause locals to feel excluded from those resources. Due to the high numbers of tourists' local culture could potentially alter in order to fit the needs of tourism which would result in language and cultural practices to change (Kraeg, 2001).

#### 2.1.3.3 Environmental impact

When it comes to destination areas which have high value of natural resources, they will often be visited by people who seek emotional and spiritual connections with the nature. That types of people have a higher respect for the nature, so they will be careful in the way the treat it as well as keeping it away from further ecological decline (Kraeg, 2001). With the rapid growth of global tourism, it is becoming very important that academics set frameworks which could be a baseline for guidelines which would be used in environmental planning of tourism (Liu, Sheldon, Var, 1987).

Destination areas which can provide recreational activities for the visitors will generate tourist income which can be then used in the future for the preservation and restoration of historic buildings, cultural monuments in the destination. Improvements of that sort are positively impacting both the locals, by giving them a better and a higher standard of living, as well to the visitors who will have a better experience and satisfaction at the destination (Kraeg, 2001).

With the higher numbers and visitors to the destination the pollution increases as well. By visiting, tourists generate a lot of waste and pollution (air, water, making more noise, pollution of solid

waste). This also increases the chances of degrading and ruining the natural resources if they are being misused or just overused. In addition, providing different services to the visitors, can have an impact on the landscape by altering the landscapes appearance. Visitation numbers have to be controlled and maintained so that the destinations do not experience over capacity. For some areas water supply can be limited, so if the capacity is exceeded, that could lead to unsatisfied tourists and locals who do not have the supply of water for themselves let alone rising number of visitors (Kraeg, 2001).

The economic, socio- cultural and environmental impacts all bring the good and bad to a specific area. The evaluation whether tourism brings positive or negative impacts will usually depend from which point of view is it looked from. What could be considered as a positive impact by one group may be seen as a negative by another. Even though that brings a challenge in the destinations, evaluation of all impacts is important in order to solve issues that arise and also to improve the quality of further development (Halle, Lew, 2009, page 236-237).

## 2.2 Sustainable Development

Ciegis (2004) argued that the concept and the essence of sustainable development are clear enough, but the exact definition of it as well as the interpretation have caused strong discussions among academics (in Ciegis, Ramanauskiene, Martinkus, 2009). Which leads to assume that the understanding of the concept of sustainable development may be difficult and will probably have a distinctive meaning depending on the analyzed literature on the concept (Pierantoni, 2004). Meaning that depending from which area and fields the researchers are coming from, their perspective on the concept will change and it will be adjusted to the context and the field. According to that, definition of sustainability will depend if it is correlated to ecological, socio-cultural or economic context. According to Heinen (1994) there is no approach when it comes to sustainable development which is due to many characteristics of different types of institutions and communities (in Ciegis, Ramanauskiene, Martinkus, 2009). Having that in mind, author will present several definitions of sustainable development that would include different aspects.

Once the Brundtland Commission issued its report in 1987, there has been significant progress in the sustainable development, but it also brought up many disputes about fundamental principles which are concerning effects on the society, economy and environment. They defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987). It also mentions how sustainable development contains two key concepts within:

“the concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs” (WCED, 1987).

According to Ciegis and Zeleniute (2008), different fields will have a distinctive definition of sustainable development depending on their field. Economy will define it as development which ensures that the future generations have a higher income per capita than the current one, Sociology will outline it as a development of community in which close social relationships are preserved and maintained and finally in Ecology it is development which is concerned with preserving the diversity of species, essential ecosystems and ecological processes (in Ciegis, Ramanauskiene, Martinkus, 2009). Difficulties related to defining sustainable development concept is showing that its complexity and multidimensional issue which has to take into consideration efficiency, equity and balance between economic, social and environmental field (Ciegis, Ramanauskiene, Martinkus, 2009).

The actions that the affecting all three pillars, should be done in a way which would not compromise the welfare of future generations to come. The progress that occurred in the past twenty years made an influence on many industries, businesses and even governments to incorporate sustainable development in their business and policy making. Initiatives on a local level have successful influence on informing the citizens about the importance of sustainable practices which they could include in their own lifestyle and how important those actions are (Strange, Bayley, 2008).

According to the World Tourism Organization (1998, page 21), sustainable tourism development “meets the needs of present tourists and host regions while protecting and enhancing opportunities for the future. Sustainable tourism is envisaged as leading to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity, and life support systems”.

OECD (2008, page 30) has defined the sustainable development as following:

“a conceptual framework: a way of changing the predominant world view to one that is more holistic and balanced;  
a process: a way of applying the principles of integration – across space and time – to all decisions;  
and  
an end goal: identifying and fixing the specific problems of resource depletion, health care, social exclusion, poverty, unemployment, etc.”

Taking that into consideration, sustainable development could be seen as a big theory, process and even set of guidelines which will help in the making of solid developmental decisions which are taking all areas into consideration in order to have growth in all of them and not harming or creating damage in another area. According to Strange and Bayley (2008) having necessary information is

important when making an assessment about the activities and the impacts they may have, even if supporting all of the positions or just some.

Most common used definition of sustainable development is still the one that was given in the report of World Commission on environment and development (1987) in which is said that sustainable development is “a process to meet the needs of the present without compromising the ability of future generations to meet their own needs”.

All of the definitions of sustainable development mentioned above are an indicator that principles of sustainable development have been difficult to implement in different practices. All of the mentioned definitions indicate how sustainable development concept can be used in different fields and sectors but would be seen and interpreted in a different way, which would lead to different types of measures. Implementation of those principles is hard when people and different institutions have deeply rooted habits in their practices which are hard to change overnight. After all, the main question is whether enough progress has been made, or whether have the warnings been taken seriously enough to allow the understanding of the problem which would lead to confronting the issue (Strange & Bayley, 2008).

### 2.3 Sustainable Tourism Development

The concept of sustainable tourism development originated from the general concept of sustainable development by adding the main principles of the concept to the tourism sector. The concept of sustainability emerged in the recent years, and it has made an impact on the tourism industry by proposing new directions and values for public policy and prompting the creation of the concept of sustainable tourism. A big number of institutional initiatives helped in the creation of framework which for both academic and practical development, but it also helped to extend the paradigm of sustainability as a general feature of present-day tourism (Torres-Delgado, López Palomeque, 2012). Sustainable development is becoming more popular concept in the tourism industry, which is making destinations more aware about being sustainable and changing their policies and practices, but it also shifts tourism and the impact it has. According to Bramwell and Lane (1993), concept of Sustainable tourism was reactive concept which was starting to develop in order to resolve many tourism issues at the time, such as impacts on society and traditional culture as well as environmental damage. (Bramwell & Lane, 1993).

As mentioned before sustainable development was firstly mentioned in the report Our Common Future (WCED, 1987) and since then it's been used in different fields and interpreted in different ways which would fit the field and tourism is one of them as well. Thinking about long-term and taking future into consideration, sustainable tourism ensures that any activity that is currently happening, will not have a negative ecological, socio-cultural or economic consequence in the future (Mihalič, 2019).



At the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992, the world's attention was focused on growing issues related to development and environmental issues at the local and global levels. This summit resulted in Agenda 21, which provided a strong support for the principle of sustainable development and it is a comprehensive plan of action which would help achieving sustainable practices all over the world (United Nations, 1992). The agenda postulated guidelines for socio-economic development in accordance to the environmental preservation. It also highlighted the need for international cooperation between development and environmental protection, in which governments play an important role in adapting and implementing policies, plans and programs (Klarin, 2018). Since then the concept has been applied to tourism industry and there have been many debates on it in different publications as well as in international policy statements and codes.

According to Torres-Delgado (2010) sustainable tourism gained a formal definition in the Brundtland report and reached consolidation of the meaning later in the United Nations Conference on The Environment and Development in Rio de Janeiro, which made concept of tourism a constant feature of tourism policy at all international levels (in Torres-Delgado, López Palomeque, 2012). Institutional policies and initiatives experience a gradual shift from having concept of sustainability strictly associated with the preservation of environment to a global concept which is trying to balance environment with socio-cultural and economic issues. This change gave the concept of sustainable tourism more importance which resulted in more research regarding the topic (Torres-Delgado, López Palomeque, 2012)

The definition has evolved and now UNWTO defines it as a concept which lies under 3 pillar model which includes environmental, socio-cultural and economic aspects (UNWTO, 2005). According to UNWTO sustainable tourism has three different roles which include:

1. Environmental sustainability, which should be handled in an optimal level in order to maintain all the fundamental ecological processes but also would preserve natural heritage and biodiversity of the world. It also takes into consideration using more renewable resources which would in the long term minimize air, land and water pollution.
2. Socio-cultural sustainability, which should recognize and respect different socio-cultural authenticity of host communities, have appreciation for the traditional values that the communities hold as well as their living cultural heritage. Another part of the sustainable behavior is to respect and implement human and equal rights. Having all of the above requirements met, contribution to inter-cultural understanding and tolerance is obtained.

3. Economic sustainability should ensure long-term economic procedures which would have prosperity to benefit all the stakeholders on different levels of society. Benefits should be equally distributed and should help the poverty alleviation.

All three pillars are interdependent but gaining sustainability, which means striking a balance between all three pillars. Sustainable tourism is a way in which future development of tourism activity includes environmental, socio-cultural and economic aspects and it required a suitable balance between all three dimensions which would guarantee its long-term effectiveness (UNEP & UNWTO, 2005). In addition, sustainable tourism development also needs participation of the relevant stakeholders which have the knowledge about sustainability as well as constant monitoring of the impacts which then guide future preventive or corrective measures. Sustainable development exists in political environment which and that is why it needs strong political leadership, support and participation. Sustainable development needs to take into consideration tourist satisfaction and keep it a high level, but it also needs to raise their awareness about the sustainable practices that have been implemented by the destination. (UNEP & UNWTO, 2005).

Sustainable tourism is an emerging paradigm which gives an addition to existing conceptual frameworks on strategic planning and development, by making the residents and their opinion the main point (Choi et al, 2005). The first researcher who used sustainable development in a tourism field was Edward Inskeep, and according to him the core goals of sustainable tourism development are:

- “achieving sustainable form of tourism development which will advance ecological and economic conditions;
- promoting equity in development;
- improving the quality of life of the host community;
- providing a high-quality experience to visitors; and
- maintaining the quality of the environment in its broadest sense on which the foregoing objectives depend ” (in Mihalič, 2019).

Since it is based in the principles of sustainable development, sustainable tourism is not just another form of tourism, but it is a concept which should ensure that all forms of tourism become sustainable. This also applies to making all tourism products as well as services more sustainable for the future. This concept is aware of the needs that a destination and its community have, also the whole industry and the visitors, and is making sure that the current and possible impacts are not affecting the economy of the destination, its culture and society and natural environment. The future growth and pressures that environments and communities will experience will impose great challenges as the numbers of visitors increases and there will be a need to balance the needs of both host communities and visitors and trying to protect the natural environments. Protecting

ecosystems and cultural environments will pose significant and continuous challenges in the future (Mihalič, 2019).

## 2.4 Sustainability on Islands

Islands have big contribution to biological, cultural and environmental diversity in a much greater proportion than the size of their areas or even population (Baldacchino, 2005; Vallega, 2007). Islands all over the world deal with same issues which are generally driven by economic, social and environmental vulnerability they experience due to their geographic isolation (Kerr, 2005; Royle, 2001). When it comes to their economic vulnerability, they have internal change within their area as well as the external markets which influence them. Second weakness they experience is the social liability which limited human resources due to their small population. And the last issue they deal with is of the environmental nature and it is limited land resources, which is why they usually have to rely on the marine resources (Baldacchino 2005; Briguglio 1995).

In the past few decades there has been a significant curiosity in small island economies (Hoti, McAleer, Shareef, 2007). Small economies like that provide untypical case due to their unique characteristics of their natural resources, culture, economy and all of the challenges they face. According to Liou and Ding (2004) small islands deserve special treatment due to their degree of vulnerability development stage an inflow of external resources.

Since the development of small islands and their options being restricted to numerous factors, when it comes to planning, implementing and monitoring of sustainable practices, they face special challenges (Šulc & Zlatić, 2014). Sustainable development theorists suggest that sustainability on a global scale can be attained through small islands, which are inhabited with a smaller community, because such communities have to deal with issues of resource management and carrying aptitude at a much smaller scale (Deschenes & Chertow, 2004). According to Mackelworth & Carić (2010), the isolated island communities would be a great foundation for providing a model for accountable economic development.

Tourism has been accepted as a vital element when it comes to development of isolated and smaller communities by giving their transition from agriculturally based economy to service ones (Magaš, Brkić, Vejmelka & Faričić, 2000). But it also questioned whether rapid development does not help, and it stands in the way of the prosperity of local people as well as the sustainability of local resources (Nunkoo, Gursoy & Juwaheer, 2010). Development of small islands can be done in the same scale as it would be done in regular area, regions due to it small capacity and different factors that are influencing the islands. For many small island's tourism has been main engine for growth and agreed sorts of export (Croes, 2006; Weaver, 1995). The tourist development of the island requires coexistence with traditional culture, with optimal use of tourist diversity (Vidučić, 2007). Especially the islands with favorable natural resources tourism is regarded as an easy way to reach

higher economic growth but also to achieve social improvement (Organization for Economic Cooperation and Development, 1967). Even though we mentioned that islands given their size have a barrier to possible economic development, tourism helped as a mean overcoming those constraints (Apostolopoulous & Gayle, 2002).

The development of tourism on the islands must be based on local initiative, specific island entrepreneurship, appropriate businesses and all this with appropriate state incentives. Determining the reception capacity of a particular island for tourism is crucial for its future. Modern tourism has become interdependent with ecology, and its further development must be considered primarily as sustainable development (Vidučić, 2007).

Population dynamics have a significant influence on sustainable development of small islands (United Nations Population Fund, 2011). In the revitalization of the island, efforts should be made to increase the number of islanders, primarily by returning those who have moved to coastal towns or even abroad. Other immigrants should not numerically cross the critical line of relations to the detriment of the domicile island population, not only numerically but also "positionally" in local government and the economy (Vidučić, 2007). There have been many studies of island anthropology which showed a connection between human survival and environmental sustainability (Kirch, 1997; Erickson, Gowdy, 2000). That connection given in the island context puts sustainability issues to the forefront of environmental management and strategic planning. The size as well as the isolation of the island will limit the availability of resources, such as water, energy, heat and even fertile soil. One of the biggest issues that island's experience is the environmental pollution that the increased numbers of visitors bring. There are many forms of environmental pollution when it comes to the island context, some of them being greenhouse gases pollution of the seawater destroying off the land (Deschenes et al, 2004).

Namely, island tourism has a detrimental effect on the environment because it pollutes the sea (bottom, surface and sea mass), air, land (noise, accumulation of waste, fires). It also encourages uncontrolled fishing, looting of underwater archaeological sites and general disturbance of ecosystems (Vidučić, 2007). Greenhouse gases have a big impact on the islands due to the climate change which would potentially rise the sea levels, and since the majority of islands landmass and population lives near the coast there's a high potential of it being impacted (Deschenes & Chertow, 2004). Fragile natural environment and limited resources are some of the characteristics of resident's perception when put in the island context. Although environmental sustainability is being discussed and some policies are being made, the raising issues are still not as a pressing concern for mainland nations, while for the islands and those communities is brings a more pressing concern. carrying capacity of the islands needs to be obeyed in order to limit the potential issues that may occur but to also limit the number of potential negative impacts on the environment (Deschenes & Chertow, 2004).

## 2.5 Residents perception

Residents attitudes and behaviors are of great importance because they are the ones who are directly impacted by tourism related activities in their area (Weaver & Lawton, 2013). The way how residents accept both visitors and tourism development plays an important role in attracting and making sure that the visitors are satisfied (Davis, Allen & Cosenza, 1988). Residents attitudes and perceptions became of an interest in the academic world in the 1970, with the “cautionary” perspective according to Jafari (2001) which assumed that residents felt pushed aside and alienated from tourism development as its experienced growth (in Weaver & Lawton, 2013). Empirical investigations and different literature that followed, have proven how there this is a much complex topic and that there are many different factors affecting residents. This led to different models and concepts which brought up positive attitudes but also potential concerns about specific issues and impacts (Weaver & Lawton, 2013).

Murphy (1985) argued how cooperation of host communities as well as their goodwill plays an essential part of the future development of the community (Murphy, 1985). It is important to include residents and local community in the planning since they play a big part as well as give input which an outsider would not be aware of. It is believed by a group of tourism scholars that residents and their role have not been taken seriously hence they should be included in tourism development and planning process as major stakeholders (Choi & Turk, 2005). In the last decades, there has been an increase of the attention given to the resident perception of the impacts of tourism, and considerable number of studies have been published focusing on their attitudes (Wall & Mathieson, 2006). As an emerging paradigm, sustainable tourism has brought up the importance of residents and their involvement in the frameworks concerning tourism planning and development (Choi & Turk, 2005).

### 2.5.1 Irritation index

Irritation index model or “Irridex” has been established by Doxey (1975) and is grounded on understanding the attitudes of local residents toward tourists but it also discusses tourism development in different stages of a destination’s life cycle. The phases that he establishes are the consequence of tourism development in relations of changing economic, social and environmental impacts in the touristic destination. The model is assuming that subsequent conditions with negative sociocultural influence can lead to irritation within the local community (in Pavlić & Portolan, 2016).

Doxey introduces four stages in the model, which are Euphoria, Apathy, Irritation and Antagonism, and every phase is giving more details regarding residents attitudes towards the visitors, development of the tourism destination, planning and etc.. It implies that the increased number of tourists coming to the destination and the development of the destination that follows, will affect local perception and their receptiveness will change through all four stages. The

numbers of visitors increase and so is the negative attitude towards them from the residents, which are getting “irritated” by the amount of people visiting their region and disrupting their everyday life.

**Euphoria** is described as an initial phase of tourism development in which both visitors and potential investors are welcomed and greeted with “euphoria” from the resident’s point of view. This phase includes little planning and control (Pavlić & Portolan, 2016).

**Apathy** is the second phase in which the initial euphoria has died down, and the visitors are taken for granted. The number of visitors has risen and the relation between hosts and visitors becomes more formal without the beginning euphoria that was experienced in the beginning of tourist arrivals. and the phase becomes more planned and controlled than the previous one (Pavlić & Portolan, 2016).

**Annoyance** is a phase where local community is having misgivings about tourism and tourism industry in general which creates a saturation in the destination. Residents are more concerned about the tourism and the impacts that it has posed, the competition and growth that came with it as well as how it affected their lifestyle. In this phase, planners still are trying to control the tourism development with increased infrastructural development, while not limiting the growth (Pavlić & Portolan, 2016).

**Antagonism** is a final phase in which visitors are seen as cause of all problems by the local population which leads to their rebellion and not even trying to hide their irritation with the tourists, and in some cases locals are not even trying to hide the expression of irritation (Pavlić & Portolan, 2016).

Irritation level depends on the amount of contact local residents and visitors have and whether or not they have mutual compatibility. In addition, differences in culture, economic status and nationality may also have a contribution to the bad relationship (Milman, 2004). Irritation index can be considered as one of the most important models which shows the relationship between local residents and tourists, but there are certain limitations which make the model less implementable (Pavlić & Portolan, 2016). One of the first issues is that the concept is not based on any detailed empirical research (Pavlić & Portolan, 2016).

According to Cordero (2008), the model presumes a degree of homogeneity and linear positive relationship, but it ignores the complexity of each host community as well as the impacts each of them has, which cannot be generalized. Each community can have more layers of different issues within, making it different from another one, which makes generalizing even harder.

Another point which the model is missing is that it does not define any tourist management models or strategies which are introduced to reduce the pressure of increasing tourists' numbers on local community. This is important to take into consideration because tourism development has impacts on economic, socio-cultural and environmental aspects, which are crucial to identify once dealing with tourism development.

Even though it has some limitations this is a great model to be used in order to understand the receptiveness of the local communities towards developmental stages in a destination.

### 2.5.2 Social Exchange Theory

Social exchange theory was firstly introduced in the economics field but was later modified by Thibaut & Kelley while studying psychology of group interactions and environments which led to further development by Perdue, Long & Allen (Perdue et al., 1987; Long et al., 1990; Perdue et al., 1990). Main focus of the theory is "the perceptions of the relative costs and benefits of relationships and their implications for relationship satisfaction" (Ward & Berno, 2011, p. 1557). If we translate that focus into tourism context, we can conclude that the attitude of the residents in a tourist destination towards development of tourism as well as their support for tourism will be affected by the benefits that they're getting from tourism (Andereck, Valentine, Knopf & Vogt, 2005).

Residents will have a specific opinion about the benefits and costs of tourism that is affecting their community and will then weigh in the positive versus negative impacts which will then lead in their support for tourism. Bryon states: "the assessed benefits and disadvantages of tourism are nothing more than the perceived positive and negative impacts on the economic, socio-cultural and spatial level as well as on the individual (micro) and collective (macro) level" (2006, p. 40). This means that if the resident believes that he will get more benefits than disadvantages from tourism and its further development, he or she will then more likely have a supportive attitude towards tourism and tourists. According to Emerson (1976), social exchange theory argues that the outcome of an exchange process is social activity and that interpersonal experiences require resource exchanges. In social exchange theory, satisfaction is influenced mainly by the both economic and social outcomes of the previous mentioned exchanges.

Social exchange theory will play a big role in the future development and also investment of tourism in a destination. That means that the host community will have a bigger support of the future development if it sees the potential benefits they could get as a community. Different studies concerning social exchange theory had similar conclusion which is that if residents of the local community which have a direct economic benefit from tourism, if they work in the tourism sector or there or if their job is related to the tourism sector, will have a more positive attitude towards

tourism which would then lead to a more supportive approach towards development and tourism in the destination (Haley, Snaith & Miller, 2005; Haralambopoulos & Pizam, 1996).

This theory had a different approach and was definitely a step forward in the future research concerning residence and their attitudes regarding tourism in their destination. Compared to extrinsic model like tourism area life cycle model by Butler, which only observed tourism system as a standardized reality, social exchange theory recognizes the diverse nature of the host community (Boley & McGehee, 2014). Once the social exchange theory has been introduced and researched more, there have been further expanding of the theory which looked into other impacts rather than just the economic thinking of residence on their attitudes and behaviors (Boley & McGehee, 2014).

As proposed by Látková and Vogt (2012) cited by Boley et al. (2014, p. 36), an answer for increasing social exchange theory to other realities of resident attitudes should be “the application of social exchange theory in conjunction with another theory, since the combination might provide a better insight into resident attitudes towards tourism.”

### **3 Case Study**

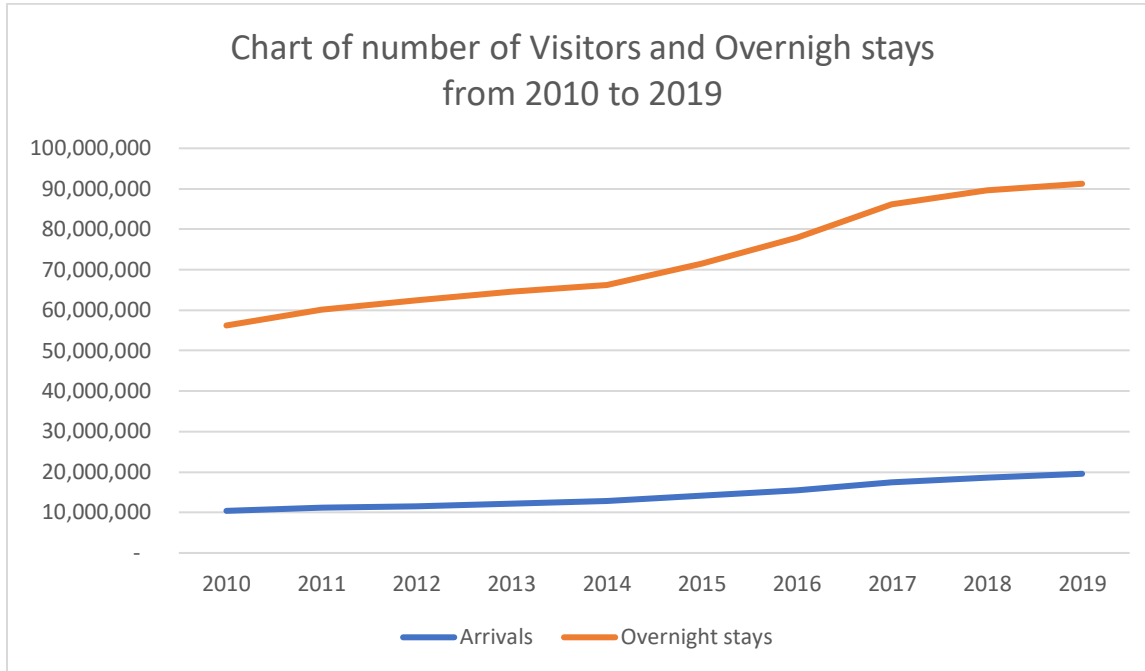
Before discussing the research, methodology and data which was gained from the research, this part will briefly discuss the current state of tourism in both Croatia as well as Ilovik. This part will give a better understanding of the current situation as well as explain how tourism development affected both.

#### **3.1 Tourism in Croatia**

In the past 20 years tourism in Croatia has been on the rise again, which could be thank to its advantageous location and natural beauties (see in Figure 4). International tourists' expenditure in Croatia amounts to almost 20% of GDP, which is by far the largest share in the European Union (Orsini & Ostojić, 2018). Tourism in Croatia is mostly concentrated during summer months and tourists spend most of their time in the coastal areas, so it is safe to say that Croatia promotes “sea and sun” tourism model. As well as the other Mediterranean countries, Croatia has a lot to offer when it comes to cultural and historical heritage, but tourists mostly visit to enjoy warm weather and the coastal natural attraction (Orsini & Ostojić, 2018). One of the most visited regions is Adriatic Croatia in which the majority of tourism activity takes place. This region is characterized by narrow coastal area and territory of 24,705 square kilometers and high seasonality. Accommodation structure in this region has a total number of 1,2 million beds in private accommodation as it can be seen in the figure 5 (Croatian Sustainable Tourism Observatory, 2018).

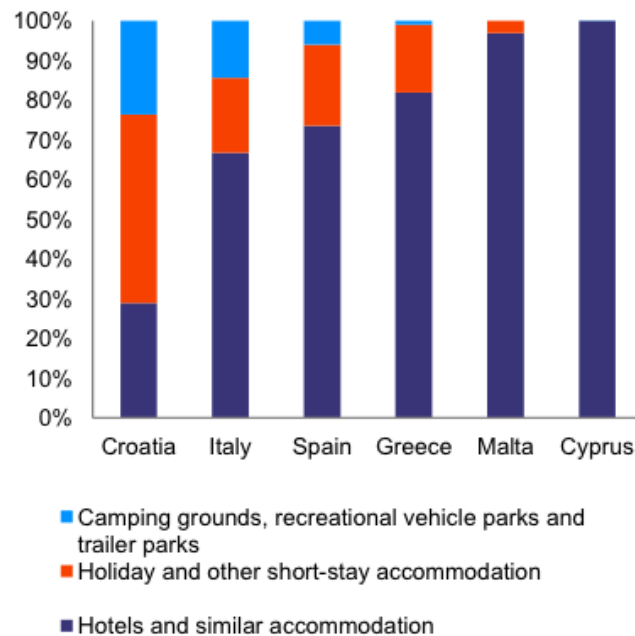


Figure 3 Numbers of visits and overnight stays from 2010 to 2019



Source: Adapted from Državni zavod za statistiku, 2020

Figure 4 Nights spent in tourist accomodation by non-residents



Source: Orsini & Ostojić, 2018

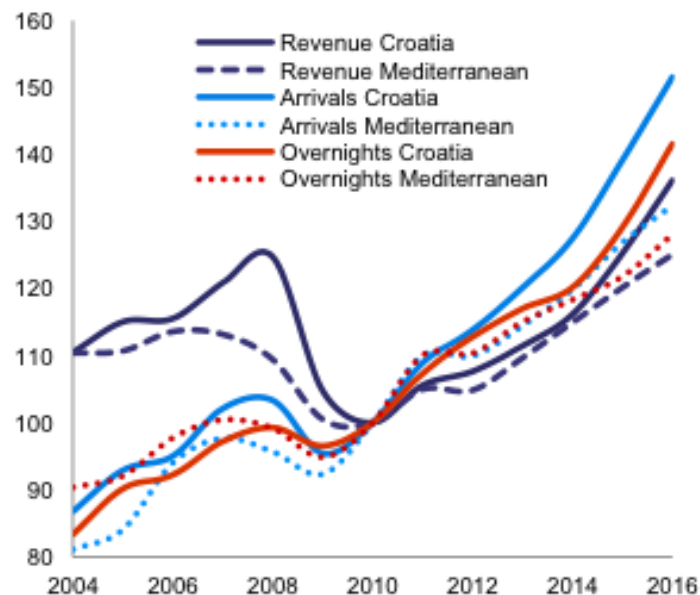
Croatia's economic activity mostly counts on inbound tourism which is a key source of export revenues. According to Kapusta and Wilus (2017) in Croatia mass tourism experienced growth in the 1960s in 1970s while it was still part of Yugoslavia and it followed policy of former Yugoslavia (in Orsini & Ostojić, 2018). As mentioned before expenditure by international tourists amounted to 45.5 billion euros in 2006, which is roughly 19% of Croatia's GDP and over 35% of its export revenues which is a great indication how reliant Croatia is on tourism sector. Tourism and hospitality sector provide up to 8% of national employment (Ministarstvo turizma republike Hrvatske, 2019).

Even though Europe and the number of international visitors is growing (UNWTO, 2019), Croatia has some structural and management weaknesses which prevent it to achieve its full potential. Characteristics of Croatian tourism are high seasonality, accommodation sector, low average spending, small amount of provided services for the visitors, which limits the potential that the country could achieve. High seasonality is a big challenge because it focuses mainly on the summer months, which then brings many issues to the country and visitors as well. This leads to overflow of tourists in seaside destinations, infrastructure cannot handle the number of people passing through the country and it has a high running cost. The structure in Croatian accommodation sector mostly relies on less labor-intensive establishments (camping rounds in private accommodation) which would explain the low share of employment in the tourism sector compared to the overall size of tourist's expenditure in GDP. The high reliance of Croatia's tourism sector on imports is explained by the difficulty to expand production in order to satisfy demand during the short summer season. This high "leakage rate" ultimately limits the positive impact of tourism on other domestic sectors (Orsini & Ostojić, 2018, page 2-3).

Looking at the numbers in the figure 5, it is easy to tell how Croatian tourism heavily relies on the private housing and apartments, and camping grounds, up to 45% is private accommodation, 25% camping grounds and the rest is hotel accommodation. Compared to other countries in the Northern Mediterranean region, numbers are really different when it comes to the accommodation structure.

In recent years Croatia has outperformed other European countries in the Northern Mediterranean region (Cyprus, Greece, Italy, Malta and Spain) in increasing the number of international tourism revenues, in overnight stays from non-resident tourists and arrivals from abroad, as it can be seen in the figure 6 (Orsini et al., 2018).

Figure 5 International arrivals, non-residents' overnight stays and tourism revenues



Source: Orsini & Ostojić, 2018

In 2016, Croatian Sustainable Tourism Observatory has been established with main objective to continuously measure and monitor the sustainability tourism development in the most tourism developed region of Croatia – Adriatic Croatia (Croatian Sustainable Tourism Observatory, 2018). Croatian Sustainable Tourism Observatory detected numerous environmental issues related to Adriatic Croatia which are result of unsatisfactory management and bad planning. Main issue is the poor infrastructure of the region which cannot accept the capacity which is gaining in the past years. Mass tourism that Croatia is experiencing has led to deterioration of the cultural and historic attractions which cannot hold the number of visitors which are coming to the destinations. The high amount of private accommodation is growing, which leads to mass landscape degradation due to intensive construction which is not being properly controlled. The construction of second homes which are designed to provide a second accommodation are considered to be have the highest impact on the environmental and natural resources. Additionally, solid waste and wastewater management is not being taken care of, which is creating great issues for the destinations area in the Adriatic Croatia.

Croatian Sustainable Tourism Observatory is adopting the European Tourism indicator System which is a system on the European Union level, and it monitors sustainable development of destinations and it covers all of the issues that have been imposed by the UNWTO. The main goal is to measure and monitor tourism sustainability on all levels, but also to be the awareness among

local communities. In this implementation, it is important that the system gets the support and cooperation from all relevant stakeholders, especially from the National Tourist Board and the Croatian Ministry of tourism (Croatian Sustainable Tourism Observatory, 2018).

To conclude, Croatia has a lot of potential when it comes to tourism in that sector but the excessive reliance on the industry may not be sustainable. Since the country has a lot of economic activity depending on tourism should consider having a better strategic planning and decision making which has a great impact on the country and its residents.

### 3.2 Sustainability Development of Islands through the history in Croatia

Islands have big contribution to biological, cultural and environmental diversity in a much greater proportion than the size of their areas or even population (Young, 1999). Islands all over the world deal with same issues which are generally driven by economic, social and environmental vulnerability they experience due to their geographic isolation. Island communities which have had limited resources and have been able to survive can be a great start to give insights into sustainable development (Kerr, 2005).

In Croatia, the islands make up almost 6% of the Croatian mainland, covering 3259 square kilometers with 1244 islands which are divided and sorted as 78 islands, 525 small islands and 65 cliffs and reefs (Krnetić & Pivčević, 2012). Even though that Croatian coastline has been identified important for the country as well as for the whole Adriatic region, according to Bricelj & Orhini (2004) the islands and hinterland have seen long-term depopulation due to the lack of local community development (in Mackelworth & Carić, 2009). Croatian islands have a preserved relationship between nature and the island's population, but also a long-standing tourist tradition, which the islanders have mostly developed themselves from the very beginning. With their own enthusiasm and mostly modest tourist knowledge, they also started tourist companies, and took care of them as their private property (Vidučić, 2007)

In 1986 the “The Social Agreement on Development Policy for the Adriatic Island’s” was in Croatian Parliament as was compulsory for 9 island municipalities, 5 island-mainland municipalities, regional chambers of commerce and all public companies that took care of islands infrastructure and transport. It defined public interest for island development, stated development goals and listed measures that had to be undertaken by all that signed it. Notions of island carrying capacity and rational long-term usage of island resources appeared for the first time. Once Croatia became independent, the program died down, and during Homeland war, the program was dismissed from every agenda (Stubbs & Starc, 2007).

In 1995, the development of the island was reconsidered, and the newly formed Ministry of Development and Reconstruction gave the issue of island and their development more attention

by forming an expert team which was supposed to find solutions for all island development management. The team encountered many issues while trying to find the best measuring criteria, averages and a way to categorize all of the islands and its specific matters. In the early 1997 the team presented Island Development Program and the Parliament passed it as the first development document of the state of Croatia (Starc, 1997). The National Island Development Program, scoped comparative advantages, detected limitations and made sure that the islands were also getting enough attention from the development point of view, from the government. The end results of the program were development policies which needed to be implemented, also new goals and principles were set which would favor sustainable development.

The national island development program pointed out several important comparative advantages that the islands have which should be looked into. The first one was climate of the islands in Croatia, majority of them have a good weather conditions which favor agriculture. This also plays a role into attracting tourists but also attracting people who are willing to get a job on one of the islands or could potentially settle in their retirement there. Another advantage is the geographic location especially the islands that are more isolated which are suitable for ecological preservation, maintaining the biodiversity of animal species. The limitations that the National Island Development program found, was that the demographic structure of the islands is particularly old and does not have a lot of young people. This results in the lack of workforce as well as younger people leaving the islands to the bigger regions to find a job, start a family which works negatively for the island development since they are losing young workforce. Another restriction is the bad infrastructure, such as bad roads, low connectivity of the islands with the mainland. Lack of primary education facilities was recognized as one of the issues that made families leave due to better opportunities in the mainland. Land register was not organized which made the ownership of the land very unclear which resulted in the potential investments were building of new facilities not possible (Starc, 1997).

The National Island Development program saw the development of the islands at the “crossroads” and saw two possible outcomes. The first one would be following the path of sustainable development which will work out for the future and long term, or the second option which would be taking a shortcut into a quick and exploitation of islands potential which would eventually deteriorate the areas (Starc, 1997).

The main goal of this program was to make all locations and territories which included islands to have the same initial development throughout the whole country (Starc, 2000, pp 22-25). It was a base for framework of sustainable development of the islands while incorporating international principles coming from agenda 21 (in Mackelworth & Carić, 2009).

From 2004 to 2014, Croatia was involved in many projects which were dealing with sustainable development in different sectors. The first project was intelligent energy Europe which was launched in 2003 and the program was also open to Croatia even though it was not a member of European Union at a time. The program was designed to create energy intelligent future by supporting energy efficient technologies, buildings, industry, heating and cooling and energy related products and services. With this type of support coming from European Union, countries could bring in more energy efficiency investments which would result in energy efficient projects throughout the country. The program supported efficiency and renewable energy policy's which helped in reaching EU 2020 targets (20% cut in greenhouse emissions, 20% improvement in energy efficiency and 20% of renewables in EU energy consumption). This was a good start and foundation to create more sustainable conditions for future development. The project was running until 2013 and a budget of 730 million euros was available to fund projects in a wide range of European portals facilities and initiatives (European Commission, 2019).

In 2007 European Commission release the project called stories which was addressing barriers 2 storage technologies for increasing the penetration of intermittent energy sources. the aim of this project was to make suggestions for changes in policies and regulations which were covering renewable installations on island grids so to promote energy storage solutions to increase the number of people having renewable sources of energy. They wanted to find all of the solutions in the European regions that could be adopted and European island regions as well as to assess and map regulatory and legislative framework that were implemented in member states that could be applicable for the outlying regions such as the islands. the results of this project show that there is a high potential of renewable sources of energy on the islands which would once implemented bring economic benefit.

Mershality was another project under sustainable energy action plans which allowed sharing of the data with the covenant of the mayors. This was initiated in order to access reliable data which would be the baseline for the development of all of these sustainable plans and will result in effective energy planning. The project launched series of roundtables at European Union bringing together all important stakeholders in order to advance energy data access. Even though Croatia still was not a member of the European Union, it was still a part of this project (European Commission, 2020).

Sustainability energy action plan is a document which shows all of the covenant signatory will reach its commitment by 2020. Energy action plan defines concrete measures as well as a time frame which translate into long term strategy into actions. The measures are aimed at reduction of the CO2 emissions and total energy consumption by end users. (European Commission, 2020). Main target sectors are buildings, equipment and urban transport as well. Some of the actions are

related to local electricity production and also local heating and cooling generation. Croatia had this document implemented in different cities in which they committed to achieve 2020 goals.

Once Croatia became part of European Union, it became a part of many projects that was run by European Commission, and in the Figure 7 it shows all of the periods and different project Croatia implemented in its development planning. Once entering the European Union, Croatia received more financial support in order to implement all of the possible development measures. Currently, there are two major initiatives in the European Union that tackle the subject of sustainable development of the islands. The first one is top-down initiative coming from the Declaration on Clean energy for EU islands and bottom-up Smart Islands initiative. Both initiatives consider islands as living labs which can be great for pilot projects which could potentially lead Europe into a sustainable environment (Mimica, Krajačić, Medved & Jarda, 2019).

The top-down initiative Clean Energy for EU islands endorses self-sufficient energy of islands, reduction of dependency on imported energy, it aims to provide islands with clean technologies, improvement of air quality and preservation of natural heritage. With this initiative, EU Commission is committed to ensure that the energy concerns of island inhabitants are met and that they are the ones making the foundation of energy alteration and policy developments (Clean Energy for EU Islands Secretariat, 2018).

The other framework is Smart Island Initiative, which is bottom-up initiative. It advocates place-based transformative improvement agenda that makes the most out of islands' competitive advantages, generates local evolution and success and contributes to EU policy goals in different fields such as innovation, energy, climate mitigation, circular economy, transport and mobility. The Smart Islands Initiative is the peak of a series of undertakings including particular financing opportunities for islands to promote sustainable energy planning which would result in local sustainable projects (Smart Island Initiative, 2017).

Figure 6 Phases of European projects which Croatia was a part of

Phase	Framework		
	Duration	Actions	Results
P1	1991-2003	Generating ideas, setting up frameworks	National Island Development Program, Law on Islands
P2	2004-2016	Advocacy, Mobilization, Screening, Mapping	IEE projects STORIES, Meshartility, BEAST, SEAPs, SECAPs
P3	2017-2030	Experimentation with top-down and	Smart Islands Declaration, Clean energy for EU

		bottom-up frameworks, ICT expansion	islands, Horizon 2020, Pilot islands, ICT/ Digitalization, National Legal framework for Islands
P4	2030-2040	Society assisted acceptance and full commercialization (self-sustained) of Smart Island approach	Smart energy, Smart transport, Smart water management, Smart waste management, Smart Governance, Smart economy, Climate change adoption
P5	2040-2050	New innovation and business model	Innovation, Business models, Resilience

Source: Mimica, Krajačić, Medved & Jardas, 2019

The sustainable development of Croatian islands should be accompanied by the traditional way of life on them, and on which host communities are reliant on the sea and land as their main sources of livelihood. Therefore, this tradition should be followed and enriched. Nautical ports on the islands should be treated separately so that they do not endanger the natural environment since there is no control, it is easy for them to do (Vidučić, 2007). According to Magaš, Faričić & Lončarić (2006) when taking tourism development on an island into consideration it is important to consider tourism workers, political structures as well as the population of the island. The combination of all will create vision by tourists and they would be a key in economic potentials. This is important because tourism development relies on the coexistence of traditional culture and diverse tourism activity.

### 3.3 Island of Ilovik

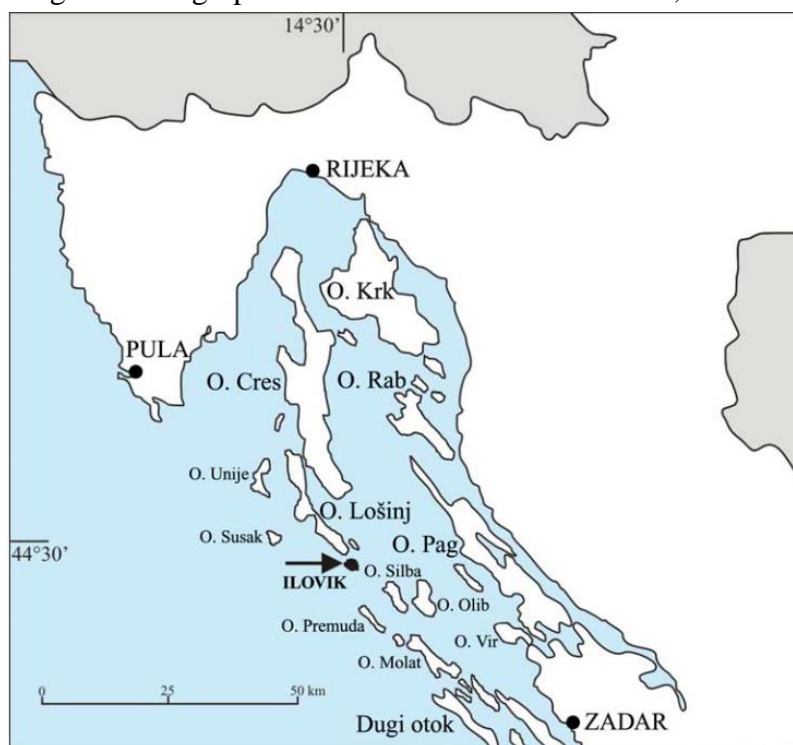
The island of Ilovik belongs to the Cres-Lošinj archipelago which forms the western chain of Kvarner islands. Along with Unije, Susak, Vele and Mala Srakana, Ilovik belongs to a group of five smaller islands in Cres-Lošinj archipelago (Pavoković, 2016). The location is the southernmost island in this island series. The area of Ilovik is 5.51 km<sup>2</sup>, and the length of the coastline is 14,091 km, which can be seen in the Figure 8 (Duplančić Leder, Ujević & Čala, 2004). Based on the surface size Ilovik is ranked on the 42<sup>nd</sup> place and when it comes to the population is on 35<sup>th</sup> place among Croatian islands. Both islands Sv. Petar (with 0.95 km<sup>2</sup> of surface and 5,697



km of coastline) and Kozjak (0.21 km<sup>2</sup> of surface and 1,711 km of coastline) with Ilovik form a smaller island unit with a total area of 6.67 km<sup>2</sup> and a corresponding coastline of 21.5 km (Pavoković, 2016).

According to the territorial-administrative structure of the Republic of Croatia, Ilovik belongs to the City of Mali Lošinj within the Primorje-Gorski Kotar County and forms its southernmost part. Due to its position in the extreme southeast of the Cres-Lošinj archipelago, Ilovik forms a kind of link between Kvarner and the northern Dalmatian archipelago. The island is functionally mostly connected to Mali Lošinj, but also with three macro-regional centers, Rijeka, Zadar, Pula.

Figure 7 Geographical location of the island Ilovik, Croatia



Source: Magaš, Faričić & Lončarić, 2005

Only one part of the island is inhabited, which is along the northeastern coast, which is low and accessible. The settlement spreads from the northwestern part called Skračina through the central part with the church to the southeast at the bottom of the shallow harbor of the place in the southeast. Opposite the settlement is the islet of Sv. Petar (Priko), which shields the settlement from the influence of the bora and closes the canal with Ilovik, which is an excellent natural anchorage and has the function of a port (Pavoković, 2016). The canal has served as a shelter for ships in case of bad weather since ancient times and is still used today as a permanent anchorage (with buoys) for tourist boats. The islands of Ilovik and Sv. Petar form a functional whole because the inhabitants of Ilovik have estates on Sv. Petar, which they use for pasture and olive growing

but there is a local cemetery with a chapel dedicated to St. Peter. Peter and the Franciscan resort which is mostly used during summertime (Pavoković, 2016).

The island of Ilovik, being located in the extreme southeastern part of the Cres-Lošinj archipelago, according to Köppen's classification has very favorable climatic characteristics and is located in the transition zone between Csa and Cfa climate. According to the basic climatic elements, it is more related to the northern Dalmatian island area than to the rest of Kvarner, especially according to the average annual rainfall (Magaš, Faričić & Lončarić, 2005).

The island area of the Republic of Croatia has been affected by emigration from the end of the 19th century and it is safe to say that the country is still suffering from this trend even today. Smaller cities and areas, and especially islands are places which are most affected by the process of emigration (Wertheimer-Baletić, 1979, Friganović, 2001). Depopulation was particularly pronounced on small islands farther from the mainland and began earliest on them in the 1920s, while large islands closer to the coast peaked in the years immediately after the Second World War (Friganović, 2001.). So often one hears the claim that there are three times as many original people from Ilovik in the USA than on the island, and this is similar to Susak, Olib and some other small islands. Many have emigrated to New York, Seattle and other American cities (Pavoković, 2016). Numerous emigrants visit their island, especially during summer months. Ilovik had 385 inhabitants in 1857 and that number gradually grew steadily until 1921, when the island recorded a maximum of 512 inhabitants. After that, a gradual depopulation began until World War II (473 inhabitants in 1931), followed by a sharp decline (393 inhabitants in 1948), and a brief halt to the decline in population (399 inhabitants in 1953), and a steady, rapid decline since population, compared with the movement of the population on other islands of the Cres-Lošinj archipelago (Magaš, Faričić & Lončarić, 2005). According to the last statistical numbers in 2011, Ilovik has 78 registered inhabitants (Državni zavod za statistiku, n.d).

The bigger majority of the island's population is older generation, which is considered to be an unfavorable age structure which then leads to a population problem as well as the economic state of the island. There are few long-term demographic processes which lead to a general decline such as immigration depopulation and population aging but also a general decline in fertility lead to a decrease in the reproductive strength and vitality of the population (Friganović, 2001). Since the age of population is high population renewal is not possible so the only way the island can have a change in the age structure is by having people coming to the island (Magaš, Faričić & Lončarić, 2005). when it comes to smaller communities and older generation, they are not so welcoming, are generally closed and distressful of newcomers (Friganović, 2001). When it comes to Ilovik and its community, people are fairly welcoming since the majority of the inhabitants weren't born on Ilovik.

Even though the island has unfavorable circumstances there is a chance that the future demographic development can change. given the proximity of the other island Mali Lošinj, which is the largest settlement on the Croatian islands, Ilovik can provide future settlement on Ilovik especially to those who are originally connected to the island. another solution for the change in demographic structure is to encourage the return of the diaspora from overseas countries which would not just change the demographic picture, but it would also improve the economic situation on the island (Magaš, Faričić & Lončarić, 2005). Such plans Sound perfect but without the help of the country the population on elevate but other islands will be in decline.

With the process of the depopulation of the island, Ilovik also experienced the process of shifting from agricultural practices. The land of the island is not arable and there's a high agricultural density which made the agricultural activities much harder. that was another reason why immigration of the population happened in the 1920s, since they weren't able to make any money. Ilovik is experiencing a socio-geographic process as well as the majority of other small inhabited Croatian islands. Depopulation and the industry switch are two of the most prominent trends that have negatively influenced development perspective on the island. The growing of wines was spread throughout the island and as well as on the neighboring Sv.Petar, as well as the growing of olives which were planted to greater extent. The development of agriculture could not follow the constant increase in population in the first half of the 20th centuries because the areas suitable for cultivation were limited and there were no possibilities to invest in the future agricultural production. Given that conditions population had no choice but to immigrate mostly to overseas countries, mostly in the United States (Magaš, Faričić & Lončarić, 2005).

A decrease in the number of inhabitants, agricultural production on the island began to slowly die down. immigration also disrupted the age structure of the population since mostly young people emigrated, leaving the old population behind who were less able to engage in agriculture. this practice continued after the end of World War Two as well. good part of the population is engaged in agriculture but it's mostly for their own needs. according to 1971 census, more than half of the population of the island was involved in agricultural production, but by the 2001 consensus the share of agricultural production has decreased significantly. that also led to a bigger part of the land being neglected which is now unapproachable and cannot be used for agricultural activities (Pavoković, 2016). Inhabitants are also involved into fishing which is another source of income for the locals. during wintertime they depend on squig hunting which then can sell and use for their personal use.

The final issue that the Ilovik is dealing with is the distance it has from the larger urban centers such as Rijeka, Pula and Zadar. Although there is a connection to the mentioned centers, they are not available every day and it takes a while to get to them. Poor traffic infrastructure gets in the

way of potential development. Natural resources give Ilovik an advantageous role and that should be used in the most optimal way.

### 3.4 Development of Ilovik

While in the past Ilovik was self-sustaining through agriculture and fishing, currently its economy depends primarily on tourism industry (Šulc & Zlatić, 2014). It has been universally accepted that tourism is a vital factor in the development of isolated and small populations by allowing their conversion from agriculture-based to service economies (Buhalis, 1999; Magaš et al., 2000; Faričić et al., 2010; Magaš, 2008). In the recent years, Ilovik experienced some major improvements which could be related to the rising numbers of the tourists. With the rising number of visitors and tourists, island had to adapt its infrastructure in order to not affect the local community but also to provide enough supply to the visiting population.

The advantage of Ilovik is that is really close to the Mali Lošinj which has been one of the upcoming destinations which has taken sustainability development seriously and they even won a third place in the category of sustainable European destinations (Tourist office of Mali Lošinj, 2020).

There is a possibility that the island of Mali Lošinj can become a macroregional center which can take on some of the central functions from Rijeka, which could be of great help to the local community of Ilovik because it would mean that they could be resolving any issues that they have in Lošinj, rather than going all the way to Rijeka (Magaš, Faričić & Lončarić, 2006).

Before the development of the water system people used to use rainwater from the wells that were built on Ilovik and Sv. Petar. The project of connecting Ilovik and Cres-Lošinj water supply started in 2008 when the main project was built. The process of building happened in phases in the finishing phase happened in 2013 when the water was supplied to the island. With this big step for the island all of the households have health approved water and the supply of water is sufficient for all of the inhabitants. This led to better than quality lifestyle that could potentially lead to younger generations staying on the island (Pavoković, 2016). The system also connected all the houses with drinkable water, without going to wells or water pumps to gather water, which was the case before.

In 2012, the plan for extending the main waterfront was finished which allowed safer entrance and docking of boats as well as allowing bigger boats to enter the port. This small improvement in the deck allowed a safer travel for the catamarans entering the port, connecting other islands as well as two bigger cities Rijeka and Zadar. This was a foundation for a new boat line, which is connecting Ilovik to main land Mali Lošinj, to start going three times a day which allowed locals a better connection to the mainland for school, work and grocery shopping, but it also allowed a

better connection between to island, which made the visitation to Ilovik much easier (Pavoković, 2016).

In 2018 the Water Supply and Sewerage Project on the Island of Ilovik was fully finished when the final pipes for the sewage system was installed. This project implies a synergy of care for the environment, preservation of the quality of natural resources and responsible and sustainable management for the benefit of all parties involved, especially the inhabitants of the island of Ilovik. This is believed to add more value to the island as will lead to even more intensive growth and development of year-round tourism on the island are also provided (HINA, 2017).

### 3.5 Tourism on Ilovik

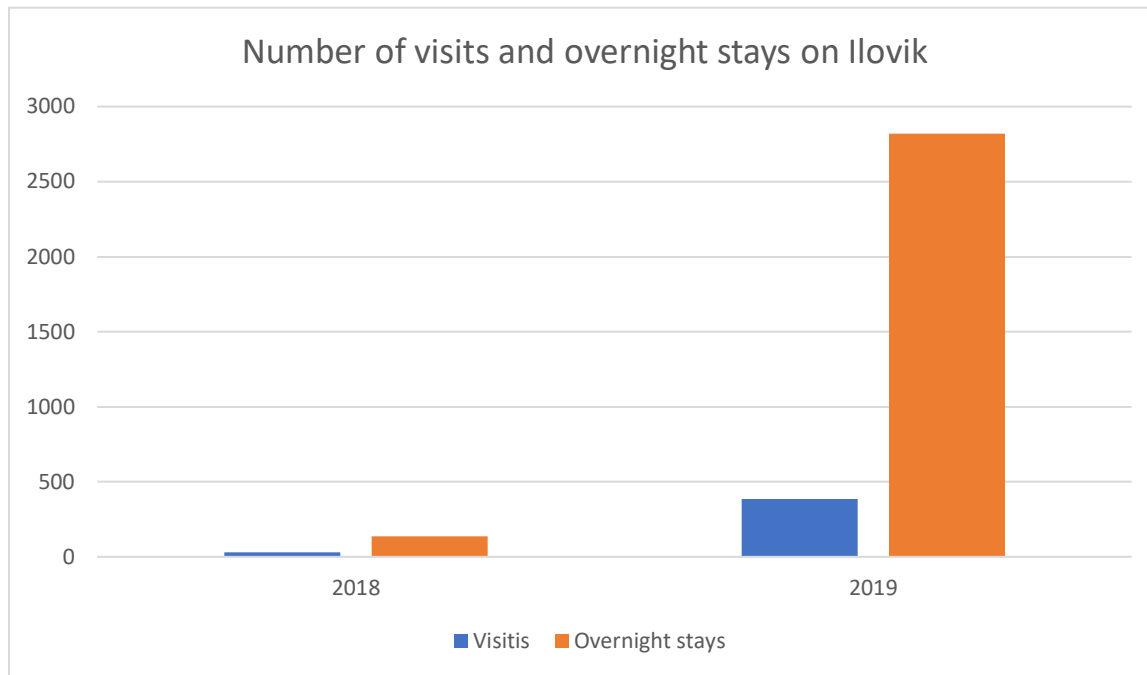
Even though the residents of the islands are still involved in agriculture, fishing and pasture some of them are involved in tourism. Tourism on the island started in the 60s of last century by renting out rooms. people that come to Ilovik come for the nature and to enjoy peace and quiet, so the development of tourism still didn't make Ilovik the mass tourism destination.

Tourist activity is related exclusively to private accommodation in rooms and apartments, while hotel accommodation does not exist on the island. There are also no camping grounds on the island so the tourism activity solely relies on the private accommodation and nautical tourism, which can accommodate around 170 boats (100 berths on the main waterfront, and around 60 buoys) (Lučka uprava Mali Lošinj, n.d.)

The island has fourteen private accommodation units that are official and are registered with the National program, eVisitor (Hrvatska turistička zajednica, 2020.). That platform is designed to give a faster check in and registration of tourists for the renters, but it gives a direct access of data which is used to make statistical reports on the national level. In the beginning of 2015, the program eVisitor was released as a pilot program but by the end of the year they fixed it up and by the end of the year the program was made obligatory to use for people who are owners of private accommodation (Hrvatska turistička zajednica, n.d.)

Since to program was affiliated with the national statistical board, there are no information regarding tourism activates on the island before 2018. As seen in the figure 9, the numbers in the table are not giving a correct indication of how many people visited Ilovik. Even there is no statistical data which could be assessed, it is known that the numbers have risen.

Figure 8 Number of visits and overnight stays on Ilovik



Source: Adapted from Državni zavod za statistiku, 2020

Visitors and tourist mainly come in the summer months in which tourists can enjoy peace and quiet, natural and historical heritage, starting from May and ending in September. Visitors can enjoy the nature and experience the “wild” type of tourism giving that the island is isolated and that people living there still obey their traditions. Climate of the island plays a big role since it allows Ilovik to have a longer tourism season than other places in Croatia. It's safe to say that the biggest advantage of Ilovik is its isolation which saved it from negative impacts, but it still allows the island realistic and potential sustainable development (Pavoković, 2016). When it comes to hospitality industry, the island has five restaurants which serve local dishes and there is also local store which provides all of the basic necessity a person would need on Ilovik. Given the size of the island, the number of restaurants meets the needs of current tourist traffic.

Certainly, tourism, but also the economy in general, must be in line with the concept of sustainable development that does not lead to the deterioration and depletion of the resources on which it is based (Kunst, 1997). Especially important are local traditional events and customs, such as the procession for the holiday Sv. Peter the Apostle on June 29, when many of his emigrants and their descendants come to the island, as well as tourists (Magaš, Faričić & Lončarić, 2005).

Traffic connection of Ilovik to other bigger regional centers play a big role in the lives of locals but also for the potential visitors. Since there is no cars on the Ilovik, infrastructure of transport

plays a big role in the lives of residents. In the last seven years there is a rise of traffic connections to the island. Ilovik is now connected to Rijeka with a catamaran like, which goes three times a week and it also stops on neighboring islands (Mali Lošinj, Susak, Unije, Cres). This connection is of great importance to the residents because this gives them an opportunity to go to a bigger regional area in the morning to finish some errands (such as doctors, or dentists' visits) and they can come back on the same day. There are also catamaran lines that connect Ilovik with Zadar and Pula which are also one of the bigger cities in Croatia. Although this line does not go as often, it gives the opportunity for tourists to travel from secondary airports which are in the vicinity of Pula and Zadar and have a direct connection to Ilovik. The lines also operate during offseason, in a less frequent time schedule, but it still gives the chance to the local community to be connected to the bigger cities.

## **4 Methodology**

In order to gain a better insight of the residents' attitudes towards Ilovik and its future sustainable development, primary research was conducted in order to achieve the objectives of this master's thesis research. This segment of the paper will present the methodology used for the collection of data and analysis of this thesis and it will also provide the methodological framework that will be used in this study, The first part will discuss the paradigm and why was the specific one uses and following that, research method will be discussed. Additionally, it will describe features of the study population and elaborate on the details of data collection giving the details on when and how were the interviews conducted.

### **4.1 Paradigm**

Since the main focus of this study is determine the involvement of local community and to understand their decision making which would lead to a better understanding of their involvement with the tourism development. Due to that, the paradigm that the author has chosen is the constructivist which gives a better overview of the community as a whole. The epistemology is inter-subjectivist, due to the fact that the researcher has a personal connection to the island which gave her a chance to merge into the community and the perspective as an insider (Weber, 1978).

### **4.2 Research method**

This study will be using primary research, to be more specific, qualitative method. Qualitative methods typically refer to a series of data gathering and analysis techniques that use semi-structured and open-ended interviews (Dudwick, Kuehnast, Nyhan Jones & Woolcock, 2006). According to Choy (2014) in order to conduct a qualitative study, researcher will need to collect data, analyze it and interpret it the same as a quantitative researcher. For this topic, the best access to the topic were in-depth interviews, which were semi-structured. This type of interviews, require a lot of planning before the actual interviews regarding the structure of the interviews, preparing

the set of questions, deciding who to interview and why (Rubin, 1995). According to Yin (2003) case study gives a real-life context to the empirical inquiry and it relies on several sources of proof. Additionally, case study will provide a deeper and better understanding of the socio-cultural processes in a local environment by analyzing a specific case (Denzin, 1989). Additionally, this type of method will allow author to explore different perspectives within the community and it would also result in answers which would yield information which more in depth and rationalized that the data that would be derived from surveys (Dudwick, Kuehnast, Nyhan Jones & Woolcock, 2006).

### 4.3 Study Population

The interview questions that were prepared and structured before the interviews, were semi structured with fifteen main questions which were then evolving throughout the interview based on what the respondent was answering. The questions were grouped in several different parts based on which part of the literature review it belonged to and they are indicated in the figure below. All of the questions were answered, but the flow of the conversation and interview was different with every participant. All of the interviews were completed in person on the island of Ilovik an in author's native language. it is important to mention that the author has a personal connection to the island which allowed a better connection to the participants and allow them to be more relaxed. The aim of the interviews was to gather people from different age groups, gender and involvement with the tourism activity on the island in order to gain an overall view of their perception. Author was gathering interviews until the saturation point which is specifically used in qualitative research as a criterion for discontinuing data collection (Saunders et al., 2018). Urquhart (2013) defines saturation as: “the point in coding when you find that no new codes occur in the data. There are mounting instances of the same codes, but no new ones” (in Saunders et al., 2018). This resulted into research having eleven voluntary participants which were part of the in-depth interviews.

Figure 9 List of main questions for the interviews and their categories

Do you accept tourism on Ilovik or would you prefer it not being as visited as it is becoming? How would you describe the current situation of tourism industry on Ilovik? What do you think is the main reason that there is a increase in tourism?	TOURISM ON ILOVIK
How do you believe tourism impacted Ilovik? Do you think tourism opened new job opportunities for the local community?	TOURISM IMPACTS



<p>Is the pricing influenced by the tourism or the islands geographical position which makes the transport of goods more expensive and harder?</p> <p>Is tourism helping older traditions being passed on and remaining alive?</p> <p>Did the tourism activity degrade any natural environment on the island?</p> <p>What are some improvements that are still needed on the island?</p>	
<p>Do you know anything about sustainability?</p> <p>Based on what you know now about sustainability, do you think Ilovik is a sustainable destination?</p>	SUSTAINABILITY
<p>Are you involved with any type of tourism activity on the island or are you employed in the tourism sector?</p> <p>Are you satisfied with the current tourism situation on Ilovik?</p> <p>What is your view on more people buying properties which are not locals, which are then used for private recommendations?</p> <p>Do you think last developments that happened, such as water and sewage system would happen if tourism was not around?</p>	RESIDENTS PERCEPTION

Source: own work

#### 4.4 Data Collection

Qualitative research in the form of in-depth interviews were conducted in the year of 2020, to be more concise, in the months of June, July and August. Author believed that in depth interviews are the best way to gather more information and especially coming from the residents which are the key of the thesis. This one on one interview would allow more subjective point of view but also gain a better insight which could have been missed if the interviews were done in a bigger group. When conducting in-depth interviews, the participant can freely express his or hers opinions and feelings which are genuine and with the researcher they can have a discussion and come to conclusions which would help the author draw the conclusions.

The author had only surface level of knowledge regarding the topic, so that's why in-depth interviews would give more information. The questions were semi structured, meaning that the questions were prepared beforehand as well as relevant literature was read and included in the

questions. The main point of the interviews was to gain objectives which would answer the research question. The interviews were conducted in Croatian language which was the native language from all of the respondents. Author asked the participants to confirm their voluntary participation and explain that the answers would be anonymous and that their identity would not be known to the public. In the analysis of this research author will use Participant A,B,C.. so the identity of the respondents is confidential. Some of the interviews were recorded with the acceptance of the participant and giving them the information that the recordings will also remain confidential. Some of the interview participants did not want to be recorded even though their answers would remain confidential, so the author only took notes during the interview, summarizing their answers and writing down the most important data, which was later used in the in the data analysis.

Before conducting research, author looked into available data in academic literature could potentially benefit the research but also took some steel notes while observing the given area. Economic literature helped with the questions before the interviews but also to understand the background of specific attitudes of the residents.

## **5 Analysis**

This part of the thesis will present the data that was collected, and it will be discussed based on the theoretical literature that was given in the first part of the research.

### **5.1 Tourism**

Throughout the interviews it was very well seen tourism left an impact on this community both negative and positive from the local's point of view. It is undoubtable that the island experienced growth in the past years when it comes to tourism. All of the participants agreed that the numbers of people coming to Ilovik has grown and they can see it with the amount of guests visiting the restaurants, how busy the streets are, the amount of boats that are staying on the island and on the buoys and also in the occupancy rate of the private accommodations on the island. Participants also noticed that there are different nationalities coming to the island, and that there is a bigger number of older people visiting than the younger visitors. The accessibility of the island with creating different lines of connection is believed to be one the reasons of higher numbers of visitors. There are several boats coming few days a week to the island which bring a lot of daily visitors that come to explore the island, and to enjoy the sea and beaches. When asked if they accept tourism industry on the island majority agreed and elaborated that the industry is one of the main reasons why the island has economic growth, but they wished that the increase doesn't exceed their capacity and that the island does not become a mass tourism destination.

Participant C stated: "I don't mind people coming to visit our beautiful Island and I'm happy to share our beautiful nature with them, but I am fearful that the number of people coming in can

potentially be too much, but it does not seem like it will happen in the near future because we are still unknown to the majority”.

In addition to that participant D said how he is happy to show people around and that it's always nice to see how impressed people are with the attractions that the island is offering and that notices that majority always comes back.

According to Butler's Life Cycle model, Ilovik based on the touristic activities and high involvement of the community is still in the involvement stage. Ilovik is still not experiencing mass tourism and the capacity that it currently has not been maximized. There are new houses being built which are already designed to be a private accommodation, but the increase is not becoming too high for the area. Since a big part of the island still does not have a permission to have houses built on, residents are stating how this will keep the island green, and it will not let possible investors build the majority of the island. Some of the participants have completely turned to tourism sector and have built business around them, and that is how they provide for their families. One of the participants is heavily involved with the tourism industry and it's now their main source of income but during offseason they can work around their house, garden and go fishing etc.

Additionally, residents who had even a small involvement with tourism activity, were taking about tourism and its visitors in a more positive way. The smaller number of them, understand why tourism is important to Ilovik and how much positive impacts it has brought, but they were more aware of the negatives impacts which they noticed. The numbers of visitors are slowly rising but the relationship between the visitors and residents is being friendly and locals are willing to share their stories, traditions to the ones who are interested. The island does not have a direct marketing campaign, but since it is under the municipality of Mali Lošinj, the visitors that came usually hear about Ilovik from the Mali Lošinj residents.

## 5.2 Impacts of tourism

For the future planning of the island and its potential development it is important to understand all of the impacts that the tourism has on a host community.

### *Economic impact*

All of the participants confirmed that the tourism industry has given new job opportunities and job positions to the local residents which has helped them in their overall economic stability. For some of the respondents, tourism gave them a new job which they would not be able to have if tourism activity did not increase. For others it is an additional revenue which they get, along with their other jobs that they have. Tourism gave an opportunity to the minority to open up the businesses which are strictly catered to the tourist and tourism, and it became their main source of income.

“My private accommodation has been a great addition to my family’s monthly income and all of us are somehow involved with the rental process. even though we work nonstop for the three maybe four months we can then in the offseason focus on our gardens and my husband can go fishing and the money that we earned is always being invested into developing our accommodation” (Participant C). This is how majority of the families on island operate and it how they can be both invested with tourism as well as with the development of their own land.

Increase in the overall number of visitors, consequently made some people who are not locals to come to the island and open up their restaurants. Some of them with the opening of the establishments also brought their own work force without employing any local resident which is living on the island full time. Some restaurant has both seasonal workers and the ones who live on the island, but majority has people who are not from Ilovik, and in that sense they limited the job opportunities for the locals. This resulted in local residents going to the places in which they know one of their neighbors is working at. This can also be tied to the structure of the demographic on the island, which is mainly old, which are typically closed off and have more traditional practices and views which are sometimes not allowing them to be more accepting of newcomers.

One of the negatives that the residents mentioned was the over pricing that the island is experiencing. Tourism impacted the prices on the island which made locals not buy products in the local market but going to the Mali Lošinj, on which they can buy at the “regular store”, all the necessary food and items that they need and which are not available on the island. Restaurants also have prices which are out of reach for the locals, but even for the Croatian standard. The prices that are imposed at both restaurants and the store are mainly directed towards the tourists and visitors, in which locals are not being considered. Even though all of them are aware that the transport of goods to the island is expensive and not as easy as it would be to the mainland, they still believe that pricing of items in the store in dishes at the restaurants are being specifically aimed at tourists and then the owners are not taking the locals and their economic standard into account.

“I will not go to island store just because of the principle, I believe that the prices there are too high and are not reasonable for me to spend on the basic needs such as milk and bread. We usually go once a week or every other week to Mali Lošinj in which we get all of our groceries in bigger amount, so we are not forced to go into the store (Participant B).

### *Social impacts*

When it comes to the socio-cultural impacts, it was very clear that all of the participants are very proud to be from the island of Ilovik and that they are keeping their traditions alive. The biggest tradition that is kept is the bonfire lighting which happens every year on their saints day, which is

Sv.Petar. The bonfire is being collected through few weeks, in which people are allowed to bring different things to burn (such as old tree branches from their gardens, or any type of garden remains that are allowed to be burned down). While they light the fire, people dance traditional dances and sing songs that they grow up on and they are teaching the newcomers, their grandchildren and that is how the tradition is still alive on Ilovik. In the past the residents spoke a specific language that was only known on the island, but it's still spoken up to this day, not by the older generations but also to the younger ones as well. Residents are always willing to share their traditions with the tourists as well to show them their past and heritage that still remained.

### *Environmental impacts*

One of the biggest advantages the island has it is its natural environment. The isolation and also the lack of cars really make Ilovik a destination worth visiting. When talking about natural environment residents are very aware that they live on an island which has great climate beautiful beaches and a great geographical position in Croatia. In this part of the interview author ask them if they believe that the tourism degraded any natural resource and the answers were different, but the majority agreed that the landscape of the island has remained untouched.

“I believe that the number of tourists that come in especially, on their boats are polluting our clear and clean sea. It is not just happening on Ilovik but through whole Croatian shore because I believe that there are not enough regulations and controls when it comes to sea waste management. On the island there's a lot of trash bins and places to dispose the trash so it is not common to see any trash lying around and the tourist who came here are very responsible and they always clean after themselves and some of them take it upon themselves to clean the trash if there is any left”, Participant A.

While the interviews were conducted there was a big dilemma on the Ilovik, regarding one of the sandy beaches that the island has. There was an investor who wanted to open a beach bar which would be suited for the people on the boat but also for the visitors on the beach. The idea was not backed up by the residents which were against any development on the beach, so they didn't want anyone to touch the natural habitat. The main reason why the residents were against it was the environmental degradation which they thought would happen. Additionally, the person was not from the island and was not related to anyone from the island which can lead to an assumption that was the reason why the residents were not happy and not backing up this potentially good addition to the island tourism offering. this resulted in the town meeting in which all of the residents voted and the majority voted against the investment.

## 5.3 Sustainability

When asked about the term sustainability, everyone has heard of it but they mainly related the term to the environmental impacts of tourism and how sustainability only implies to the environmental

sector. Sustainable tourism development has been a recent concept that Croatia only started to implement in the past few years. As mentioned, majority heard of sustainable development as an environmental issue which gives an implication that the literature that is available is still not well known of due to the low awareness of the three pillars that exist. They also added that they have been hearing about sustainable practices more recent but haven't been fully aware of what that actually means. They also said that they've heard of sustainability and how there should be a sustainable development, but they feel like Ilovik is not having a lot of sustainable development done. As the definition states, sustainable tourism development will occur once the balance between all three pillars: economical, socio- cultural and environmental are met. Since the interviews were conducted with people who do not have an education based on tourism which would allow them to have knowledge of sustainability, it is not surprising that they are not aware of the term sustainable development and sustainable tourism development.

With the continuing questions about the sustainability and telling them about the three pillars of sustainable tourism and in which they were asked to state which of the three do they think would be the most important one. only one said that all three are important while the rest decided between the three. Majority guessed economic sustainability as the most important one because it's the one that would bring more money and profit into the destination which is completely opposite from what sustainable development concept is.

#### 5.4 Residents perception

As mentioned in the theoretical framework, attitudes and behaviors that the residents have towards the tourism and the activities plays a big role in the future development. It also reflects on their attitude towards the visitor, whose satisfaction will be influenced by the relationship they had with the local. Due to the inclusivity and how small the Ilovik's community is, attitudes of the residence can really be seen through different ways. What author notice is the same in the literature as well as in the primary research, it is how different people have different attitudes towards the same thing, meaning that residents perception is a very complex topic and the factors that potentially could have an impact on their behavior are limitless. When talking to the residents they feel like their voice matters in the potential development of the island. In the town meetings and debates that they have they can all express their opinions and consequently vote in the given topic. This makes the residents feel appreciated and as is their opinions matter in the potential development that could happen and will have an effect on them. Ilovik is such a small community and it is also not its administrated in its own region but it falls under a much bigger macro region which makes the decisions on a more broad level, leaving residents not being able to stand out and feel like they are usually not the main priority in policy making.

Since the concept of sustainable development is gaining more traction, and socio-cultural level being one of the main pillars that the concept lies on, sustainable tourism has brought importance of residents and how they should be involved with potential development of their area. Even though the participants did not fully understand that the concept has three bases and not only one which is important, but all three, they still felt like they are being heard and that their opinions are evaluated and implemented in the future planning when it comes to the local level.

When asked about the development of the island in the past ten years, they all agreed that tourism positively impacted their community. The island was introduced to a new water system as well as the sewage system whose development was long awaited. Water and sewage were one of the most important issues that the residents dealt with throughout the years, so when they got drinking water back in 2013, and sewage system that was taking care of the waste waters in 2018, residents could finally live a life which their basic conditions met. All of the participants confirmed that these improvements made a big impact on their lifestyle as well as on their quality of life. This also led to an improvement of products and services offered to the tourists and visitors, since the private accommodations did not have to worry anymore if they are going to run out of water or if their wastewater is being overflowed.

“I believe that the sewage system as well as the water system would eventually come to the island but with the rising numbers of visitors coming in and also people having their second homes on the island made the process much faster. I would agree that the tourism helped with our overall life quality on the island”, Participant D

### *Irridex*

Looking at the Doxey's model which takes into consideration the destinations life cycle and attitudes of local residents towards tourism, author believes that the Ilovik can be seen in two phases, both Euphoria and Annoyance. As mentioned, this model presumes that there is a low positive relationship and there's a degree of homogeneity, when in reality it completely ignores how unique every destination is and how differently would the residents respond to visitors. That is why the author believes that community of Ilovik would fall into two stages, and I would not be characterized by only one.

The first stage, Euphoria is characterized as a stage in which there is not a lot of planning or control but also in which tourists are welcomed And giving the interviews but also the observation of the residents and the way tourism works on the island author believes that tourism on Ilovik is still happening organically, and there is no specific planning that concerns tourism. People who own their own accommodation are responsible for how they market their accommodations, but there is not a marketing campaign that works for the whole island.

In the second stage, Annoyance, the residents are being aware that tourism changed their lifestyle and that there has been a specific development of infrastructure that can be thanked to tourism. Even though this stage is characterized by the local being skeptical about tourism, this is not the case on Ilovik. Residents on Ilovik are not annoyed with the number of tourists and there still very thankful and open to visitors. Each community can have more layers of different issues within, making it different from another one, which makes generalizing even harder.

Irritation level will depend on the how much contact does the local resident have with the visitor and whether they will have compatibility. Additional factors which will play a big role in the relationship between the visitor and residents, are difference in culture, nationality, gender, economic status all lead to a specific type of relationship, either being good or bad. Again, this is generalizing, and it's hard to conceptualize such a broad concept to a big number of different communities and destinations which have different factors.

#### *Social exchange theory*

Social exchange theory can be connected to the economic impacts that the residents receive from the tourism. All of the participants that involved in some type of tourism activity or they are employed in the tourism sector have been more appreciative of tourism and more vocal about how tourism has helped Ilovik and how it can only be beneficial for the island to have more tourism related activities. This is exactly what the social exchange theory states, and that is the attitude of the residents towards development and tourism in general will have a significant shift whether or not they have a direct or indirect benefit from tourism.

Author believes that this theory should be used more when planning is involved, since it gives a better insight on opinions from the host community. When you have a happy community in their support it makes the future planning much easier, which could potentially lead to investors that will make a full circle by giving the residence additional benefits which will at the end improve their quality of life.

## **6 Conclusion**

Tourism industry in Croatia plays a significant role in the economic sense and it's one of the main industries but it still is facing a lot of development challenges then based on this research it has a major room for improvement. Since almost 20% of the country's GDP constant investments are needed from the European Union as well as from the outsiders. taking Ilovik as an example for this thesis it showed that there is a lack of development happening in the tourism industry which is reflected on both bad infrastructure and overcapacity Croatia has been experiencing in the past.

All of the Croatian islands have a special long tourist tradition which is trying to fight off the depopulation trends that unfortunately keep on happening. From this research it is clear that



tourism development should be based on the locals are their opinion which would lead to a better relationship with tourism from the resident's point of view. Croatian government should the quality of life of the residents as their main goal of development which would also prevent future the depopulation.

Even though Croatia has a lot of involvement in different projects regarding sustainable development and it has put some of the policy's into their framework author still believes that there is a big gap between what is desired and what is actually happening with tourism in Croatia, consequently with tourism on Ilovik.

The main idea behind this thesis was to investigate whether the tourism activities that are happening on the island are beneficial to the local population. with the literature that is currently available, there is a lot of gap and some data is not up to date which makes reaching of conclusions not as easy. when taking into account sustainable development and its wide scope it is hard to say whether or not Croatian tourism as well as tourism and on Ilovik is considered to be sustainable when all three pillars should be reached and if sustainable tourism development is something that could be fully reached. Author used a lot of available academic literature and other information in order to comprehend as well to distinguish what sustainable tourism development is and what it represents. Throughout the whole thesis author presented all of the necessary literature and also gave a better theoretical background about the case itself.

One of the objectives of this thesis is that it will bring a better understanding of local communities, but it should also bring more knowledge about a distinctive case which is not as rare in Croatia. in order to reach sustainability and in order to fully grasp how tourism works and who it affects, it requires that the ones who are mainly responsible for future development to understand that they need to cooperate with stakeholder and that the planning needs to be done in a way which work for the next generations to come and that it does not turn out to be detrimental. Tourism will remain as key sector in the Croatian economy and that is why the government should take the development of tourism really seriously. since the country is too reliable on this sector, it needs to be updated and modernized with the current demand that it is having Because the current model that Croatia is having will not be sustainable long term. policy makers that are all government levels need to have coordinated effort in order to see what they're doing wrong and aim at supporting the development which will be more sustainable, and it will work long term. Having practices work on a national level it will be easier to implement them or mold them into smaller communities which will benefit the most out of tourism, but the government cannot expect the host communities be the ones responsible for their lack of their sustainable practices. The research question has been answered and tourism impacts that the residents of Ilovik had experienced are new job creations better economic activity on the island, development of the basic requirements (water and sewage system), development of the infrastructure and connections to the island.

Some of the destinations in Croatia are already experiencing mass tourism and that is a good start for policy's being more sustainably oriented. another issue is the overcapacity of private accommodations which needs to be controlled because the coast in the natural environment is suffering due to the overbuilding and hotel accommodation not being primary form of accommodation that the tourists look for. Infrastructure should be updated and modernized in built in accordance to the market needs, popular destinations cannot afford having bad sewage systems no parking, bad streets because all of that leads to dissatisfaction of tourists.

Island population should be brought to the same level as the mainland population and it should have the same equal chances to develop and grow. Hopefully this thesis will make policy makers understand how their decisions are influencing the locals and how are they impacted.

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