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FACULTY OF ECONOMICS

MASTER'S THESIS

**AN ANALYSIS OF STAKEHOLDERS' COLLABORATION IN DESTINATION:  
THE CASE OF MONTENEGRO**

Ljubljana, November 2014

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## INTRODUCTION

Tourism market is highly dynamic nowadays, and is undergoing fast changes. Changes were not so noticeable in the past, growth of demand was slow and competition was not to worry. Tourism was considered to be a responsibility of individual players on tourism supply side. However, tourism today is being recognized as a very complex phenomenon which includes and connects all tourism stakeholders. Due to this, every destination nowadays demands better tourism development planning and designing (Gunn, 1994).

Tourism currently represents important field of the global economy, and it has a faster growth than the economy itself. According to the economic impact research of the World Travel and Tourism Council (WTTC), tourism total contribution to the worlds GDP in 2013 represents 9.5%, and is forecast to rise by 4.3% in 2014. Moreover it has faster growth than other industries such as financial and business services, transport and manufacturing. In terms of jobs, tourism contribution represents 1 in every 11 jobs. According to Ministry of sustainable development and tourism (2013a), tourism in Montenegro is characterized as a pillar of economic platform of the country. As such, it is considered as priority industry field. With its successful development, living standard of inhabitants' can be significantly improved: chances for providing employment and higher income for a great part of population is recognized. The WTTC had assessed that in the future income from tourism in Montenegro will grow at a yearly rate of 8.6%, while direct and indirect employment generated by tourism will grow at a yearly rate of 5.8%. Income generated by tourism in 2006 was 322 mil of euro, and until 2012 with 700 mil of euro it more than double.

Having in mind stated facts, importance of tourism industry for overall development of Montenegro cannot be neglected. Benefits from tourism industry can be numerous, and in order to take advantage of its full potential, it is necessary to manage destination's development. Hence, destination management concept should be implemented. The concept stands for system of managing skills and activities which are used for tourism development (Hesková, 2006). Its main objective is to manage different sides and components of destination with a goal of ensuring profitability of the country, while preserving all factors that have brought to the destinations' competitive position (Manete, 2008). According to World Tourism Organization (UNWTO, 2007), destination management represents complicated process on managing coalition of many stakeholders working towards common goal. That is why collaboration between stakeholders in different sectors is considered to be an important tool for tourism destination management (Healey, 1996). Collaboration is characterized as process of mutual decision making (Gray, 1989), where different perspectives on problem can make use of destination's full potential and bring all components working together (Fyall, Garrod & Wang, 2012).

Due to importance of the elaborated topic, the aim of this master thesis is to examine stakeholders' collaboration in tourism industry of Montenegro.

# 1 DESTINATION MANAGEMENT CONCEPT

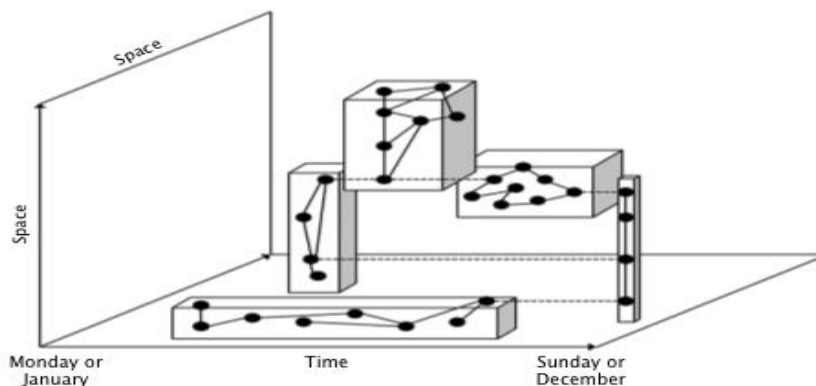
## 1.1 Definitions of tourist destination

Destination is a physical space in which tourist spends at least one overnight (UNWTO, 2007). Physical space in destination concept may refer to a district, a region, a country or even a continent (Sainaghi, 2006). According to Gunn (1994), it is just and only that physical area encompassed with an objective to fulfill tourists' aims. Besides physical, destination has administrative boundaries which define managing process of destination. (UNWTO, 2007)

As a primary unit of management process (Bornhorst, Ritchie & Sheehan, 2010), destination is observed as supply-demand system (Pearce, 2013). Following Fine (1999) in Beritelli, Bieger & Laesser (2013, p.3), 'destination can be seen as a demand-caused, interlinked supply network with the aim of producing tourist goods'. This point of view incorporates wide range of stakeholders and relationship between them, with a focus on relationship between goods and services' providers, the consumers of these (the tourists), and mechanism by which these goods and services had been promoted and delivered to them (Machiavelli, 2001; Manete & Cerato, 2000). Destination is an "open system" of multiple interdependent stakeholders, where no single organization or individual can have direct control over its development process (Jamal & Getz, 1995). This process is linked by mutual relationships, dominated by specific rules, 'where the action of each actor influences those of the others' (Manente & Minghetti, 2006).

Destination development process is determined by supply-sided stakeholders responding to the market developments, where each of them moves with different speed. The speed of most influential one (in terms of tourist good) is the one which will determine destination's evolution. Evolution happens due to different tourist products or markets in a different life cycle. Hence, different supply networks are activated by visitors' flows at different time of the year with different duration. While some services or attractions may be specific to only one supply network, some are important to multiple of them, what is depicted with dotted diagrams on the picture below. (Beritelli, Bieger & Laesser, 2013)

Figure 1. The variability and possible connection of business in destination



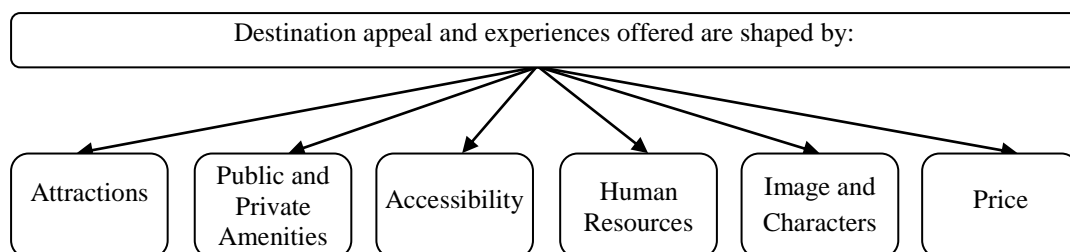
Source: P. Beritelli, T. Bieger & C. Laesser, *The new frontiers of destination management: Applying variable geometry as a function-based approach*, 2013.

Supply side of destination is made of primary and secondary supply (Davidson & Miteland, 2002). The difference between primary and secondary one is in elements representing basic assumption for tourism destination development and the elements which are giving specific tourism content to a destination. According to Planina & Mihalič (2002), within primary supply we can distinguish between natural resources (mountains, rivers, bays) and anthropogenic resources (cultural and historic heritages). Furthermore, within secondary supply we can distinguish between general infrastructure (transport, medical infrastructure), tourist infrastructure (tourism facilities), and tourism superstructure (events, food).

Bieger (2000) defines a tourism destination as a product that in tourism market competes with other products (destinations). It is combination of tourism facilities and services, which combined represent destination product, and which are composed of a number of multi-dimensional attributes (Hu & Ritchie, 1993). Buhalis (2000) in his 6A's model explained that every tourist destination contains six components (products) which are: attractions, accessibility, amenities, available packages, activities, and ancillary services. All of these together offer the tourist experience. However, experience of destination will also depend on tourist's perception resulting from the reason of traveling, culture, educational level, past experiences.

According to UNWTO (2007), main elements or products of tourism destination as seen from the picture below are: attractions, public and private amenities, accessibility, human resources, image and character, and price. Appropriate combination the above elements is the key factor in the tourist's decision to visit destination.

Figure 2. The basic elements of tourist destination



Source: UNWTO, *A practical guide to tourism destination management*, 2007.

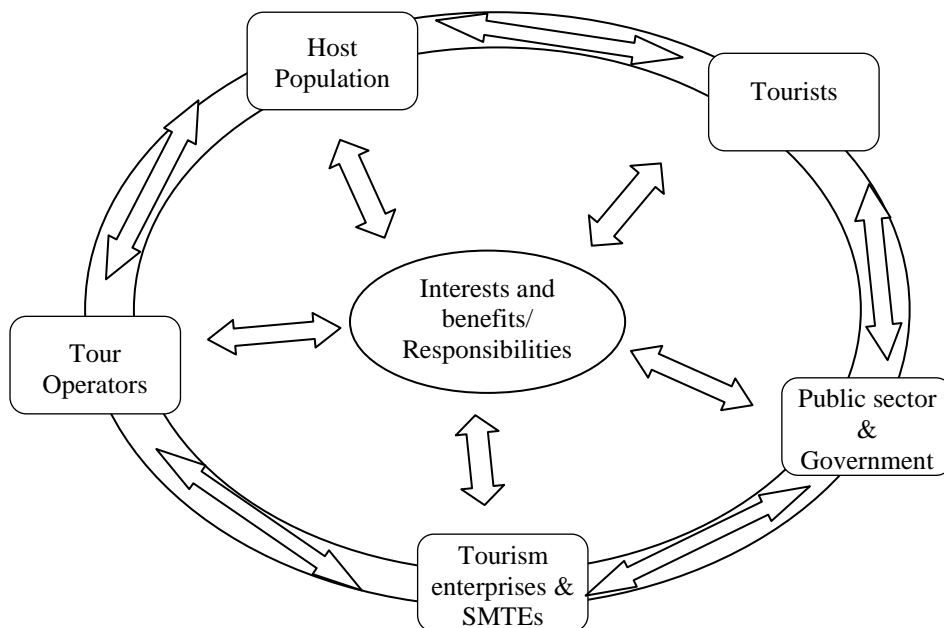
## 1.2 Destination stakeholders' definitions

Involving multiple stakeholders' perspectives in destination is essential for tourism development (Sautter & Leisen, 1999). Many authors were discussing about their engagement in each development phase of destination. Stakeholders should be involved during development, planning and management process of a destination (Susskind & Cruikshank, 1987; Gunn, 1994). Even though their significance in destination cannot be neglected, managing process where each stakeholder pursues their own goals is hard task for destination planners. Besides complexity of the process caused by different perspectives of different interest groups, destination planners should have in mind that their interests are not exclusively touristic. On the other side, incorporating this principle, developing tourism in responsible way is most likely to occur (Robson & Robson, 1996).

According to Freeman (1984, p.46), stakeholder is ‘any group or individual that can affect or is affected by the achievement of corporation’s purpose’, where ‘individual or group qualifies as a stakeholder if it has a legitimate interest in aspects of the organization’s activities and, has either the power to affect the firm’s performance and/or has a stake in the firm’s performance’ (Sautter & Leisen, 1999). For the purpose of the thesis and following Aas, Ladkin & Fletcher (2005), tourism stakeholder is defined as any individual or group which is included, interested in, either affected by tourism, in positive or negative way. Having in mind the complexity of the tourism industry, Morrison (2013) argues that many actors are affected by tourism activities within destination, and that there are many of them involved in its development. Hence, tourism planners must bear in mind aspects of all possible stakeholders who have interests in planning and/or outcomes of tourism service (Sautter & Leisen, 1999).

Buhalis (2000) believes that destination is comprised of a collection of suppliers and services and that destination experience is composed of small encounters with destination stakeholders (taxi drivers, hoteliers). Also tourists’ perception is affected with elements of the local attractions such as museums, theatres, beaches, theme parks. Tourist consume destination as a tourist product without realizing that each element of the product is affected and managed by individual stakeholder, who finally affect tourist complete impression of the destination. He also believes that destination stakeholders hold destination inner values or core value and destination products represent a mix of their professional and personal interests. According to his stakeholder wheel, relevant tourism groups are classified as follow: public sector and government, tourism enterprises and small and medium tourism enterprises (SMTEs), tour operators, tourists and host population.

Figure 3. The dynamic wheel of tourism stakeholders



Source: D. Buhalis, *Marketing the competitive destination of the future*, 2000.

Other authors classified tourism stakeholders as well. Gunn (1994) argued that all the stakeholders belong to one of the three sectors of tourism development: business sector (travel, accommodation,

food and beverage, attractions, tour operators, travel agents), the nonprofit sector (voluntary, attractions, health, religious, ethnic), and the governmental sector (infrastructure, water supply, sewage disposal, police, fire protection, streets and lighting, communications, promotion, marketing, visitor attractions). Moreover, Goeldner & Ritchie (2003) divided stakeholders in six main groups: tourists, public sector, residents, business sector, support institutions and different interest groups (environmental, cultural, educational, health and safety). As previously said, managing relations between all of them is a challenging and highly requiring task for destination management organization (DMO).

### **1.3 Stakeholders' collaboration: definition of concepts and constructs**

#### **1.3.1 Collaboration concept**

Tourism is characterized as a complex industry. To overcome possible problems caused by fragmented activities, it is necessary to include diverse stakeholders at destination (Bramwell & Lane, 2000). As a response to it, collaborative process between them must be implemented; otherwise, destination managers and planners will face a problem of lack of cohesion and coordination at destination. Hence, collaboration process represents response to the issues which are faced during destination development, and it offers dynamic mechanism for their solving (Jamal & Getz, 1995). Furthermore, this puts tourism planners in position to take in consideration interdependencies between stakeholders when making decisions (Selin & Beason, 1991).

It has been argued by Gunn (1994) that any government or business activity cannot be performed in isolation, and that collaboration appears when single organization faces a complex problem which cannot be solved by its own (Gray, 1989). Collaboration is "a process of joint decision making among key stakeholders of a problem domain about the future of that domain" (Gray 1989, p.227), which includes face-to-face interactions between stakeholders (Bramwell & Lane, 2000). Even though each stakeholders has its own resources (knowledge, expertise, constituency, capital), it's not likely they can poses all the necessary resources to obtain their goals (Bramwell & Lane, 2000). Wang (2008a; 2008b) believes that collaboration is a natural response to the marketing and management challenges of destination. Hence, collaboration represents a challenge on how different perspectives, goals, and stakeholders acts can catch destination full potential, and brings all the components working together (Fyall, Garrod & Wang, 2012).

Tourism planning should be a continuous and integrative process (Inskeep, 1991), which requires precise planning activities and significant time consuming to adopt different views of different interest groups (Medeiros de Araujo & Bramwell, 1999). Collaborative planning at destination is defined by Jamal and Getz (1995, p.188) as 'a process of joint decision-making among autonomous, key stakeholders... to resolve planning problems... and/or to manage issues related to the planning and development', using shared rules, norms and structures (Wood & Grey 1991). These parties actively seek a mutual solution for the problem, while at the same time they keep their own independency during decision making process (Gray, 1898). Stakeholders' collaboration can lead to mutually acceptable proposals for tourism development, which will be achieved by dialogue and negotiation between them (Bramwell & Lane, 2000). Furthermore, Kotler, Haider & Rein (1993)

believe that partnership in tourism development will bring competitive advantage to participants. Hence, different stakeholders enrolment will give wider spectrum of social, environmental, economic and political issues (Bramwell & Lane, 2000), which will promote sustainable development by increasing efficiency, equity and harmony (Timothy, 1998).

Furthermore, managing tourism stakeholders is characterized by a variety of processes. Common features of these processes had been defined by Zoller (1999):

- All relevant stakeholders need to have resources necessary for collaborative process,
- Relevant stakeholders supposed to listen others' point of view, and obtain basic understandings of other stakeholders perspectives,
- The processes should be based on frequent communication, where solutions for future directions are discussed,
- An element of centralized coordination is required since information is exchanged within many stakeholders.

Jamal & Getz (1995) reviewed Gray's work, in which he suggests a three-stage model through which collaboration in community based tourism planning develops. The first stage consists of the problem-setting; the second one is direction setting, followed by the third one of implementation of decision. The table below describes each one of these stages.

Table 1. A Collaboration Process for Community-Based Tourism Planning

Stages	Facilitating Conditions	Action/Steps
<b>Problem setting</b>	<ul style="list-style-type: none"> <li>• Recognition of interdependence</li> <li>• Identification of required number of stakeholders</li> <li>• Perceptions of legitimacy among stakeholders</li> <li>• Legitimate skilled convener</li> <li>• Positive beliefs about the outcome</li> <li>• Shared access power</li> <li>• Mandate (external or internal)</li> <li>• Adequate resources to convene and enable collaboration process</li> </ul>	<ul style="list-style-type: none"> <li>• Define purpose and domain</li> <li>• Identify convener</li> <li>• Convene stakeholder</li> <li>• Define problems/issues to resolve</li> <li>• Identify and legitimize stakeholders</li> <li>• Build commitment to collaborate by raising awareness of interdependence</li> <li>• Balancing power differences</li> <li>• Addressing stakeholder concern</li> <li>• Ensuring adequate resources available to allow collaboration to proceed with key stakeholders present</li> </ul>
<b>Direction setting</b>	<ul style="list-style-type: none"> <li>• Coincidence of values</li> <li>• Dispersed power among stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Collect and share information</li> <li>• Appreciate shared values, enhance perceived interdependency</li> </ul>
<b>Implementation</b>	<ul style="list-style-type: none"> <li>• High degree of ongoing interdependence</li> <li>• External mandates</li> <li>• Redistribution of power</li> <li>• Influencing the contextual environment</li> </ul>	<ul style="list-style-type: none"> <li>• Discuss means of implementing and monitoring solutions, shared vision, plan or strategy</li> <li>• Select suitable structure for institutionalizing process</li> <li>• Assign goals and tasks</li> <li>• Monitor ongoing progress and ensure compliance to collaboration decision</li> </ul>

Source: T. Jamal & B. Getz, *Collaboration theory and community tourism planning*, 1995.



### **1.3.2 Collaboration and sustainable tourism development**

Sustainable development is the kind of development that adjusts needs of present generations without ignoring needs of future ones (Risteski, Kočevski & Arnaudov, 2012). Sustainable tourism is based on sustainable development principles. According to United Nations Environment Program (UNEP) & UNWTO (2005), those principles refer to economic, social and environmental aspects of tourism, and stress the need of stakeholders' involvement (Waligo, Clarke & Hawkins, 2013). Hence, it had been recognized that for sustainable development of a destination, critical factor for success is wide range of stakeholders' participation. Furthermore, Hunter & Green (1995) argue that sustainable tourism development recognizes the interdependency between the long-term viability of economic investment in tourism projects, programs and policies and the successful management of the natural, built and human resource bases, where quality of life and quality of tourists' experience is improved as well.

Many researchers were arguing about interdependency between sustainable tourism development and stakeholders' engagement at destination. To be sustainable, tourism development supposes to have approach which will create common vision and produce strategies that recognize contributions of all stakeholders (Bramwell & Lane 2000). Vernon, Esse, Pinder & Curry (2005) stress that successful implementation of sustainable tourism requires cooperation of wide range of different stakeholders. In addition, Robinson (1999) argues that sustainable tourism can be achieved by collaborative process between stakeholders. On the other side, destination management, which is engaged to stakeholders' collaboration, is related to sustainable tourism as well (Bramwell & Lane 2000a; Hall 1999), and according to some authors, sustainable tourism must be planned and managed in a way to promote long term prosperity of destination (Bramwell & Lane; 2000b, Jamal & Getz, 1995).

Achievement of sustainable tourism goals is not an easy task for destination planners. This is partly because sustainability means different things to various stakeholders (Eccles & Costa, 1996) and partly because wide range of potential tourism benefits is not equally distributed among them (Dearden, 1991). In addition, it happens because government is mostly worried about problems relating to tourism infrastructure, such as transportation and accommodation (Hardy & Beeton, 2001); local communities are worried about local issues which concern problems such as effects of tourism on their community, their quality of life and the need for sustainability (Getz & Timur, 2005); tourism businesses are following issues which are directly affecting their own businesses (tourism product, marketing) while tourists are concerned about quality of their experience at destination (Hardy & Beeton, 2001).

### **1.3.3 Benefits and costs of collaboration**

Seen from different perspectives, there are many benefits in the tourism industry when diverse stakeholders are trying to act of the same problem. Various authors did research on potential benefits of collaboration in tourism development, and mostly, main reason why stakeholders collaborate is that any individual (institution, organization or private business) can't be responsible

for whole tourism development by itself (Ladkin & Bertramini, 2002). By involving diverse stakeholders from different fields, there will be greater chances for integrative approach for development strategies, which will promote sustainable tourism (Jamal & Getz, 1995; Lane, 1994).

Palmer (1996) believes that collaboration between public and private sector can help in achieving social objectives of community, and promote local area. Hence, according to Bramwell & Lane (2000) many stakeholders participation will promote social acceptance of planning and policy at destination. It enables stakeholders to become publicly recognized, and to be closer to decision makers (Mizrahi, 1999). Participants who are involved in policy decisions making, promote collaboration process democratization. Furthermore, it will lead to capacity building and new skills achievements among participants and parties they represent (Benveniste, 1989; Roberts & Bradley, 1991). Collaborative arrangements will produce policies which are more acceptable in outcomes.

Mizrahi (1999) believes that collaboration enables greater power and resources access to stakeholders. Closer cooperation during tourism development process between different interest groups supposes to lead to more equitable distribution of the resulting benefits and costs. As well, collaboration may enhance non-economic interests, where natural, built and human resources may be sustained for present and future generations. Collaboration can help long term costs of adversarial conflicts avoiding (Bramwell & Lane, 2000).

Even though collaborative planning is mostly explained in literature as straightforward, uncomplicated process, there are different attitudes on this process as well. According to Dredge (2006), collaborative process is mostly portrayed by disagreement and messy decision making between stakeholders involved. Even though many collaboration benefits were listed above, formed collaboration will not always achieve its potential (Bramwell & Lane, 2000).

An area which covers the problems and barriers in collaboration process is an unequal power between participants of the process. It has always been challenging to develop effective collaboration between stakeholders with different power. Complexity of involving diverse stakeholders makes it not easy to involve them equally. Stakeholders with less power may be excluded from the process of working together, or may participate with less power influence on the process (Bramwell & Lane, 2000). On the other hand, powerful participants may form collations with those similar to them (Bramwell, 2004), what will neglect others with less power. Collaborative process may lead to conflicting relationships, when it is more likely that collaboration will fail (Roberts & Simpson, 1999). Obtaining consensus from disparate groups, with different priorities, interests and perspectives (Paskaleva–Shapira, 2001) can be costly and time consuming (Bramwell & Lane, 2000a). One of the potential problems as well, may be that some participants engaged in collaborative process may not be active enough to work toward common goal, so they rely on other members to produce benefits for all of them (Bramwell & Lane, 2000).

## **1.4 Destination management**

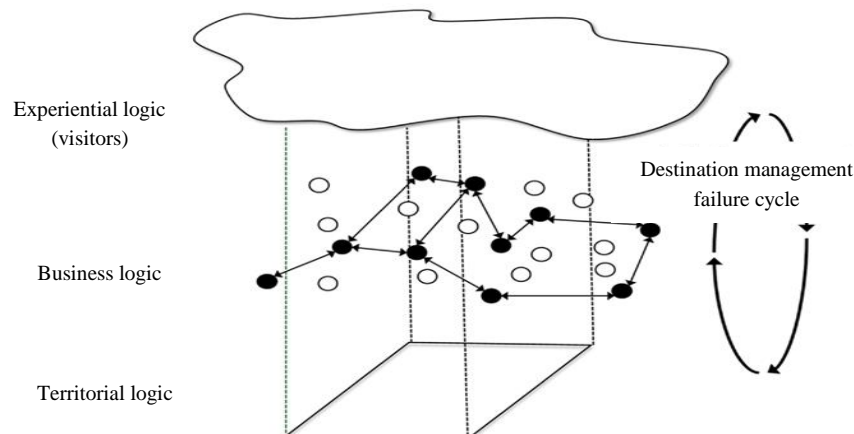
### **1.4.1 Definition of destination management**

Destination management had been discussed by various authors, which gave different concept of definition. Pearce & Schänzel (2013) argue that by defining what conceptualize destination management has very high importance. It questions some important matters of the approach: who and what is to be managed, and how and by whom it will be managed. It may also suggest priorities in managing process, and where problems' solutions might be found. As a matter of fact, importance of destination management approach lies down in consideration of stakeholders' involvement. Wang (2011, p.2) suggests that '...destination marketing and management can be defined as a proactive, visitor-centered approach to the economic and cultural development of a destination that balances and integrates the interests of visitors, service providers and the community. An approach responds to the changing trends in tourism market, with the objective to manage different sides and components of destination (Manete, 2008). Moreover, it should responds to a vast challenge of ensuring long-time destination success by not only preserving competitive characteristics of the destination, but also ensuring tourism sustainability (Goeldner & Ritchie, 2003). However, ensuring sustainability in a multi sector tourism industry is a real challenge for destination management and its main role is supposed to be addressing many arising conflicting issues between various stakeholders (Howie, 2003).

According to Beritelli, Bieger & Laesser (2013) destination management approach is coping with different problems and various assignments need to be done. Multiple demand flow in different places and in different periods of time needs to be managed. As response to it, a lot of, mostly unorganized stakeholders, are representing supply side. Stakeholders involved in destination are driven form their own businesses' or government's viewpoint of how things should be done, or both; while DMOs are trying to act in efficient and effective way 'in this variable context with heterogeneous interests'. Hence, according to the authors, for better understanding of the problem, destination management logic is presented in a figure below.

According to the Figure 4, destination management logic is consisted form three logics: territorial logic, business logic and experiential logic. Furthermore there is an explanation of how each of them works. Territorial logic serves to all actors (local community, public institutions, tourist businesses and tourists). Locals and public institutions understand this logic as the frame for their acting. Second logic applies to tourist businesses. It implies wider range of operations within tourism industry, and not only directly supplying tourists with tourism products. At the end, trying to explain third logic, authors argue that tourist not only sees his/her travel experience through attractions and other tourism products consumed. The total travel experience is a result of combined tourist products and services with particular culture and natural surroundings.

Figure 4. Three logics and the destination management failure cycle



Source: P. Beritelli, T. Bieger & C. Laesser, *The new frontiers of destination management: Applying variable geometry as a function-based approach*, 2013.

Destination management requires coordination of these three logics. The problem appears when these logics do not match. It happens because public institutions do not understand and cannot participate in business logic; business logic fails to incorporate their needs in territorial logic and to adapt their businesses to tourist logic requirements. On the other side, DMOs are trying to balance between these three logics, with a tendency to ensure sustainable development and increase competitiveness of destination.

Additionally, in order to understand how this problem can be managed, authors suggest considering supplementary facts. First of all, territorial and business logic are driven by perspectives of organizations and institutions. Yet, individuals from these organizations and institutions, who have capabilities to understand multiple logics, may have multiple roles as well (i.e. a hotel director in a municipal council). Since 'destination is a subjective mental construct', by shifting their own perspectives, they can change stakeholders actions and roles. Hence, the balance between these three logics may be established, and each stakeholder group may contribute in tourism development of a destination.

#### 1.4.2 Destination management functions

From the basic definition of management we can suppose that also management of tourist destination must be connected to planning, organizing, leading and controlling of tourist offer. However, to this definition we must also add marketing and communication component which in nowadays developed tourism market is a key to positive image of destination. The consequence of positive image should be economic success of the destination. Furthermore, it is important to note that different authors use different models in order to explain functions of destination management, however, all of them have in common the way they follow basic process of management mentioned above (Alič & Cvikl, 2011).

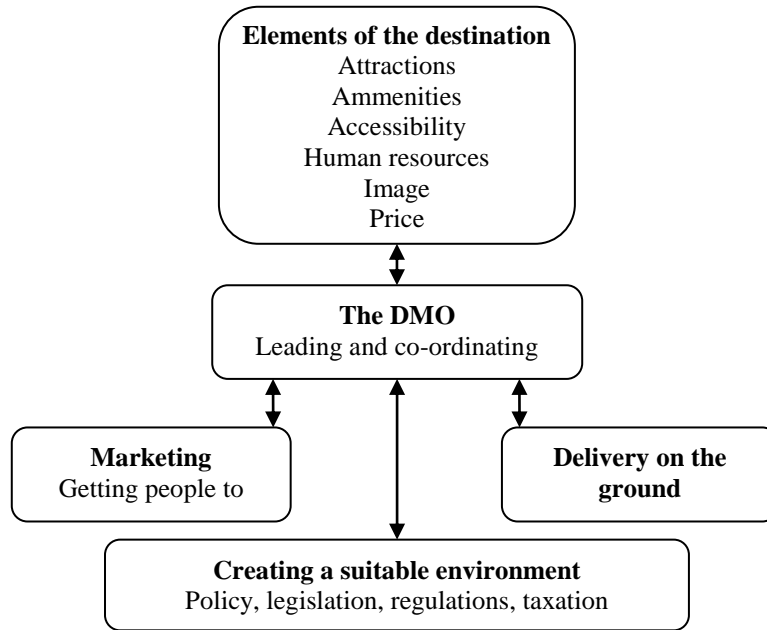
Most of the authors which base their work on primary management functions subscribed different importance to different functions. According to Heath & Wall (1992) strategic marketing planning function is the key to destination's success. Additionally, Freyer (1993) opined that the most important functions are the formation of tourism supply and the marketing function. Moreover, Kaspar (1996) added to the planning and marketing functions the function of tourism interests' representation. Although in the last decade most authors point out marketing function. Tschiderer (1980) believed that planning function is the most important part of tourism destination management.

Bieger (2005) categorize four main functions of destination management as follows: planning, supply development, representation of interests and marketing function. According to him, within each of the functions above; each tourist destination must conduct a set of activities which will be adjusted to the destination specifics. The first function is planning. Within this function destination management must elaborate long term destination vision and strategy. Within the second function, supply development, destination management must ensure quality of the central information and booking system, ensure service quality with final aim of satisfying tourists, ensuring human capacities and skills through education and advising for smaller tourism companies, to diversify tourism products and resources. The third function, representation of interests, should lobby for better conditions which would attract more tourists (visas, public infrastructure), raise public awareness on importance of tourism, and to exchange information and ensure conditions for networking between tourism stakeholders. Marketing, as the last function of destination management should conduct market analysis; make destination marketing strategy which concerns all stakeholders, to work on destination's image, to develop branding strategy, to develop new innovative products, to ensure promotion.

As well UNWTO (2007) calls for destination management as a tool for fulfillment of common goal of all destination organizations, which is to attract more tourists. To succeed in it, different functions of destination management should be performed. First of all, suitable environment for different tourism activities should be developed. When favorable environment exists, combination of many marketing tools should serve to pursue tourists to visit destination. And once the tourists are at destination, promises made by marketing must be delivered through services on the ground, which will produce satisfied tourists. The role of DMO is to coordinate and lead these activities.

Within each destination management function, different activities are performed. For creating suitable environment, different types of planning and infrastructure building are necessary, as well as development of human resources, product development, technology and systems development, related industries, and procurement. Marketing function contain activities as promotions of destination which include branding and image, campaigns to drive business, particularly to small, medium and micro enterprises (SMMEs), unbiased information services, operation/facilitation of bookings, Customer Relationship Management (CRM).

Figure 5. Destination management



Source: UNWTO, *A practical guide to tourism destination management*, 2007.

### 1.4.3 Destination Management Organization's tasks

The main issue when considering different ways of managing tourist destinations requires distinguishing between destination marketing organization (DMaO) and destination management organization (DMO). With tourism development and its consequences, in the front row was the question of how to align activities of many stakeholders which exist in tourist destination. With this, the core of work of this type of organizations is expanded on complete management of tourist destination while maintaining marketing as one of basic and main working areas. Destination management organizations are responsible for complete management and organization with a purpose of ensuring destination prosperity. DMO represent the newest concept of organizational destination management (Popesku, 2011).

The DMO's role should be to lead and coordinate activities under a coherent strategy. DMO is to bring together resources and expertise and a degree of independence and objectivity to lead the way forward to destination's economic prosperity. When discussing DMOs it is important to note its strategic goals which are: ensuring long-term benefits for residents, ensuring tourists' maximization of benefits, profit maximization and multiplication effect, optimizing the effects of tourism while ensuring balance between economic benefits, on one side, and socio-cultural and environmental costs on the other. (Buhalis, 2000)

Ritchie and Crouch (2003) have defined tasks which are essential for DMOs operating. They distinguished between two categories: internal and external programs of DMOs. Internal ones are those activities which are necessary for administrative organization functioning. External ones are those which represent distinct components of destination management and major managerial tasks faced by the DMOs. In a table below are listed all the tasks of DMOs, and separated in two basic groups.

Table 2. Managerial tasks to ensue an effective, smoothly operating DMO

Internal	External
<ul style="list-style-type: none"> <li>• Definition of organization by laws</li> <li>• Determination of committee structure</li> <li>• Determination of budget/budgeting process</li> <li>• Organizational administrative procedure</li> <li>• Membership organization</li> <li>• Community relations</li> <li>• Publication</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing</li> <li>• Visitor services/quality of service/visitor management</li> <li>• Visitor management</li> <li>• Information/research</li> <li>• Finance and venture capital management</li> <li>• Resource stewardship</li> <li>• Human resource management</li> </ul>

Source: J. R.B. Ritchie & G.I. Chorach, *The competitive destination: A sustainable tourism perspective*, 2003.

UNWTO (2007) has recognized many different and varied roles and responsibilities of DMO. These are handled in different ways in different countries. However, these roles and responsibilities are usually divided between national, provincial/regional and local levels. Roles and responsibilities belonging to one level may also belong to another, so as the table below describes, some may overlap between levels. Usually, national level is responsible for the more strategic roles while local will have responsibility for more operational roles.

Table 3. Typical roles and responsibilities of DMOs

	National	Provincial/Regional	Local
Destination promotion, including branding and image	✓	✓	
Campaigns to drive business, particularly to SMMEs	✓	✓	✓
Unbiased information services	✓	✓	✓
Operation/facilitation of bookings			✓
Destination coordination and management			✓
Visitor information and reservations			✓
Training and education		✓	✓
Business advice		✓	✓
Products “start-ups”		✓	✓
Events development and management			✓
Attractions development and management			✓
Strategy, research and development	✓	✓	✓

Source: UNWTO, *A practical guide to tourism destination management*, 2007.

#### 1.4.4 Destination Management Organization’s funding

Financing process is one of the main problems faced by those responsible for managing destinations. Public budgets are often too tight to cover rising costs which are result of increasing tourism. For DMO to be financially stable, it has to have multiple sources of funding. DMO financing resources include: public sector grants and tax breaks, community initiative and investment, approaches that stress self-help and self-build, joint public/private ventures and partnerships where often the public sector contributes, land or other resources, financing from various organizations such as non-profits, trusts, foundations, revolving, funds and community

development corporations, build-operate-transfer arrangements, and the private sector (Walter & Alix, 2000). The funding of DMO depends on the organizational structure adopted. Organizational structure can be membership based (financed from membership fees), or municipal department (financed from tax funds). (Ritchie & Crouch, 2003)

Bieger (2005) had distinguished two basic types of funding sources for DMOs: funds determined by the law and membership fees. As well, he claims that destination funding depends on corporate governance model, political influence, but also willingness of stakeholders to finance. He separated funding sources by separate function of destination management, which is shown in the table below.

Table 4. Funding by destination management function

Destination management function	Groups which are using the function	Financing mechanism
<b>Supply function</b>	Big group-all tourists and residents	Taxes determined by law, taxes for using public services, which residents are paying
<b>Planning function</b>	All residents and companies	Taxes determined by law and DMO subvention
<b>Marketing function</b>	Hotels, tourist companies, secondary industry companies	Compulsory contributions of tourist industry determined by law, and voluntary cofounding
<b>Representing the interests</b>	Small circles of users	Membership fee

Source: T. Bieger, *Management von Destination*, 2005.

Furthermore, due to lack of financial resources governments are playing very small role in providing financing to tourism projects. The private sector including individuals, banks, trust companies, credit unions and insurance companies, is becoming much larger and important source of funding. Main issue for many DMOs is how to achieve enough funding by increasing efficiency without compromising the destination's attractiveness. (Walter & Alix, 2000)

Main problem in funding of DMOs is the free-rider problem. Many stakeholders who benefit substantially from the leadership, coordination and promotional activities of DMO activities refuse or avoid becoming member of DMO and in this way they are not financially contributing to its needs. Hence, a large number of them claim that they are not in the tourism business even though they may have benefit of tourism and finally from the projects of DMO itself. (Ritchie & Crouch, 2003)



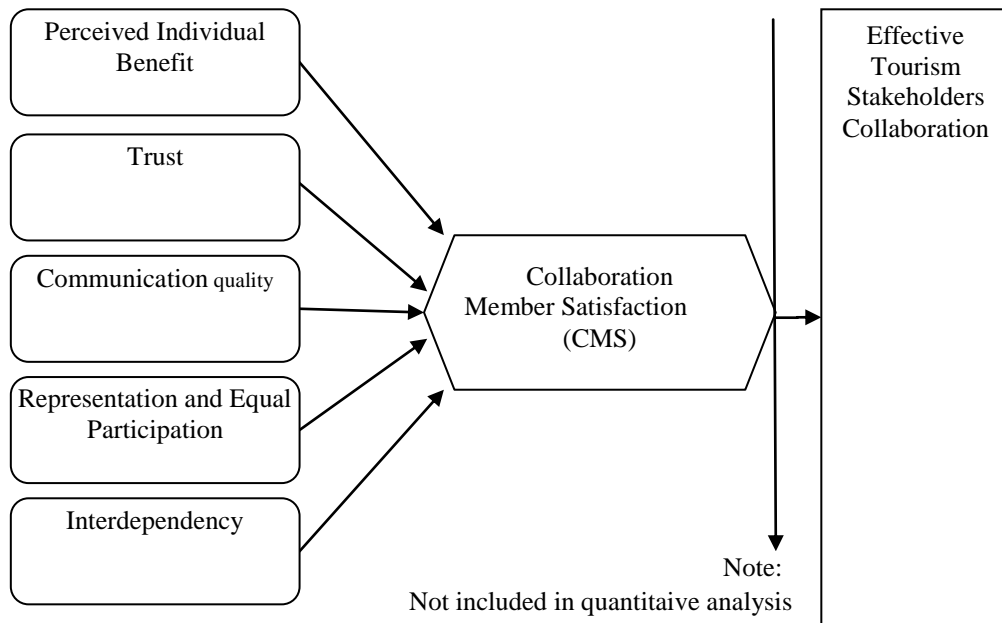
## 1.5 Effective Tourism Collaboration Model

Collaboration effectiveness can be measured as a process, which assesses relationships and interests between collaboration members. This method is considering that when collaboration members are satisfied, it is more likely that effective collaboration will take place. Led by this principle, Yodsuwan and Butcher (2012) had developed model of Effective Tourism Collaboration. The model is consisted of two parts: measurement outcome of effective collaboration, which is Collaboration Member Satisfaction (CMS), and factors which are assumed that will contribute to effective tourism collaboration (individual perceived benefit, trust, communication, representation quality and equal participation, and interdependency). CMS is subjective evaluation of each stakeholder, and it is defined as the level of satisfaction with the goal fulfillment and group processes. It has been defined 'as a practical way to develop measure of one facet of an effective tourism stakeholders' collaboration'.

In their research, they have reviewed many authors' theories on the factors which are determining effective tourism collaboration. They found that mutual cooperation can bring many benefits to each member. Obtaining new knowledge and other capacities can reduce expenses and allow access to limited recourses (Legler & Reischl, 2003). Information sharing and possibility for networking with other people from tourism industry are more possible if stakeholders work together (Yodsuwan & Butcher, 2012). Since collaboration requires using personal information and resources, trust between stakeholders had been characterized as an essential element of the process. It is been claimed that it is hard to develop successful collaboration, if there is no trust (Tschannen-Moran, 2001). On the other side, if collaboration is taking place in friendly, collegial, trustworthy way, it is more likely that members will act responsibly (Montiel-Overall, 2005). Communication between stakeholders is a factor influencing effective collaboration, as well. If collaboration members have open communication, it will allow them to work better (Brown, Luna, Ramirez, Vail & Williams, 2005). Easy information flow between members can enhance relation between them (Kanter, 1994), while on the other side, good communication can make it easier to understand all potentials they can obtain from collaborative process (Lagler & Reischl, 2003). Representation quality and equal participation had been 'expressed by such aspects as the opportunity to contribute, power sharing and equality of participation' (Yodsuwan & Butcher, 2012, p.70). Fyall & Garrod (2005) claimed that because of fragmented nature of tourism industry, wide range of stakeholders is necessity for effective collaboration. Interdependency refers on dependency on each other to pursue mutual goal (Bronstein, 2003), and it brings members to greater collaboration satisfaction (Walton, 1996).

In the figure below Effective Tourism Collaboration Model is presented, with each element affecting CMS, which furthermore influence effectiveness of stakeholders' collaboration.

Figure 6. Model of Effective Tourism Collaboration



Source: C. Yodsuwan & K. Butcher, *Determinants of tourism collaboration member satisfaction in Thailand*, 2012.

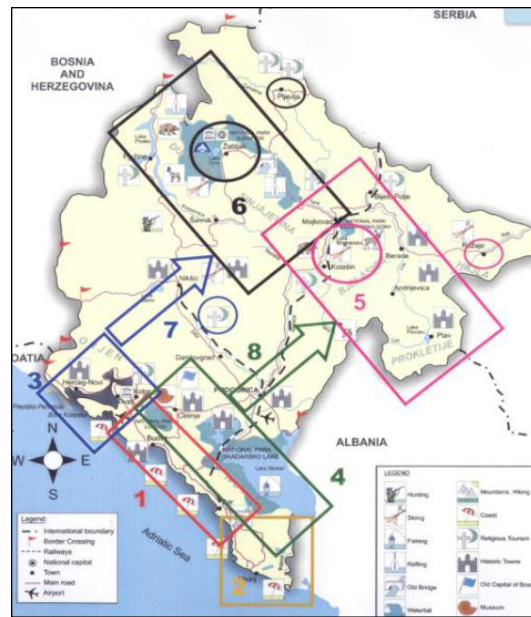
## 2 TOURIST DESTINATION MONTENEGRO

### 2.1 Basic facts about Montenegro

Montenegro is a country located in Southern Europe (Mediterranean region), on Balkan Peninsula. On the north it borders Serbia, on south east Kosovo and Albania, on the south is separated from Italy with Adriatic Sea, while on the west it borders Croatia and Bosnia and Herzegovina. It covers 13.812 square kilometers, with 293.5 km sea cost length and 614 km mainland border. Montenegro has population of 662.000 inhabitants which lives in 22 municipalities. Its capital is Podgorica, while the old royal capital is Cetinje. (Ministry of economy of Montenegro, 2011)

At a distance of only 100 kilometers, there are three different natural environments: Coastal region, Central region and The High Mountain region. In these three regions there are six tourist clusters identified: area from Luštica to Ulcinj with numerous bays; Ulcinj with Ada Bojana, Great beach and Valdanos; Bay of Kotor; Cetinje with Skadar Lake; Bjelasica, Komovi and Prokletije with two national parks; mountainous areas of Durmitor and Sinjajevina with Tara Canyon and Durmitor national park. (Ministry of economy of Montenegro, 2011)

Figure 7. Tourist clusters in Montenegro



Source: Ministry of sustainable development and tourism, *Tourism development strategy of Montenegro until 2020*, 2008.

The economy of Montenegro is mainly services-based. The service sector accounts for 63.80% of the GDP and employs 76.20% of the population. GDP per capita in 2013 was 5 385 €, with a growth rate of 3.4%. Unemployment rate was 20% on average in 2013 (World Bank, 2014). Total contribution of travel and tourism to GDP in 2013 was 20%, while total contribution of travel and tourism to employment was 18.3% (WTTC, 2014).

Montenegro is connected with a rest of the world with international traffic: two airports (Podgorica and Tivat), ports Bar (which is the most important one), Kotor and Tivat, with railway which goes from Bar and Podgorica to Serbia; with Adriatic Highway, and numerous local roadways across the country. (Ministry of economy of Montenegro, 2011)

Over 45% of the country's area is covered by forests, 37 % from agricultural land, and 18% from waters, roads, housewarmings, stony, and other categorized land. Based on domestic legislation, Montenegro's protected area represent 7.7% of the territory, which mostly are 5 national parks. On the other side, internationally protected area represents 17.2%. These are: Tara river basin (UNESCO, world biosphere reserve), Durmitor with Tara river canyon (UNESCO, world natural heritage), Boka bay (UNESCO, world's natural and cultural heritage), Skadar Lake (Ramsar convention). (Ministry of economy of Montenegro, 2011)

Climate is Mediterranean, with the average air temperature in summer 27.4C, maximum sea temperature 27.1C, average of 240 sunny days, and swimming season of 180 days. The highest peak in the country is Bobotov Peak in the Durmitor Mountain, which reaches 2 523 m. The terrain of Montenegro differs from high mountains to a coastal plain. (NTO of Montenegro, 2014a)

## **2.2 Tourism supply analysis**

Geographical location, climatic conditions, natural resources and their allocation, make Montenegro attractive country for tourism development. It is a small and diverse territory, characterized by the sea, lakes, canyons and the mountains. The largest lake in the Balkans - Lake Skadar, the Tara Canyon (deepest canyon in Europe, and second deepest in the world) and the mountains of the northern region, numerous glacial lakes and peaks about 2 500 meters above sea level are some of many natural values Montenegro has. Additionally, the territory is rich in biodiversity, where number of species per unit area makes Montenegro among the first countries in Europe. (Ministry of economy of Montenegro, 2011)

Montenegro has rich cultural heritage as well. Different eras influenced its culture, so today are obvious traces of Mediterranean, Central, Eastern and Oriental civilizations of different eras. According to the Law on protection of cultural monuments (Official Gazette of Montenegro, no.49/10 of 13.08.2010), there are 357 cultural monuments in Montenegro, which are, according to their values, classified in three categories: monuments of outstanding importance (35), monuments of high importance (135) and monuments of local importance (187). Slightly more than half (189) of these are located in Coastal region.

Main strengths of Montenegro are natural and anthropogenic resources (Ministry of sustainable development and tourism, 2008) In Table 5 is presented primary supply (natural and anthropogenic resources) of destination Montenegro, based on collecting data from the official webpage of National Tourism Organization of Montenegro (NTO of Montenegro) and Resources map of Montenegro.

Table 5. Primary tourism supply of Montenegro

<b>NATURAL RESOURCES</b>	
Sea	Adriatic sea with the coast long 293 km, with 117 natural beaches 53 km long
Lakes	40 natural lakes (Skadar lake 270-540km with 264 bird species, 48 fish species)
Mountains	Durmitor, Sinjajevina, Ljubisnja, Bjelasica, Komovi, and etc.
Gulfs	Gulf of Kotor
Rivers	Tara 78km long, Moraca 98km long, Piva 38km long, Cijevna, Lim and numerous others smaller rivers
Canyons	Nevidio, Platije, Cijevna, Mrtvice, Tara
Thermal waters	Sulfuric thermal waters near Ulcinj, salty mineral waters in Igalo, thermal waters in canyon Komarice
Islands	Mamula, Island of flowers, the island of St. Nikola, St. George Island
Caves	Osoja, Dalovica, Novakovica, Blue grotto, Lipska cave, Odma
<b>ANTHROPOGENIC RESOURCES</b>	
Town-fortresses	Duklja, Ulcinj, Bar, Perast, Kotor
Archeological spots	Doclea, Marticnicka gradina, Villa urbana, Red rock
Churches, monasteries, cathedrals	Ostrog, Morača, Monastery Cetinje, St. Triphun, Piva, Three Christian relict kept in Cetinje, Lady of the Rocks, and etc.
Fortresses	Forte Mare, Citadela, Zabljak Crnojevica
Castles	Castle of Nikola's palace, Summer house Buca
Towers	Kanli tower, The Redžepagića tower
Monuments	The Memorial Home, Mausoleum of Bishop Danilo

Source: NTO of Montenegro, *About Montenegro*, 2014a; Ministry of Economy of Montenegro, *Resources map of Montenegro*, 2011.

Main weaknesses of Montenegrin tourism are in secondary tourism supply. According to Ministry of sustainable development and tourism (2008), tourism supply is characterized with: not enough accommodation capacities, low level of services, inadequate accompanying infrastructure (water supply, waste waters, solid waste, road infrastructure, electricity). Furthermore, according to the analysis presented in Resources map of Montenegro, road infrastructure needs huge investments; railway infrastructure is not satisfactory as well (small network covering the country and its low quality). The big problem represents waste disposal, which is evidenced in most cities of the country. The existing city dumps are unregulated and, for the most part, without any protection measures, which represent threat to environment and citizens' security. Most important elements of the secondary tourism supply are presented in Table 6.

<b>GENERAL INFRASTRUCTURE</b>	
<b>Road infrastructure</b>	7000 km of road infrastructure (917.2 km highways, 930, 5 km regional ways and more than 5 000 local road ways). Most important is Adriatic highway Igalo- Ulcinj, and Bar-Podgorica- Bijelo Polje, to direction of Serbia
<b>Airports</b>	International airports Podgorica and Tivat, while airport in Berane is suitable only for local use
<b>Railways</b>	331 km of the railway network , train lines Bar-Podgorica- Bijelo Polje, which is connecting the country with Belgrade, and Podgorica- Nikšić

Table 6. Secondary tourism supply of Montenegro

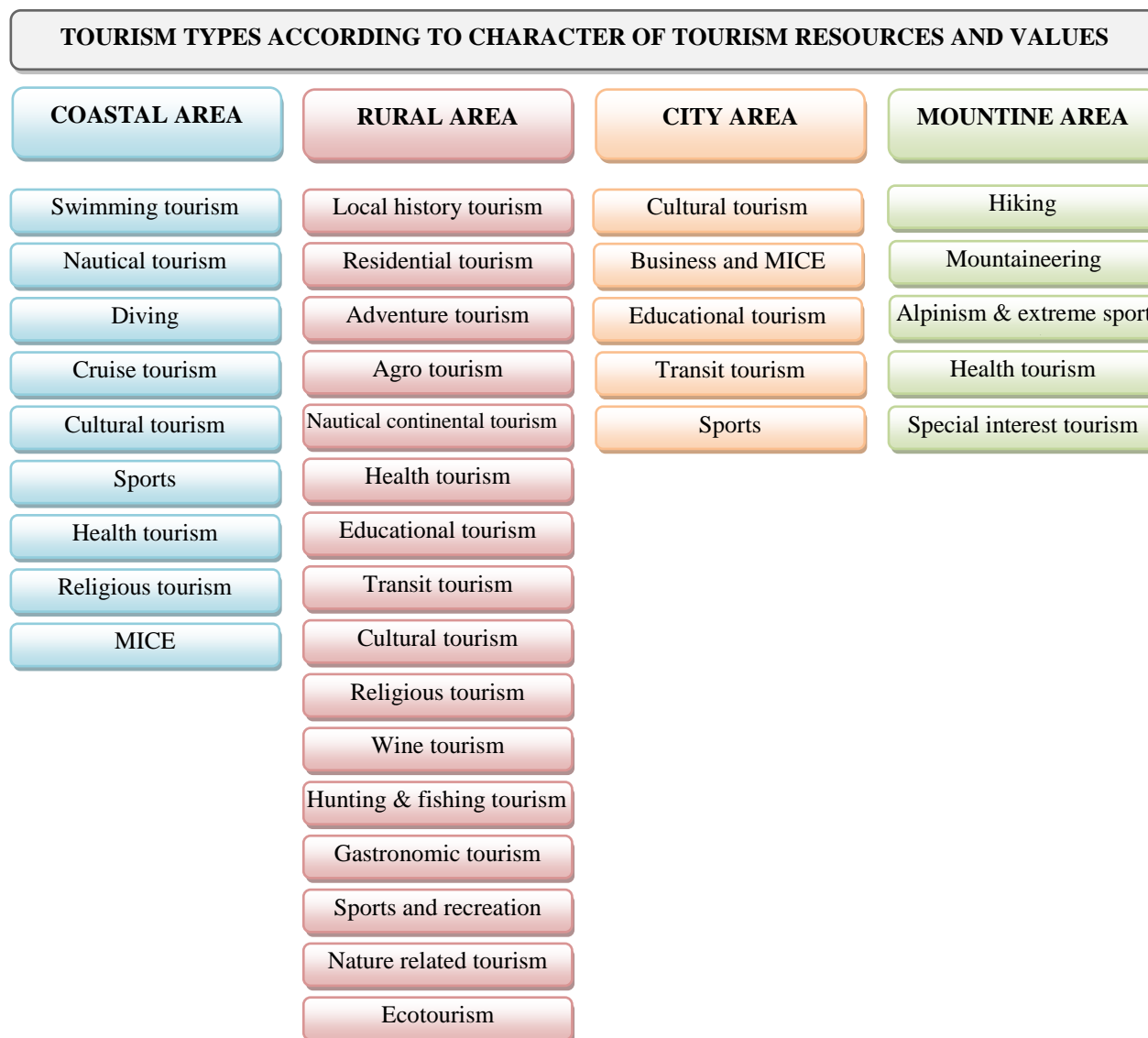
<b>Ports</b>	Port of Herceg Novi, Port of Zelenika, Porto Montenegro, Marina Budva, Port of Kotor, Marina Prčanj, Marina Bar
<b>Electro energetic infrastructure</b>	Power grid voltage of 400 kV, 220 kV and 110 kV and adequate distribution network supply with the electricity almost all settlements in Montenegro (except for hard to reach villages in the central and northern part)
<b>Telecommunication infrastructure</b>	Five operators licensed to provide public telecommunications services
<b>Waste management</b>	Each municipality has its own waste dumps
<b>Water supply infrastructure</b>	The average supply of water from public water systems is 62% (in urban areas the percentage is over 98%)
<b>TOURIST INFRASTRUCTURE</b>	
<b>Hotels</b>	Hotel capacities 39.559 beds
<b>Private accommodation</b>	Private accommodation 115 508 beds
<b>Camping places</b>	24 camping places: Suza Evrope, kod Boce, Olivia, Ivan do, Maslina, Zlokovića
<b>Ski resorts</b>	Ski resorts: Kolasin, Vučje, Javoraovača, Savin kuk
<b>SUPERSTRUCTURE</b>	
	Ministry of Sustainable development and tourism, NTO of Montenegro, Regional Development Agency Bjelasica and Komovi (RDA BK), 21 Local Tourism Organizations (LTOs) 252 Tourist agencies, Destination Management Companies (DMCs) and tour operators 24 museums in the country Numerous sport associations Numerous events with different character Wine trail, Old Montenegro trail, Cheese trails, Honey trails, Olive trail (water supply, waste waters, solid waste, road infrastructure, electricity Numerous shopping, stores, taxi , restaurants, gas station

Source: NTO of Montenegro, *About Montenegro*, 2014a; Ministry of economy of Montenegro, *Resources map of Montenegro*, 2011; *Statistical office of Montenegro*, Accommodation, 2014.

## 2.3 Product analysis

Montenegro is currently recognized as sea, sand and sun destination. Main visits are concentrated during summer months. But, as a tourist destination, Montenegro could offer much more to its tourists. It has all the necessary natural and cultural resources to become all year destination. In order goal to be fulfilled and to benefit fully from tourism, tourist offer needs to be diversified. Subsequently, shapes and forms of tourism that can be developed are numerous. In the figure below are shown the types of tourism which can be distinguished in the country, according to the location factor and the character of tourism resources and values (Dašić & Jovičić, 2011).

Figure 8. Tourism types in Montenegro

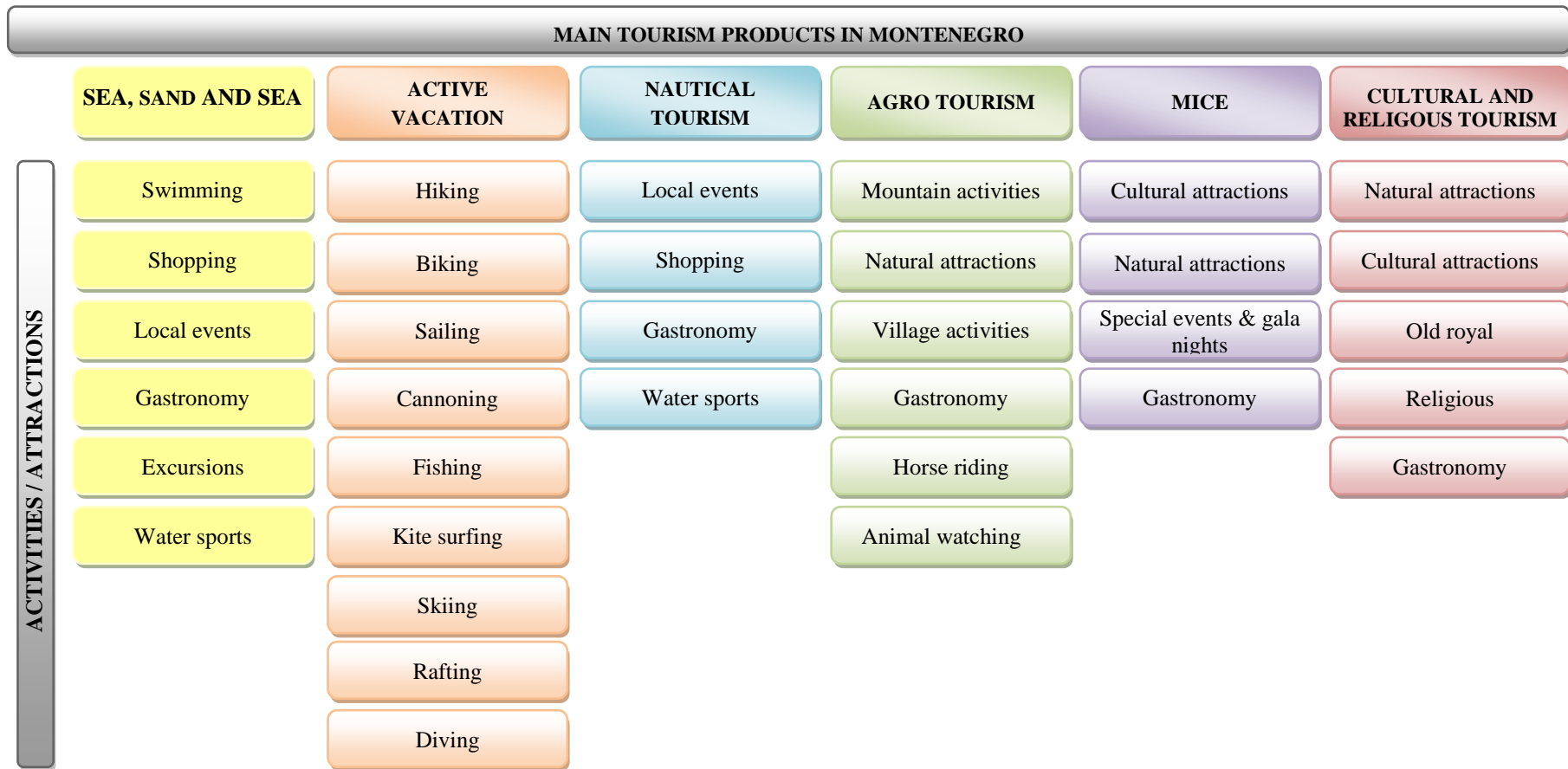


Source: N. Dašić & D. Jovičić, *Selective forms of tourism in Montenegro*, 2011.



According Ministry of sustainable development and tourism (2008), Montenegro is recognized as sea, sand and sun destination as well. Furthermore, other products had been identified. Mountain tourism is not to be overlooked. Even though ski winter sports are developed, infrastructure needs to be improved. Additionally, other types of mountain activities need to be further developed. Montenegro's relief is suitable for mountain biking, and hiking & biking. In the last several years, Montenegro was focusing partially on nautical tourism and water sports. However, Montenegro has limited carrying capacity, and as a result, it is much better to attract sailing yachts, both in terms of higher revenues and reduced effects on environment and infrastructure. Other tourist products in which Montenegro has potential for improvement and strengthening the offer of destination to extend summer and winter season are: MICE (Meetings, Incentives, Conferencing, Exhibitions) tourism; agro tourism as combination of food, lodging and agriculture in farming enterprises; cultural and religious tourism; and wellness and spa tourism. In addition, I have developed main tourist products scheme, which is based on tourism products identified in the Tourism development strategy of the country. These products represent actual tourist offer on which Montenegro tourism is based.

Figure 9. Main tourism products of Montenegro



## 2.4 Condition analysis

According to Buhalis' 6A's framework, analysis of tourist destination Montenegro is presented in the table below.

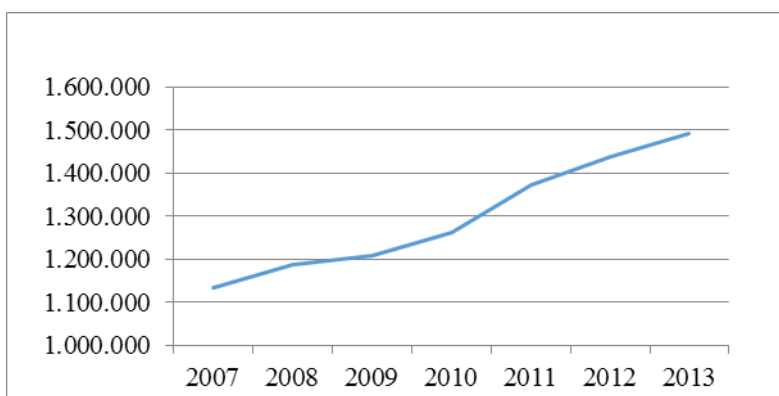
Table 7. Analysis of tourist destination Montenegro according to Buhalis' 6A's framework

Buhalis' 6A's framework	Importance				
	Low			High	
<b>Attractions</b>			Cultural and historic resources	Social characteristics	Natural resources
<b>Activities</b>	Bird watching Caving Fishing	Diving Kite surfing	Parachutes Zip line	Kayaking	Summer activities on a beach Hiking and biking Rafting Cannoning Sight seeing Visits to national parks
<b>Amenities</b>		Camping Bungalows			Hotels Private accommodation
<b>Available packages</b>	Wellness and spa Skiing	Incentive & team building Cultural tourism packages	Wine trail Old Montenegro trail Cheese trail Honey trail	Hiking Biking	Sea, sand and sun packages Rafting
<b>Qualitative assessment</b>					
<b>Accessibility</b>	Accessibility of the country is not developed enough. Montenegro is recognized as airplane destination, but its offer is characterized with high ticket pricing and lack of low cost companies on the market, train infrastructure is underdeveloped and Bar-Belgrade connection is the only connection significant for tourism; more ferry lines is needed ( for example Slovenia- Croatia- Montenegro connection); the road infrastructure is underdeveloped, there is no high way in the country and the quality of regional roads is not good enough				
<b>Ancillary services</b>	Good network of ancillary services (shopping, banks, hospitals)				

## 2.5 Tourism demand analysis

Montenegro has experienced a trend of constant growth in tourist arrivals since 2007, what can be seen on the Figure 10. Number of tourists' arrivals in 2013 was 1.411.439, what represents growth of 31.6% comparing to year 2007 when it was 1.133.432 tourists.

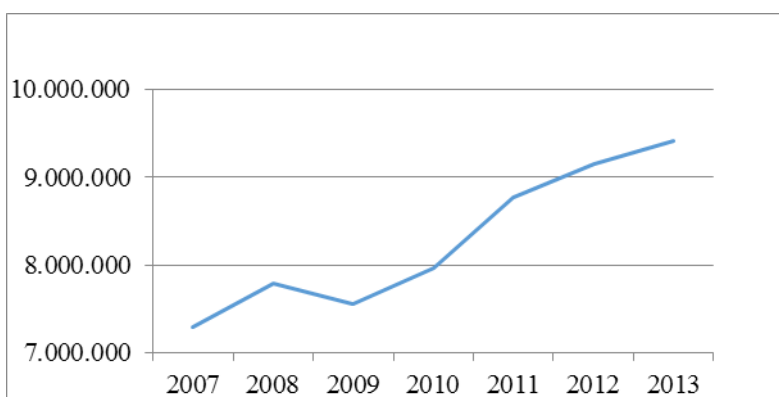
Figure 10. Tourist arrivals in Montenegro



Source: NTO of Montenegro, *Report on tourists' arrivals and overnights 2007-2013*, 2014c.

In tourists' overnights, Montenegro had 6% increases in 2008 compared to year 2007, followed by decrease of almost 3% in 2009. Since 2009, growing trend is recorded. Number of tourists' overnights in 2013 was 9.411.943, what represent 29% increase if comparing to year 2007, when number of tourists' overnights amounted 7.294.532.

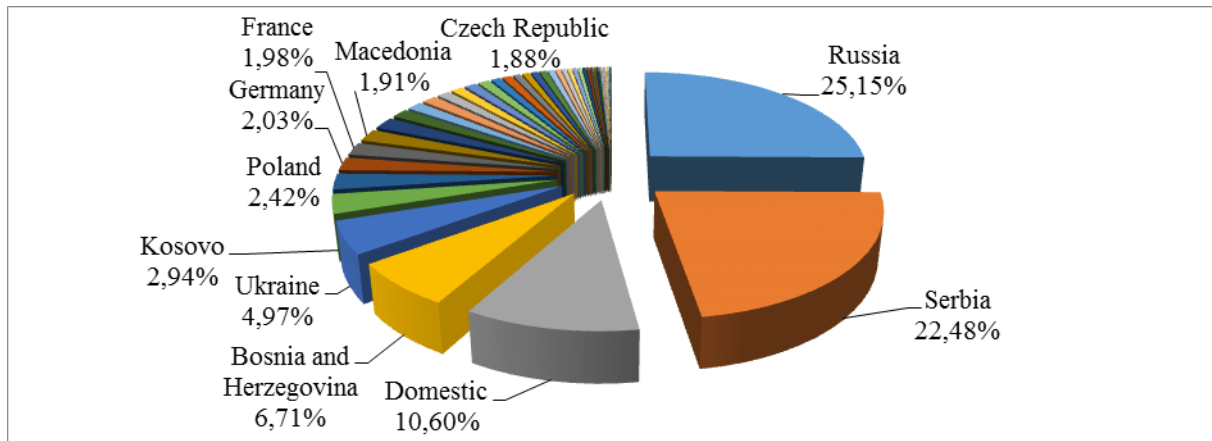
Figure 11. Tourist overnights in Montenegro



Source: NTO of Montenegro, *Report on tourists' arrivals and overnights 2007-2013*, 2014c.

In overnights structure, the most important market in 2013 was Russia, representing 25.15% of total overnights, followed by Serbian market, whose tourists made 22.48% of total overnights. Domestic tourists made 10.60%, while tourists from Bosnia and Herzegovina made 6.71% of overnights, followed by those from Ukraine (4.97%). Other markets represent less than 3% in structure of tourists' overnights.

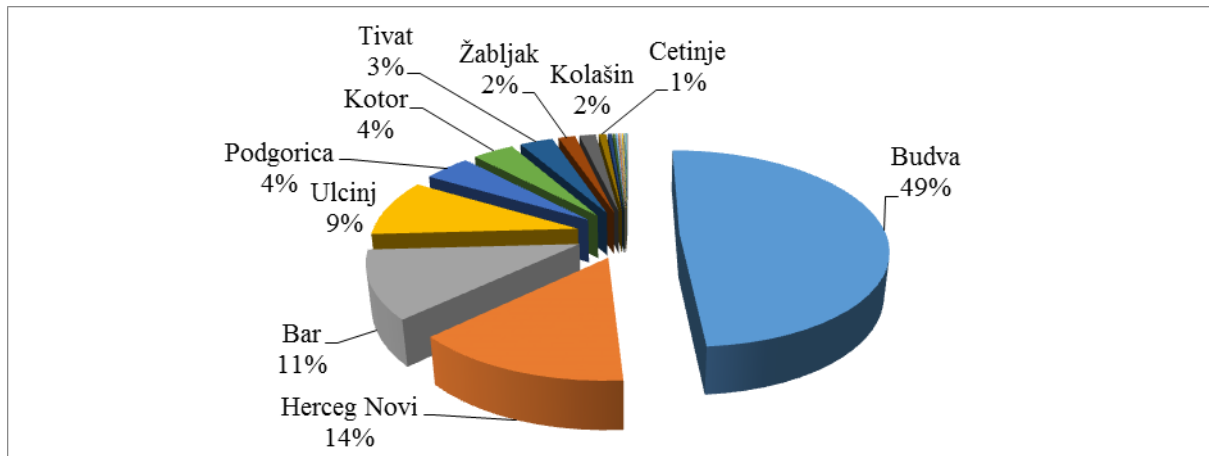
Figure 12. Structure of tourists' overnights in 2013



Source: NTO of Montenegro, *Report on tourists' arrivals and overnights 2007-2013, 2014c.*

The most popular places in Montenegro for tourists were in a Coastal region of the country; what can be seen from the figure below. 83% of tourist overnights were made in only four municipalities. Budva is on the first place with almost half of all tourist overnights in the country (49%), followed by Herceg Novi (14%), Bar (11%) and Ulcinj (9%). Other municipalities had less than 5% in a structure of tourists' overnights.

Figure 13. Tourists overnights in 2013, according to municipality



Source: NTO of Montenegro, *Report on tourists' arrivals and overnights 2007-2013, 2014c.*

In the last six years, the average length of stay of tourists was slightly more than 6 days.

### 3 METHODOLOGY

For the purpose of this study I have used different research methodologies. Primary and secondary data research was conducted.

For the specific theoretical background, I have used secondary data as books, articles, reports and web pages of different institutions. For gathering data for Montenegro tourist offer and specific

stakeholders from tourism industry and their analysis, different reports and laws that determine operating of certain stakeholders were used. For some information which relates to statistical data (which are not published yet), I have contacted in person the employees in certain institution or organization.

The second part of the research is primary research, conducted in a form of self-administered questionnaire as a form of qualitative and quantitative study. Questionnaire was constructed in a way to gather information about current collaboration between tourism stakeholders in Montenegro on particular destination management functions. It is consistent from open and closed questions, where stakeholders responded about their involvement, interaction and attitude toward destination management functions, as well their opinion about factors which foster collaborative process and problems they are dealing with. To examine stakeholders' attitudes toward collaboration satisfaction, Effective Tourism Collaboration model (section 1.5) was used. Dependent variable of the model is CMS, while independent variables are individual benefit, trust, communication quality, interdependency and representation quality and equal participation. For evaluating respondents' attitudes toward given questions, I have used Likert scale from 1 to 7. Respondents had more choices to express their attitudes, where 1 represented strongest disagree with a given statement, and 7 represented strongest agree.

Research sample is determined according to theoretical background on stakeholders' classification relevant for tourism development. From the public tourism sector, questionnaire was delivered to: Ministry of sustainable development and tourism, Ministry of transport and maritime affairs, Ministry of agriculture and rural development, Ministry of culture and government agencies, NTO of Montenegro, LTOs, local authorities, while from the private sector, questionnaire was delivered to stakeholders such as tour operators, travel agencies, hotels, restaurants, nongovernmental organizations (NGOs), transport and accommodation providers, media, Faculties of tourism, local business entrepreneurs whose activities are related to tourism.

## **4 ANALYSIS OF TOURISM STAKEHOLDERS IN MONTENEGRO**

### **4.1 Public tourism stakeholders' tasks and their organizational structure**

The tourism sector in Montenegro is headed by Government through the Ministry of sustainable development and tourism, which is the agency for formulation of national policies, programs, rules and regulations, and for coordination of national tourism activities. Ministry is headed by the Minister and has seven directorates or departments, of which three are directly affecting tourism industry: Tourism Development Department, Department for Tourism Strategy and Policy, and Department for Tourism Sales and Market (Ministry of sustainable development and tourism, 2014). Several laws which manage tourism sector exist in a country:

- Law on tourism (Official Gazette of Montenegro, no. 61/10 of October 20<sup>th</sup> 2010),
- Law on residential tax (Official Gazette of Montenegro, no. 13/04 of February 20<sup>th</sup> 2004, hereinafter Law on residential tax),

- Law on tourism organizations (Official Gazette of Montenegro, no.73/10 of December 10<sup>th</sup> 2010, no. 40/11 of August 8<sup>th</sup> 2011, hereinafter Law on tourism organizations),
- Law on rafting (Official Gazette of Montenegro, no. 53/11 of November 11<sup>th</sup> 2011),
- Law on ski resorts (Official Gazette of Montenegro, no. 13/07 of December 18<sup>th</sup> 2007),
- Law on mountain slopes (Official Gazette of Montenegro, no. 51/08 of August 22<sup>th</sup> 2008).

For the purpose of creating unified tourist product, planning and realizing tourism strategy, NTO of Montenegro was established by the Government. Its daily operations are determined by the Law on tourism organizations. It exists in order to develop and implement promotional activities in country and abroad, to promote strategy of mutual interest for all the entities in tourism, and to increase quality of overall tourist offer. Some of the predicted tasks of NTO of Montenegro are: to develop tourist information system, work on innovation of tourist products, research tourism market and position tourist products, follow LTOs' program fulfillment, align interests of all tourism organizations, cooperate with travel organizations and transport companies, and everything else in the frame of sustainable tourism development.

To improve MICE offer of the country, NTO of Montenegro set up Montenegro Convention Bureau. It has 19 members (4\* and 5\* hotels, as well as the DMCs) and is operating independently. Furthermore, for tourists support, Call center was established. As well, NTO has its own online reservation system. (NTO of Montenegro, 2014a)

Determined by the Law on tourism organizations, organizational bodies of NTO of Montenegro are: general meeting, executive board, president, and supervisory board. General meeting is composed from representatives of LTOs and representatives from the Government, as mandatory members and the representatives within private sector as voluntary members, which will be described in the next section.

General meeting represents main decision making body. It is headed at least once per year and it's taking decision on: financial plan of NTO, annual plans and reports, rules of procedure, Statute of NTO, and other questions which have to align with the Statute.

Regional Destination Organization (RDO) called Regional Development Agency Bjelasica and Komovi (RDA BK) is covering five municipalities in north of Montenegro: Kolašin, Berane, Mojkovac, Andrijevica and Bijelo Polje. Its mission is to enhance development of the region and municipalities within the region, through close cooperation with local stakeholders in public and private sectors, increase engagement of European funds, and creation of employment and income generating opportunities through development of tourism and agriculture sectors, in alignment with national and local strategic development plans. RDO has two offices in the region, one in Berane and one in Kolašin. (RDA BK, 2014)

General meeting of RDA BK is main decision making body and its members are representatives from: the Ministry of sustainable development and tourism, five municipalities, the Government,

the national park, financial partners and other partners which are anticipating in project funding process.

Tourism supply on the local level is managed by 21 LTOs. LTOs are independent entities, set up by municipalities, which at the same time determine budget of the LTOs, according to their plan and program which has to be developed according to principles set by Ministry of sustainable development and tourism, and Tourism development strategy of Montenegro until 2020. Its daily operating is determined by the Law on tourism organizations, as well.

Main roles of LTOs in Montenegro can be classified as follow: improvement and promotion of original values from the municipality area for which the LTO is founded; coordination and organization of cultural, artistic, entertaining, economic, sports and other events which can enhance tourist offer; offering services and information to guests; organizing tourist-info bureau in tourist places; registering and following tourist traffic; cooperating with local authorities; and implementing questionnaires and other types of research with an aim of estimating quality of tourist products.

Obligated members of LTOs are all individual and legal entities on the territory of municipality which had established LTO, and whose activities are directly or indirectly related to tourism. Their corporate rights are determined by their participation in tourism organization income, as well as importance as overall tourism development in local organization. General meeting as decision making body is composed form representatives from LTO members and representatives of local authorities, as well members which accomplished membership on voluntary base.

The graphical representation of the organizational structure of the tourism public sector of Montenegro is presented in the figure below.





## **4.2 Strategic partners from private sector**

Private sector of tourism industry of Montenegro is represented through main decision making body – General meeting of NTO of Montenegro. It is participating in decision making processes, and according to their influence on the industry, each of them have certain number of votes. Strategic partners of NTO of Montenegro are: Montenegro Airlines, Montenegrin Tourist Association (MTA), hotel Queen of Montenegro, HG Budva's Riviera, VISA, Airports of Montenegro, NLB Montenegro, Luštica Development Company, R-tours, Beppler & Jacobson, and JPMD, as well Faculties of hospitality and tourism in Bar and Kotor. (NTO of MNE, 2014a)

As MTA is covering wide range of tourism stakeholders from the private sector, organization of this association will be presented, as a representative of private sector.

MTA is non-profit organization and its daily operations are determined by the Statute of MTA (MTA, 2007). It is covering six sectors: hotel sector, sector of travel agencies, restaurant sector, sector of private accommodation, camping sector, and transportation sector. It is raising funds from memberships, sponsorships, donations and other sources aligned with the law. Each sector has at least five members and elects its president, which is a member of general meeting of MTA.

Aims of the MTA are intervention in problems solving on local and national levels, representing interests of tourism industry, combating grey economy and unfair competition on tourism market, negotiation on matters and interests of tourism industry, engagement in tourism promotion, and improving quality offer of Montenegro as tourist destination. Moreover, MTA provides services to its members with the aim of improving their businesses, organizes courses and supports their specialization in other ways, organizes workshops, seminars. Furthermore, MTA has an active role in NTO and LTOs corporate bodies, as well as in other public institutions with the aim of improving economy of Montenegro as a whole.

## **4.3 The activities of National Tourism Organization of Montenegro**

The activities of NTO of Montenegro are based on principles of the strategy of tourism development until 2020, Tourism marketing concept of Montenegro and tourism and other laws and acts. In 2013, NTO of Montenegro had implemented activities which were reduced due to Government of Montenegro austerity measures. In this section are presented most of the performed activities. (NTO of Montenegro, 2014b)

Certain activities were made to improve accessibility of the country. Few airline companies started to fly to Montenegro, mostly during summer season. These are: Air Berlin, Condor, Ryan Air, and Al Italia.

As well, different efforts were done in the field of product improvement. Some of them concern collaboration of stakeholders within the country, while some of them concern cross border

collaboration supported by foreign institutions and funds. Hence, in collaboration with the Ministry of sustainable development and tourism, Ministry of culture and LTOs is implemented project in which maps of panoramic roads in Montenegro are created (printed and navigation for GPS devices). Furthermore, table with significant cross border projects which were done is presented below.

Table 8. Cross border projects

<b>Project name</b>	<b>Project description</b>
Adriatic IPA project- Turgrate 2	Joint action with aim to improve promotion and valorization of cultural, agro-products and cross-border natural resources and to strengthen competitiveness of Adriatic region. Partners in this project were from Albania, Greece, Italy and Montenegro.
WBAAT- Western Balkan Adventure and Discovery Tour	Offering a tours in ex-Yugoslav countries through most attractive parts, in time before and after youth attraction EXIT festival in Novi Sad (Serbia)
Calipso program Hollyday4all	Tourist season extension through offering special programs for certain target groups: young people, people with special needs, older people. Partners are NTO of Montenegro, Tourist organization of Serbia and Danube Competence Center
Diodes	Improving adventure tourism trough collaboration between Croatian Mountain Rescue Association, UNDP in Montenegro, Croatian Chamber of Commerce, NTO of Montenegro and Mountain Rescue Association of Montenegro. Partners in this projects are Montenegro and Croatia

Source: NTO of Montenegro, *Report on activities 2013, 2014b*.

To improve tourist offer during summer months, NTO of Montenegro had been organizing ‘After beach parties’ event from July 14<sup>th</sup> to August 30<sup>th</sup>. This event concerned parties for young people on 15 beaches along Montenegrin coast, each day during specified period.

NTO of Montenegro made significant marketing activities, with the aim to prolong tourist season in a country and to attract more tourists. Main marketing activities are summarized in a table below, which are presented in few sections: promotional activities at home, promotional activities in the region, fairs, study and press tours, and tourist informing.

Table 9. Marketing activities of NTO of Montenegro

<b>Promotional activities in the region</b>
<ul style="list-style-type: none"> <li>• Intensive campaign for regional markets under slogan ‘Between The Mountains And The Sea’ on a markets of Serbia, Bosnia and Herzegovina, Slovenia, Kosovo, Macedonia, and Albania. Campaign was conducted in form of billboard and mega board formats, newspaper ad, newspaper advertorials, TV spots, YouTube videos, web banners</li> <li>• Winter package (hotel accommodation + airplane ticket ) in cooperation with Montenegro Airlines and hotelier from northern region for Serbian market</li> <li>• Road shows, presentations, workshops in Serbia (Kragujevac, Čacak, Novi Sad), Kosovo (Pristine), Bosnia and Herzegovina (Sarajevo, Banja Luka)</li> </ul>
<b>Promotional activities at home</b>
<ul style="list-style-type: none"> <li>• Winter campaign for domestic market ‘Escape on the snow’ 2012/13, realized with NGOs ‘Montenegro Photo trekking’, ‘Riders.me’ and ‘Snow hunters’</li> <li>• Outdoor campaign ‘Winter at home’, with photo contest</li> <li>• Different events promotion: snowshoeing in national park Biogradska gora, snow kiting in the ski center of Savin kuk, ski school for beginners, tours to snowshoeing on Bjelasica</li> </ul>
<b>Fairs</b>
<ul style="list-style-type: none"> <li>• 16 fairs in cooperation with LTOs and companies from tourism industry</li> </ul> <p>Conventa, Slovenia; IFT, Serbia; ITB, Germany; MITT Russia; UITT Ukraine; TUR Sweden; AITF Azerbaijan; COTTM China; METUBES, Montenegro; Lukavac, Bosnia and Herzegovina; IMEX Germany; IFTM Top Resa, France; WTM, Great Britain; EIBTM, Spain</p>
<b>Study tours and press tours</b>
<ul style="list-style-type: none"> <li>• 27 study and press tours were hosted from different markets (China, Turkey, Italy, Poland, USA, Great Britain, Serbia, Slovenia, Germany, Canada, Taiwan, Switzerland...)</li> </ul>
<b>Tourist informing</b>
<p><u>Online tourist informing</u></p> <ul style="list-style-type: none"> <li>• Web presentations / profiles of Montenegro <a href="http://www.visiteurope.com">www.visiteurope.com</a>, <a href="http://www.tripadvisor.com">www.tripadvisor.com</a>, <a href="http://www.facebook.com">www.facebook.com</a>, <a href="http://www.twitter.com">www.twitter.com</a>, <a href="http://www.youtube.com">www.youtube.com</a>, <a href="http://www.linkedin.com">www.linkedin.com</a>, <a href="http://www.flicker.com">www.flicker.com</a>, <a href="http://www.plus.google.com">www.plus.google.com</a>, <a href="http://www.wayn.com">www.wayn.com</a>, <a href="http://www.myspace.com">www.myspace.com</a>, <a href="http://www.pinterest.com">www.pinterest.com</a></li> <li>• Android and OS application Montenegro talking (augmented reality), in collaboration with mobile operator Mtel; the application leads users to nearly 70 tourist sites</li> <li>• Website in Japanese (<a href="http://montenegro-japan.org">http://montenegro-japan.org</a>) in cooperation with the Office of the Honorary Consul in Japan</li> </ul> <p><u>Offline tourist informing</u></p> <ul style="list-style-type: none"> <li>• Call center - Montenegro Customer Care Centre serves for informing, suggestion, complaining and compliments (7.402 call in 2013, 19,31% more than in a previous year)</li> <li>• Brochures, catalogs, folders, flyers...</li> </ul>

Source: NTO of Montenegro, *Report on activities 2013, 2014b*.

The NTO of Montenegro had attended several conferences abroad and at home. The list of most significant ones is presented in a table below.

Table 10. Conferences and meetings NTO of Montenegro had attended

Conferences and meetings
<ul style="list-style-type: none"> <li>• Thirteenth Global Summit Council for WTTC in Abu Dhabi, where joint tourism project of cross border cooperation, in which Montenegro was anticipating, got awarded ('The peaks of the Balkans' project)</li> <li>• Working visit to Kolašin in cooperation with Ministry of sustainable development and tourism</li> <li>• Visit to ski center 'Lokve' - in cooperation with Ministry of sustainable development and tourism, president of the municipality Berane and representatives of the tourism industry</li> <li>• Working meeting - Development of tourism and civil safety and security in Montenegro, based on the best practices from Finland</li> <li>• Cluster development of the health and medical tourism in Montenegro</li> <li>• The first meeting of Montenegrin-Ukrainian working group for tourism</li> <li>• General meeting of NTO of Montenegro</li> </ul>

Source: NTO of Montenegro, *Report on activities 2013, 2014b*.

Close cooperation of NTO of Montenegro and other institutions is represented in everyday activities. It has good collaboration with Ministry of sustainable development and tourism, other Government institutions and organizations, local authorities, LTOs, NGOs, media, marketing agencies. As well significant collaboration and memberships is achieved with international organizations: European Travel Commission, UNWTO, and WTTC.

#### 4.4 National Tourism Organization of Montenegro funding

NTO of Montenegro funding is determined through certain laws and regulations. According to the Law on tourist organizations, funds should be raised from:

- Residential tax (aligned with Law on residential tax),
- Membership fee,
- Tourist tax,
- Excursion fee,
- Funds from municipalities and national budget,
- Donations,
- Credits,
- And other funds aligned with the law.

Residential tax is an approximate amount which is being paid by a person who, out of place of residence, is using services of accommodation in an accommodation facility in which tourist or hotelier activity is taken. As accommodation facilities are considered: hotel, motel, tourist apartment, rest home, camp, mountain home, room for rent, and all other facilities which provide accommodation services. Residential tax is constituted between 0.10€ and 0.80€. The municipalities

determine the amount of residential tax with their regulations, which represents the income of tourist organizations. 80% of collected funds supposed to be used for financing activities of LTOs and 20% for financing activities of NTO of Montenegro.

Tourist tax is paid by residents and foreigners who have secondary dwelling unit intended for vacation. Amount of tourist tax is determined as a result of multiplication of number of beds in the secondary home unit, amount of residential tax, estimated number of days of full capacity occupancy in a private accommodation and a coefficient 0.5. Raised funds form tourist tax supposed to be used in a further way: 40% for financing activities of local authorities on whose territory the secondary dwelling unit is placed, 40% for financing LTO set up by the local authorities, and 20% for financing activities of NTO of Montenegro.

Membership fee is paid by all legal entities and individuals which have revenue from tourism activities or tourism related activities. The amount of membership fee is determined by the local authorities, based on level of earned revenue and group of performed activities. It can amount from 50€ to 10.000€. 70% of raised funds supposed to be used for financing activities of LTOs and 30% for financing activities of NTO of Montenegro.

For tourists' visiting certain natural, cultural and historical regions, excursion fee is defined by the Law on tourist organizations. Excursion fee is paid by tourists to excursion organizers which can be tourist agencies or other legal entities or entrepreneurs who have been registered for performing that type of activity. It is income of LTO of municipality on whose territory is a tourist region placed, and it amount between 0.50€ and 1€.

In the table below are shown raised funds from each type of tax in years 2012 and 2013.

Table 11. Raised funds from the taxes in €

<b>Year</b>	<b>Residential tax</b>	<b>Tourist tax</b>	<b>Excursion fee</b>	<b>Total</b>
<b>2012</b>	2.500.293	553.529	244.889	3.298.711
<b>Jan- Nov 2013</b>	2.844.570	476.410	924.540	4.245.520

Source: Ministry of sustainable development and tourism, *Report on raised funds from the taxes*, 2013b.

According to Ministry of sustainable development and tourism (2013a), NTO's budget has significantly decreased in last few years and for the year 2013 amounted 1.031.383€. Comparing to some other European countries, it is significantly low. Croatia has a budget of 34.874.000€, Cyprus 71.081.722€, and Malta 35.013.788€. By the UNWTO recommendations, NTO's budget should amount 2-4% of tourism income. Based on the calculation, Montenegro should invest in promotion and other related activities 15-25 million of euro.

## **4.5 Collaboration of tourism stakeholders in Montenegro**

### **4.5.1 Questionnaire description**

In order to examine stakeholders' collaboration in tourism industry of Montenegro, questionnaire was conducted. This section describes questionnaire, tool which was used for creating it, the way it was delivered to stakeholders and period of conducting the responses.

The questionnaire was created on a tool for web questionnaires. I was using webpage [www.lka.si](http://www.lka.si), which is software for web polling and questionnaires, carried out on the internet. Furthermore, the link with the questionnaire and cover letter was delivered via email to different stakeholders, where the purpose of research was explained. Period of conducting questionnaires was from 28th July to 15th August 2014.

The questionnaire was created in a way to identify two groups of stakeholders: one group which collaborate, and the other group of stakeholders which do not collaborate in destination management functions on national level. The first group was asked to identify with which stakeholders they collaborate and on which destination management functions. They were answering in a form of multiple questions. Also, they have been asked to describe one good and one bad collaboration they had and what they thought about collaboration at that time. These two questions were not used when data were analyzed, because all respondents answered on which projects they were collaborating, but said nothing about collaboration process itself. Furthermore, respondents were supposed to give general opinion on satisfaction they experienced during collaborations. The set of statements used to measure their satisfaction were those from the Effective Tourism Collaboration Model developed by Yodsuwan and Butcher (2012). Their research applied the model to evaluate collaboration with only one institution. The case with this research is that the model was applied to measure overall satisfaction with collaboration with more stakeholders. The model is described in details in section 1.5.

The rest of the questionnaire was designed in a way to obtain the responses on which destination management functions is necessary collaboration to be improved, which are their motives to collaborate with other stakeholders, which are their motives not to collaborate, and what is the best way to promote collaboration between stakeholders. These questions applied to both groups: to those who collaborate and to those who do not collaborate. Questionnaire was finished with demographic questions.

### **4.5.2 Demographic information**

The following section reports demographic characteristics of the sample for questionnaire conducted. This section includes information such as gender, age, education level and age of working experience. In a Table 12 are shown demographic characteristics of the respondents, and the classification of stakeholders which participated in the research.

The questionnaire was delivered to 312 stakeholders from public and private sector in Montenegro. The list of stakeholders' contacts was obtained from NTO of Montenegro, and it represents population for this research. Out of 312 sent questionnaires, 15.4% were sent to the stakeholders from public sector, and 84.6% to the stakeholders from private sector. There were 118 completed questionnaires, what is a result of response rate of 38%. 115 of them were usable for the research. According to the test of sample representativeness (Chi square test) value of 24.047 and  $p = .000$  rejected hypothesis that a research findings apply to the whole research population. Chi square test was calculated according to population and sample classification separated in private and public sector.

Out of total of 115 useable questionnaires, 49% of respondents were female and 43% were male, while the rest of them did not declare their gender. 28% of respondents were from the public sector (municipalities 15%, LTOs 9%, ministries 3%, NTO 1%). Other respondent were from the private sector, and most of them accounted from hotels (17%) and tourist agencies (12%), followed by private accommodations (9%), restaurants (7%) and NGOs (7%).

Respondents were asked about their age, and most of them belonged to three groups: 26-30 years, 31-40 years and 41-50 years. To the first group belong 24% of respondents, to the second one 31% of respondents, and to the third one 18% of respondents.

In addition, they have been asked about years of working experience and level of education. Most of the respondent (45% of them) had working experience from 6-20 years. 25% of respondents had working experience from 6-10 years, while 20% of them had working experience from 11-20 years, followed by those which had working experience from 3-5 years (18%). According to data, respondents belong to a highly educated profile of people. 45% of respondents were holding bachelor degree, while 32% of them were holding master degree.

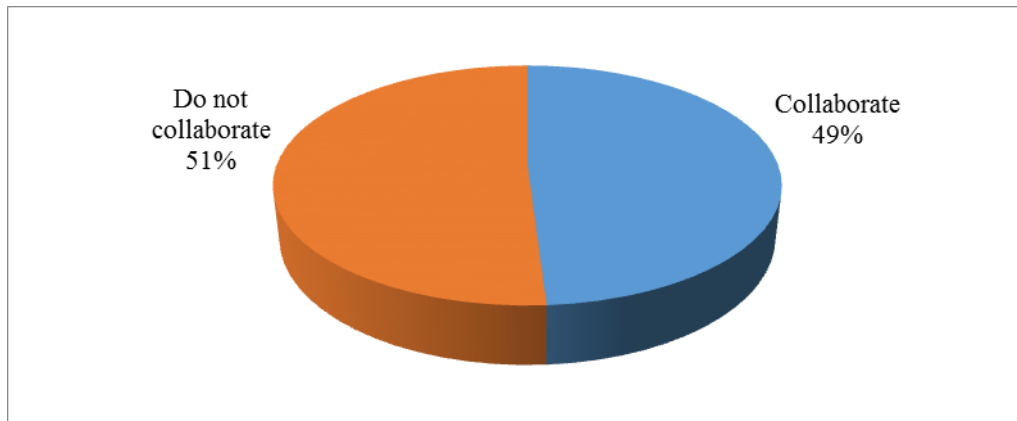


Table 12. Demographic characteristics of respondents

Characteristics	N	Valid %
<b>Gender (n =115)</b>		
Female	56	49
Male	49	43
Unanswered	10	9
<b>Age (n =115)</b>		
18-25	8	5
26-30	28	24
31-40	36	31
41-50	21	18
51-60	14	12
More than 60	2	2
Unanswered	8	7
<b>Education level (n =115)</b>		
High school	14	12
Bachelor degree	52	45
Master studies	37	32
Other	4	3
Unanswered	9	8
<b>Working experience (n= 115)</b>		
0-2	10	9
3-5	21	18
6-10	29	25
11-20	23	20
21-30	17	15
More than 30	7	6
Unanswered	8	7
<b>Organization/company (n= 115)</b>		
Ministry	4	3
Municipality	17	15
NTO	1	1
LTO	10	9
Hotel	20	17
Private accommodation	8	9
Restaurant	10	7
Tour operator	5	4
Tourist agency	14	12
Transport sector	7	6
National park	3	3
NGOs	8	7
Media	1	1
Other	7	6

### 4.5.3 Empirical analysis

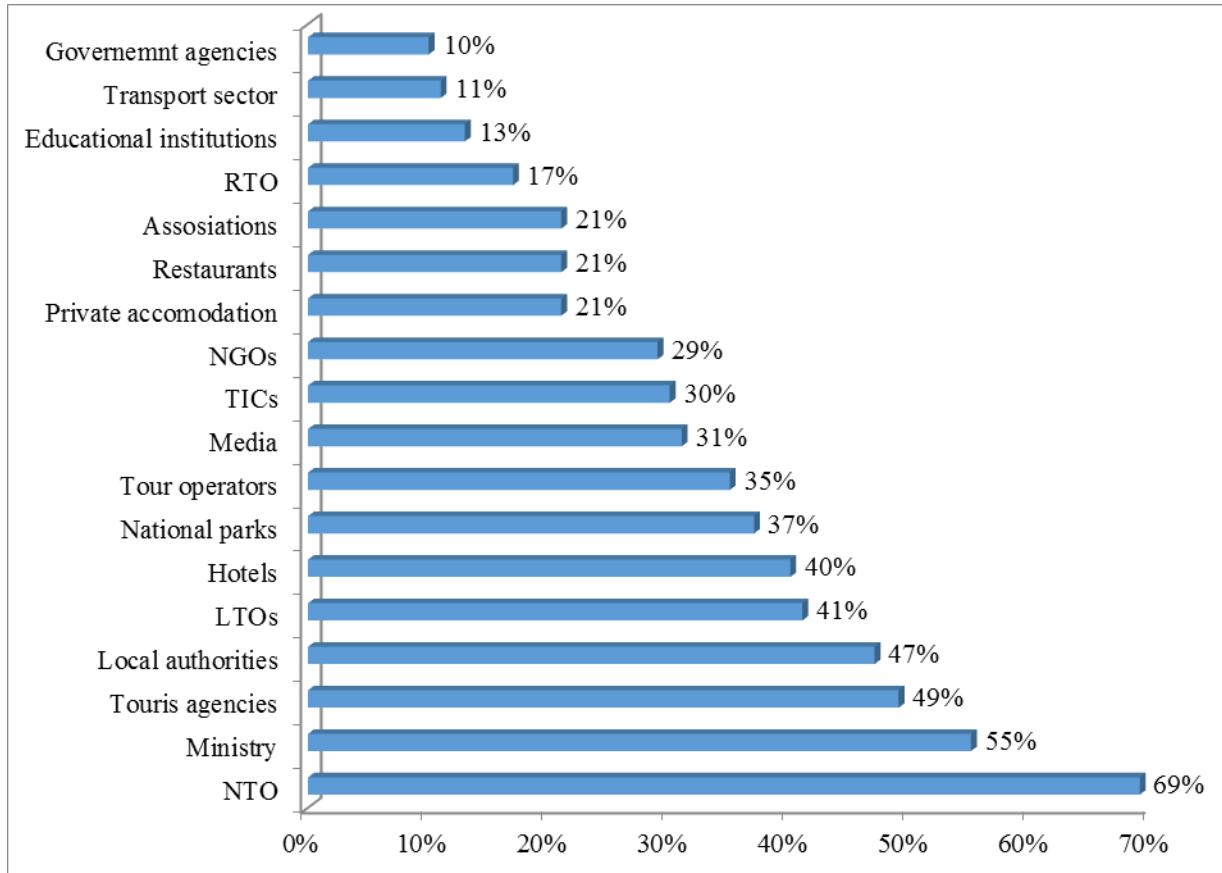
Respondents were asked whether they collaborate in destination management functions. 51% of respondents answered that they do not collaborate in destination management activities, while 49% do collaborate.



*Figure 15. Participation in collaboration on national level*

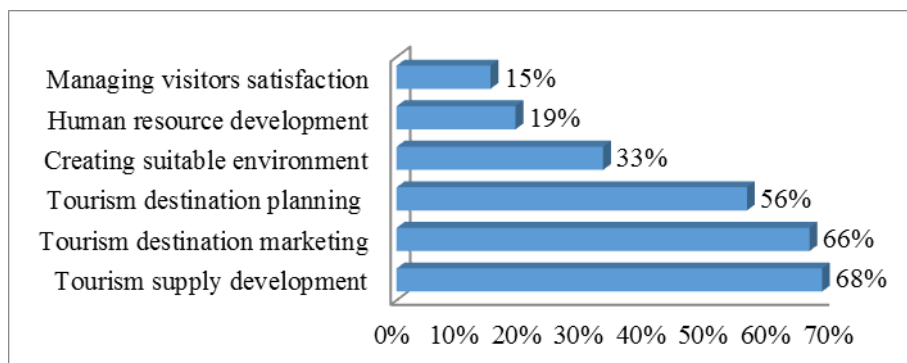
In a second question, I tried to identify which are the stakeholders who participate in collaboration the most. Respondents were asked to identify not more than 4 stakeholders. As it is seen from the figure below, stakeholders collaborate mostly with NTO of Montenegro, 69% of them. Furthermore, most collaboration happens with the Ministry of sustainable development and tourism (55%), followed by collaboration with travel agencies (49%) and local authorities (47%). With LTOs collaborate 41% of stakeholders; while with hotels collaboration occur with 40% of stakeholders. The least collaboration occurs with educational institutions (13%), transport sector (11%) and government agencies (10%).

Figure 16. Stakeholders with which collaboration occurs



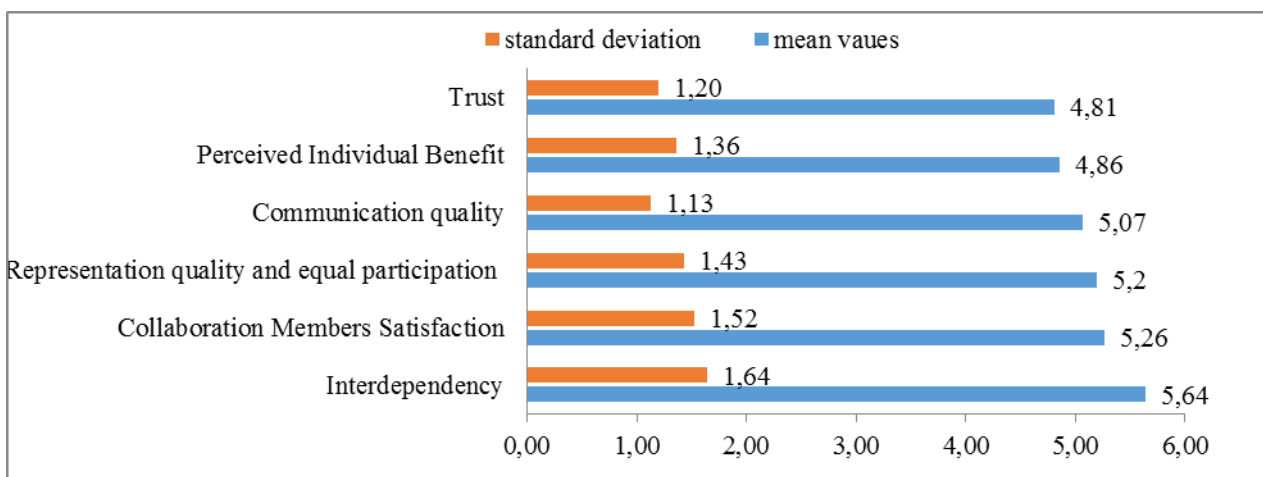
Participants were asked to identify on which destination management functions they collaborate with other stakeholders the most. As it is seen from the figure below, stakeholders collaborate mostly on two destination management functions: tourism supply development (68%) and tourism destination marketing (66%). Furthermore, in planning tourist destination function, 56% of respondents are collaborating. Least collaboration occurs on destination management functions: developing human resources (19%) and managing visitors' satisfaction (15%).

Figure 17. Stakeholders' collaboration on destination management functions



In order to examine collaboration satisfaction with stakeholders they collaborate on particular destination management function, respondents were asked to evaluate set of statements adopted from Effective Tourism Collaboration model explained in section 1.5. The following measurement is based on Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). Higher mean value indicates higher level of agreement. The highest mean value has interdependency (5.64), followed by CMS (5.26). Representation quality and equal participation has almost the same mean score as CMS. The lowest mean value has trust (4.81). However, mean score for all scale range from 4.81 and higher, what means that most respondents tend to agree with the statements of the constructs. Furthermore, as it is the case with a mean score, interdependency has the highest standard deviation as well (1.64), followed by CMS, which has standard deviation 1.52. Lowest standard deviation has perceived individual benefit (1.13).

Figure 18. Variables' standard deviation and mean values



Furthermore, I tried to examine on which destination management functions is necessary stakeholders to collaborate more. According to the research, more than half respondents consider that more collaboration is necessary on tourism destination planning (56%). Less than half consider that it is necessary that stakeholders collaborate more on tourism supply development (45%) and human resource development (43%) functions. Additionally, 34% consider that collaboration on creating suitable environment, should be improved, followed by those who think that stakeholders should collaborate more on destination management functions such as tourism destination marketing (34%) and managing visitors' satisfaction (32%).

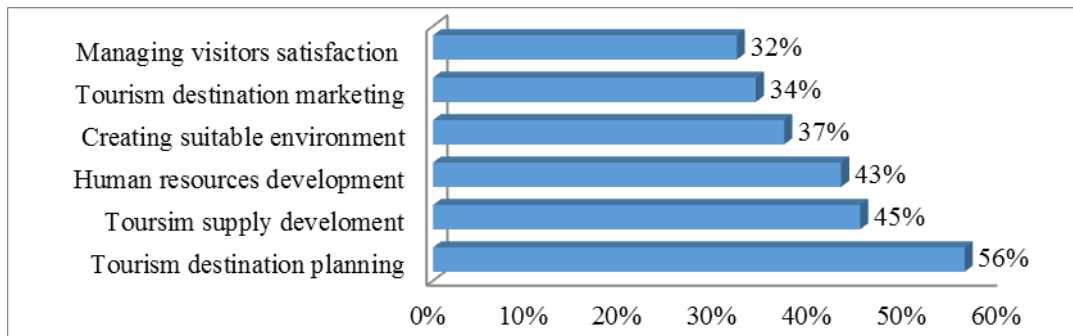
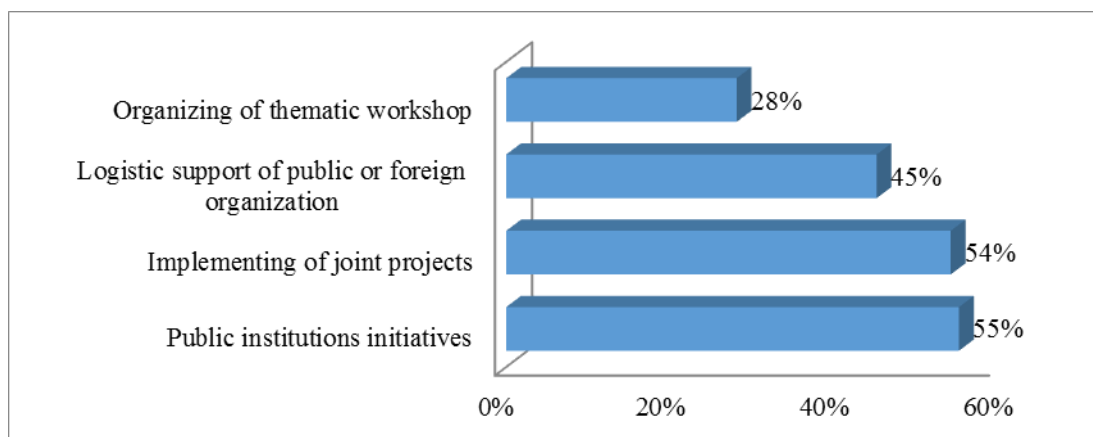


Figure 19. Necessity to improve collaboration

Following the research, next figure is about the best way to stimulate stakeholders to join collaboration. Hence, 55% of respondents were answered that public institutions initiatives are the best way to motivate stakeholders on collaboration, followed by 54% of those who think it could be implementing of joint projects. 45% of them responded that logistic support of public and foreign organizing could be a good way, while 28% think organizing of thematic workshop will motivate stakeholders on collaboration.

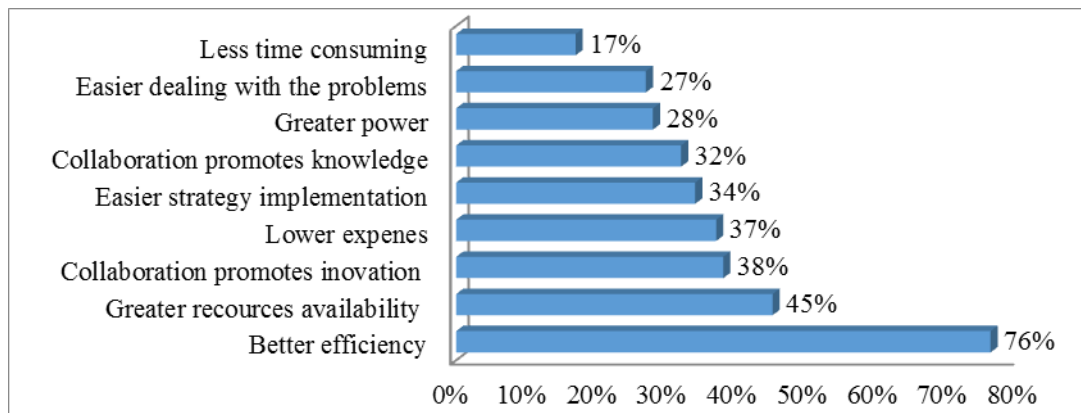
Figure 20. Incentives to join collaboration



Next two figures relate to reasons why stakeholders would collaborate, and the reasons why stakeholders would not collaborate in destination management functions. As it is shown on Figure 21, by far the most common reason stakeholders would decide for collaboration is because they gain better efficiency. 76% of respondents share this opinion. Furthermore, 45% of them think they would have greater availability to necessary recourses, followed by those who think that collaboration promotes knowledge (38%), and those who think expenses would be lower if they collaborate (37%). Additionally, strategy implementation is easier if stakeholders collaborate is opinion of 34% respondents. Although, 32% of respondents think that collaboration promotes

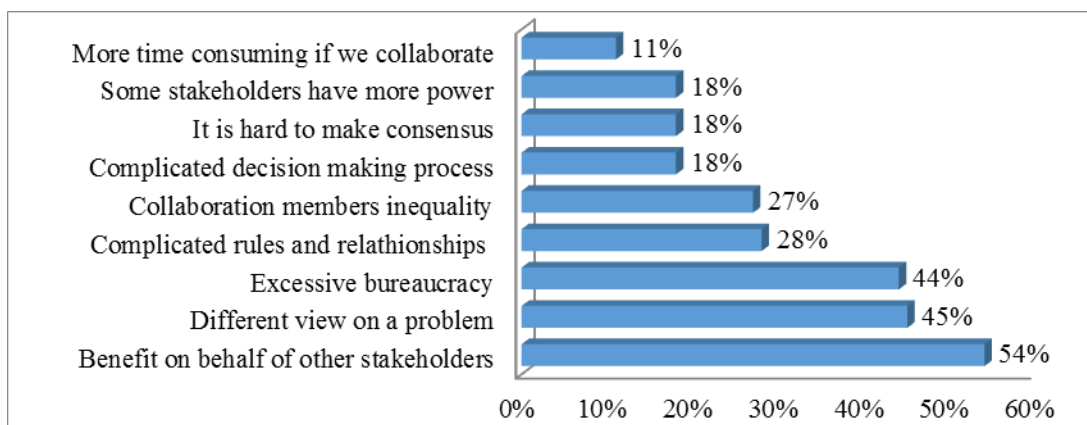
knowledge. Least of them consider that time consuming would be less if they collaborate with other stakeholders (17%)

Figure 21. Reasons to collaborate



According to research data, main reason why stakeholders don't want to collaborate is that some stakeholders are inactive in collaboration process and they are expecting to achieve benefit on behalf of other stakeholders. This opinion share 54% of the respondents. Other problems which will cause stakeholders not to collaborate are: different view on a problem (45%) and excessive bureaucracy (44%), followed by complicated rules and relationships during collaboration (28%) and collaboration members inequity (27%). Furthermore, 18% of respondents consider complicated decision making process, consensus achieving and power problem between stakeholders as main reasons not to collaborate.

Figure 22. Reasons not to collaborate



#### 4.5.4 Regression analysis

Further analysis will examine stakeholders' satisfaction with collaboration process on destination management functions. This part of the research was based on Effective Tourism Collaboration Model (section 1.5), on which hypotheses of the thesis were developed. The model was designed in

a way to test which factors influence stakeholders' satisfaction during collaboration process in tourism industry. It is consisted from two parts: the outcome of collaboration, which is CMS, and factors which are assumed that will contribute to collaboration effectiveness (individual perceived benefit, trust, communication, representation quality and equal participation, and interdependency). Furthermore, hypotheses of the thesis are defined as follow:

**H1:** Stakeholders perceived individual benefit will have positive influence on CMS,

**H2:** Trust between stakeholders will have positive influence on CMS,

**H3:** Quality of the communication between the stakeholders will have positive influence on CMS,

**H4:** Representation quality and equal participation will have positive influence on CMS,

**H5:** Interdependency between stakeholders will have positive influence on CMS.

For the data analysis, linear multiple regression analysis was used. According to model, six variables were separated in two groups: dependent variable- CMS and independent variables- interdependency, perceived individual benefit, communication quality, representation quality and equal participation and trust. Further analysis is going to examine, how much each independent predictor variable can contribute to dependent variable (CMS). CMS variable represents level of satisfaction with collaboration process goal fulfillment, and represents subjective evaluation of each stakeholder. Furthermore, it is a practical way of developing measure of stakeholders' collaboration effectiveness. (Yodsuwan & Butche, 2012)

To produce reliable result of multiple regressions particular assumptions were considered. These assumptions include: normality test, homoscedasticity, no outliers and multicollinearity. Histogram and normal probability plot analysis were used to determine data distribution. The analysis showed normal distribution of the data. Furthermore, the examination of scatter plots revealed no deviation in relation to linearity or homoscedasticity. The outliers were not found.

The data were checked for multicollinearity by looking at bivariate correlation between independent variables. Very high correlation is meant to be at correlation above .90. If we look at correlation matrix (Table 14), the highest correlation of independent variables is .82, and it indicates that there is no reason for worrying about multicollinearity. Another way that multicollinearity can be checked is by looking at variance inflation factor (VIF) and the tolerance value. Tolerance value for each predictor is higher than .24 and the VIF is less than 10, what confirms previous statement that multicollinearity is not present in analysis.

Each of six variables (CMS, individual perceived benefit, trust, communication, representation quality and equal participation, and interdependency) was measured according to already developed set of variables by the authors of the model. Since the model had already been tested, factor or cluster analyses to shape the groups of variables were not used.

Table 13 explains mean value of six variables of the model, with the statements used to measure it. The statements were adopted from Yodsuwan & Butcher's (2012) model. The only modification made was that statements in the original research were referring to collaboration with one particular stakeholder, and in the case of this research, to a general opinion on collaboration with different stakeholders.

As it has been seen from the table below, the highest mean value refer to interdependency variable. This variable is measured by statements that community's future rests on stakeholders working together (5.93), followed by the statements that the goals cannot be achieved if stakeholders do not collaborate closely (5.65) and that it would be big waste if stakeholders went separate ways (5.34). The statement that respondent get more out of collaboration, than he/she puts in has mean value 4.51. It refers to perceived individual benefit, and represents least mean value of all statements.

Table 13. Variables and its mean values

<b>Interdependency</b>	<b>5.64</b>
I feel that our community's future rests on us working together	5.93
We cannot achieve our goals if we don't all work closely together	5.65
It would be a big waste if we all went our separate ways	5.34
<b>Collaboration Members Satisfaction</b>	<b>5.26</b>
I am confident that our interests have been advanced though collaboration	5.32
I have enjoyed working with other stakeholders	5.27
I am proud of the outcomes achieved from collaborations	5.25
Overall, I am satisfied with the results of collaborations	5.20
<b>Representation quality and equal participation</b>	<b>5.20</b>
We usually get a consensus at a meetings	5.48
I feel that everyone has an opportunity to express their view equally	5.37
No individual members dominate collaborations	5.04
Members participate equally in the partnership	4.93
<b>Communication quality</b>	<b>5.07</b>
It is easy to understand what is going on with collaborations	5.30
Information is widely shared among members	5.18
There is an accurate information flow among members	4.86
There is sufficient time to discuss all important issues	4.69
<b>Perceived individual benefit</b>	<b>4.86</b>
I receive useful benefits from the tourism collaborations	5.20
I get more out of collaborations than I put in	4.51
<b>Trust</b>	<b>4.81</b>
I think all members are very honest when dealing with each other	4.83
I believe collaborative members consider member's welfare as well as their own	4.79
The information provided by collaborative members is always believable	4.67



To determine relation between variables, Pearson Correlation was employed. The data were tested for linearity by examining the scatter plot and normal distribution. The scales were normally distributed and the scatter plot revealed normal distribution.

Correlation analysis is presented in a Table 14. All variables are significantly correlated to each other, except for the communication quality and interdependency which had significance higher than  $p > .05$ . CMS has the strongest correlation to interdependency ( $r = .71$ ), while the lowest correlation of CMS was with trust ( $r = .62$ ). Hence, this means that the higher level of communication quality, trust, perceived individual benefit, representation quality and equal participation and interdependency, the higher CMS will be. Positive correlation was found within independent variables as well. The highest correlation is between trust and communication quality  $r = .82$ , while the lowest correlation is between perceived trust and interdependency  $r = .43$ .

Table 14. Parsons correlation

Variable	1	2	3	4	5	6
CMS (1)		.56	.54	.62	.64	.71
Communication quality (2)			.82	.71	.67	.34 **
Trust (3)				.70	.66	.43 *
Perceived Individual Benefit (4)					.73	.58
Representation quality and equal participation (5)						.66
Interdependency (6)						

Note:  $p < .01$ , except \*  $< 0.05$  and \*\*  $> 0.05$

The applied multiple regression analysis is shown in a Table 13. The result indicates how much variables are able to predict the level of CMS. The result shows that five independent variables (communication quality, trust, perceived individual benefit, representation quality and equal participation and interdependency) account for 58% of variance in CMS. The model reached statistical significance at  $p < .000$  level.

According to data analysis, only one variable was making statistically significant contribution to the equation. This variable is interdependency ( $\beta = .57$ ). Other independent variables (perceived individual benefit, trust, communication quality, representation quality and equal participation) did not make statistical contribution in this research.

Table 15. Regression analysis: Predictors of CMS

	<b>B</b>	<b>t</b>	<b>Sig.</b>
Communication quality	.370	1,84	.733
Trust	-.069	-.366	.713
Perceived Individual benefit	.068	.390	.699
Representation quality and equal participation	.009	.050	.960
Interdependency	.574	.574	.000
Adjusted R Square= .582			
F= 12,689 p= .000			

#### 4.5.5 Summary of hypothesis testing

Hypotheses were formed according to Effective Tourism Collaboration model explained in section 1.5. According to the model, five predictor variables are determining CMS, and these five are: representation quality and equal participation, trust, communication quality, perceived individual benefit, and interdependency. Influences of those predictor variables were testing with liner multiple regression analysis. Only one predictor variable has positive influence on CMS, thus hypothesis 5 is supported. Other hypotheses were not supported in a case of this research.

Table 16. Summary of hypotheses testing

<b>Hypotheses</b>	<b>Result</b>
<b>H1:</b> Stakeholders perceived individual benefit will have positive influence on CMS	Not supported
<b>H2:</b> Trust between stakeholders will have positive influence on CMS	Not supported
<b>H3:</b> Quality of the communication between the stakeholders will have positive influence on CMS	Not supported
<b>H4:</b> Representation quality and equal participation will have positive influence on CMS	Not supported
<b>H5:</b> Interdependency between stakeholders will have positive influence on CMS	Supported

## 5 DISCUSSION

The purpose of this research was to identify weather tourism stakeholders collaborate on national level in the process of managing Montenegro as a tourist destination. Particularly, the author tried to identify on which destination management functions collaboration occur and with which stakeholders, followed by measuring of the effectiveness of collaboration process within those who collaborate.

Destination management concept was recognized as important construct in the process of managing tourist destination (Pearce & Schänzel, 2013; Manete, 2008; Howie, 2003). The concept ensures long term destination success (Goeldner & Ritchie, 2003), with each aspect of sustainable development (UNEP/WTO, 2005), while at the same time incorporates different stakeholders views on specific problems (Waligo, Clarke & Hawkins, 2013). In case of Montenegro, in formal documents reviewed for this research, importance of destination management concept had not been recognized yet. Even though the situation is like that, research findings had shown that collaboration as a tool of destination management is applied in tourism industry. Group of examined stakeholders in Montenegro collaborate mostly with those from the public sector (such as NTO of Montenegro, Ministry of sustainable development and tourism, LTOs and local authorities), while from the private sector most collaboration occur with hotels, tourist agencies and tour operators.

Different authors use different classifications of destination management functions. For this particular research, synthesis of Bieger (2005) and UNWTO's (2007) classification was used to identify on which destination management functions stakeholders in tourism industry of Montenegro collaborate the most. Hence, unified destination management functions are classified as follow: tourism destination planning (destination strategy and vision development), destination supply development, tourism destination marketing, creating suitable environment for tourism development (taxation, legislation and regulations, visa regimes), human resources development, managing visitors satisfaction (destination coordination, development and managing of tourism attractions, education and consulting of tourism enterprises). Based on the facts of this research, which is explained in details in section 4.4, most stakeholders are involved in collaboration in destination marketing and supply development functions. Collaboration on human resources development, which may be significant function for overall destination development, is weak. As well, not many stakeholders are involved in managing visitors' satisfaction function. Furthermore, the author tried to examine stakeholders view on which destination management functions is necessary collaboration to be improved, and the result had shown that it should be on destination planning, supply development and human resources functions.

Many benefits and costs of collaboration were reviewed in a theory section 1.3.3. In the case of this research, main collaboration benefit stakeholders achieved is that they consider they would obtain better efficiency if they collaborate. Furthermore, they will attain greater availability of resources

and promote innovation in that way. On the other side, as costs to join collaboration process, stakeholders see excessive bureaucracy and different view they have on the actual problems. As well, the biggest obstacle to join collaboration represents that some stakeholders are inactive, and they expect to obtain benefit of collaboration on behalf of stakeholders which actively participate in collaboration process.

Additionally, satisfaction with collaboration process tried to be examined. This particular examination applied only to those which already collaborate with other stakeholders. According to Effective Tourism Collaboration model, five independent variables (interdependency, trust, communication quality, perceived individual benefit, representation quality and equal participation) influence members' satisfaction with collaborative process. The analysis had shown that interdependency between stakeholders is the only one variable which contributes to CMS. Interdependence refers to stakeholders' dependency on each other to pursue mutual goal. Many authors have been claimed that because of fragmented nature of tourism industry, wide range of stakeholders is a necessity for successful destination development. Since Montenegro is still in developing process, this finding has significant contribution. It means that group of examined stakeholders is aware that they cannot achieve alone what they can achieve if they collaborate. It is showing their readiness to put its efforts together, in order to achieve its objectives. It is important to notice that this finding concern each sector, public and private one, and that it is not necessary to indicate to some group of stakeholders importance of collaboration process, and benefits which can be achieved.

This research didn't show that other independent variables (trust, communication quality, perceived individual benefit, representation quality and equal participation) have influence on CMS in a case of examined group of stakeholders in tourism industry of Montenegro. Two reasons are evidenced by the author of this research. First of all, the original set of statements was designed for measuring CMS with one specific institution. For this research, the model had been applied for measuring CMS with all the stakeholders respondents were collaborating with. Furthermore, there was small sample size of stakeholders who evaluated this question. This analysis applied only to those respondents which already collaborate with other stakeholders.

Based on previous analysis, it was noted that in formal documents reviewed for this research, destination management as a concept was not recognized yet in legislation which determine tourism industry in Montenegro. Taking into consideration growing tourism trend in the world, fast changes to which destination should adapt, and evidenced facts that tourism is one of the most important industries in the country, recognition of destination management concept supposed to be adopted in institutional frame and implemented in a system. Furthermore, different destination management functions are funded by different interest groups (section 1.4.4). Funding model of separate destination management functions should be established. By the Tourism development strategy until 2020, Montenegro is separated in 6 different clusters, and the author is proposing setting up 5 more RDOs, which will consolidate tourist product of each region and allow its better positioning in tourism market. It would be necessary to bring much closer cooperation between stakeholders, and determine funding model for each function of destination management on regional level.

As it is seen from NTO's activities, this particular organization was dealing with organizing some events, such as 'After beach parties', 'Ski caravan'. Suggestion is that these kind activities supposed to be performed on regional or local level, and that NTO should deal with more strategic actions which should be significant for destination development. Additionally, NTO of Montenegro supposes to organize educational workshops for tourism stakeholders, which would be obligated for all invited stakeholders.

Since the research had shown that interdependency between stakeholders is giving collaboration satisfaction to both sectors, private and public one, it is showing that stakeholders are ready to collaborate, and that their unified resources should be used for further development of destination. Motivational measures of national authorities should be performed for projects implemented from more stakeholders involved. It can be organized in form of concourses, where stakeholders apply with joint project, where certain procedure should be satisfied. Project can be financed partially from national or local authorities. As additional motivation for these stakeholders, national authorities can tax exempt them. Furthermore, since Montenegro is on its way to European integration, significant European funds for cross border cooperation and collaboration between different sectors within the country could be obtained. It should be one more reason why strong collaboration supposes to be established between public and private sector.

Limitation of this research was small sample and the fact that findings cannot be generalized on a whole population. Furthermore, the research was based on primary data conduction in a form of questionnaire delivered to stakeholders via email. From these facts are coming suggestions for the future that the research should be applied to a bigger sample and interview with representatives from stakeholders' management should be made. Interview could be a good way to obtain more information about collaboration and the matters important during the process, which can support quantitative data obtained from the questionnaire.

## CONCLUSION

The tourism industry of Montenegro is exposed to fast and dynamic changes, where in order to attain greater competitiveness; each decision for future development supposes to be aligned with needs of different group of stakeholders from different sectors. Tourism by itself is a kind of industry in which is hard to make distinction between sectors, and as such, destination management concept needs to be implemented.

Destination management requires strong collaboration between stakeholders, and can serve as a tool for increasing competitiveness of the area. Close cooperation between tourist supply market players is needed. Additionally, in a case of Montenegro, private sector of tourism plays a very important role. According to the Ministry of sustainable development and tourism, it provides 90% of income to overall tourism; and as such, it deserves full consideration in the process of tourism managing. Furthermore, public sector is leading overall development of tourism industry in a country; hence it needs to be ready for a strong mutual collaboration. Therefore, when making decisions it has to incorporate needs of private sector in each destination management function.

As a tourist destination, Montenegro has to do a lot in this field. Indicators as number of tourists' overnights and fulfillment of capacities are growing. It is apparent that these numbers are higher in some municipalities compared to others. Number of tourists' visits is significantly higher for a costal part of the country, what implies that tourism is more developed during summer months. Therefore, tourism industry of Montenegro is characterized with high seasonality, as well as tourists' concentration in very few tourist places on the south, while other are significantly less visited. These facts, followed by the facts of underdeveloped secondary resources of the country are one more confirmation that in order competitiveness of the country to be increased, close mutual collaboration within sectors is the only way to deal with problems which are faced.

Benefits of stakeholders' collaboration are many, and potentials for Montenegro to increase its competitiveness can be numerous. Through mutual collaboration each sector, public and private one, can easier reach its goals. Since the state is responsible for tourism development at national level, through partnerships it can obtain new sources of capital for underdeveloped secondary resources of the country. It can speed up infrastructure development, make valorization of underutilized resources, improve tourist product of the whole destination. On the other side, participants from the private sector can access to the new markets, gain new resources (knowledge, funds), what will further lead to their competitive position improvement. Hence, because of many destination's problems solving, and implementing the strategy in a sustainable way, it is necessary that stakeholders act together.

Therefore, for tourism development of Montenegro, solutions to the following question are needed: which is the best way to organize public-private relations in tourism industry, which will further lead to overall success of destination and satisfaction of all stakeholders.

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## APPENDIX



**TABLE OF APPENDIXES**

Appendix A: Questionnaire.....ii  
Appendix B: Regression analysis.....vi

## Appendix A: Questionnaire

Write the name of the municipality you belong to \_\_\_\_\_

Mark the stakeholder group you belong to:

- |  |  |   |                                |
|--|--|---|--------------------------------|
| <input type="checkbox"/> Ministry          | <input type="checkbox"/> TIC                   | <input type="checkbox"/> Transport section        | <input type="checkbox"/> Other |
| <input type="checkbox"/> Local authority   | <input type="checkbox"/> Hotel                 | <input type="checkbox"/> National park            |                                |
| <input type="checkbox"/> Government agency | <input type="checkbox"/> Private accommodation | <input type="checkbox"/> Association              |                                |
| <input type="checkbox"/> NTO               | <input type="checkbox"/> Restaurant            | <input type="checkbox"/> NGO                      |                                |
| <input type="checkbox"/> RTO               | <input type="checkbox"/> Tour operator         | <input type="checkbox"/> Educational institutions |                                |
| <input type="checkbox"/> LTO               | <input type="checkbox"/> Tourism agency        | <input type="checkbox"/> Media                    |                                |

1. Do you participate in destination management activities on national level? (In case your answer is NO, proceed with question number 7)

- Yes  
 No

2. With which stakeholders do you collaborate the most on destination management functions activities on national level?

- |  |  |   |                                |
|--|--|---|--------------------------------|
| <input type="checkbox"/> Ministry          | <input type="checkbox"/> TIC                   | <input type="checkbox"/> Transport section        | <input type="checkbox"/> Other |
| <input type="checkbox"/> Local authority   | <input type="checkbox"/> Hotel                 | <input type="checkbox"/> National park            |                                |
| <input type="checkbox"/> Government agency | <input type="checkbox"/> Private accommodation | <input type="checkbox"/> Association              |                                |
| <input type="checkbox"/> NTO               | <input type="checkbox"/> Restaurant            | <input type="checkbox"/> NGO                      |                                |
| <input type="checkbox"/> RTO               | <input type="checkbox"/> Tour operator         | <input type="checkbox"/> Educational institutions |                                |
| <input type="checkbox"/> LTO               | <input type="checkbox"/> Tourism agency        | <input type="checkbox"/> Media                    |                                |

3. Mark destination management functions you collaborate on with other stakeholders on national level?

- Tourism destination planning (destination strategy and vision development)  
 Destination supply development  
 Tourism destination marketing  
 Creating suitable environment for tourism development (taxation, legislation and regulations, visa regimes)  
 Human resources development  
 Managing visitors satisfaction (destination coordination, development and managing of tourism attractions, education and consulting of tourism enterprises)

4. Remember the one good collaboration you had. Shortly describe the situation. How did you feel and think about collaboration in that time?



5. Remember the one bad collaboration you had. Shortly describe the situation. How did you

feel and think about collaboration in that time?

6. In the next statements please mark your **OVERALL IMPRESSION AND GENERAL ATTITUDE** which concern collaborations you had. Your answers should not be based on only one individual collaboration. Circle the appropriate number, where each of it represents:

1 - completely disagree, 2 - disagree, 3 - partly do not agree, 4 – neutral, 5 - partially agree, 6 - disagree, 7 - completely agree

Overall, I am satisfied with the results of this collaboration	1	2	3	4	5	6	7
I am proud of the outcomes achieved from this collaboration	1	2	3	4	5	6	7
I have enjoyed working with other stakeholders	1	2	3	4	5	6	7
I am confident that our interests have been advanced though this collaboration	1	2	3	4	5	6	7
Information is widely shared among members	1	2	3	4	5	6	7
There is sufficient time to discuss all important issues	1	2	3	4	5	6	7
It is easy to understand what is going on with the collaboration.	1	2	3	4	5	6	7
There is an accurate information flow among members.	1	2	3	4	5	6	7
I think all members are very honest when dealing with each other	1	2	3	4	5	6	7
The information provided by collaborative members is always believable	1	2	3	4	5	6	7
I believe collaborative members consider member's welfare as well as their own	1	2	3	4	5	6	7
I get more out of this collaboration than I put in.	1	2	3	4	5	6	7
I receive useful benefits from the tourism collaboration	1	2	3	4	5	6	7
No individual members dominate the collaboration	1	2	3	4	5	6	7
Members participate equally in the partnership.	1	2	3	4	5	6	7
I feel that everyone has an opportunity to express their view equally.	1	2	3	4	5	6	7
We usually get a consensus at a meeting.	1	2	3	4	5	6	7
We cannot achieve our goals if we don't all work closely together	1	2	3	4	5	6	7
I feel that our community's future rests on us working together	1	2	3	4	5	6	7
It would be a big waste if we all went our separate ways	1	2	3	4	5	6	7

7. On which destination management function is necessary to improve collaboration?

- Tourism destination planning (destination strategy and vision development)
- Destination supply development
- Tourism destination marketing

- Creating suitable environment for tourism development (taxation, legislation and regulations, visa regimes)
  - Human resources development
  - Managing visitors satisfaction (destination coordination, development and managing of tourism attractions, education and consalting of tourism enterprises)
8. What is the best way to induce collaboration of different stakeholders from tourism industry?
- Thematic workshop
  - Public institutions incentives, such as competitions to support events in case of more stakeholders participation
  - Logistic support of foreign or national institutions
  - Implementation of joint project financed by foreign organizations (IPA projects...)
  - Other \_\_\_\_\_
9. What are your motives for collaboration with other stakeholders from tourism industry? (mark no more than 4 fields)
- Lower costs
  - Less time consuming
  - Higher efficiency
  - Collaboration promotes knowledge
  - Collaboration contributes innovation
  - More accessible resources
  - It is easier to deal with a problems if we collaborate
  - Strategy implementation is easier if we collaborate
  - We have greater power if we collaborate
  - Making new contacts
  - Other\_\_\_\_\_
10. What are your main reasons not to collaborate with other stakeholders from tourism industry? (mark no more than 4 fields)
- Complicated rules and relationships during collaboration
  - It is necessary to spent more time to deal with a problem
  - High level of bureaucracy
  - Collaboration members inequality
  - Different view on the problem
  - It is hard to make consensus
  - Particular collaboration members are inactive, and they except to gain benefit on behalf of other collaboration members

Gender:	Age:	Education:	Ages of working
<input type="checkbox"/> female	<input type="checkbox"/> 18-25	<input type="checkbox"/> High school	<input type="checkbox"/> 0-3
<input type="checkbox"/> male	<input type="checkbox"/> 25-30	<input type="checkbox"/> Bachelor studies	<input type="checkbox"/> 3-5
	<input type="checkbox"/> 30-40	<input type="checkbox"/> Master studies	<input type="checkbox"/> 5-10
	<input type="checkbox"/> 40-50	<input type="checkbox"/> Doctoral studies	<input type="checkbox"/> 10-20
	<input type="checkbox"/> 50-60	<input type="checkbox"/> other	<input type="checkbox"/> 20-30
	<input type="checkbox"/> More than 60		<input type="checkbox"/> More than



**Appendix B: Regression analysis**

Table 1. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B		Correlations			Collinearity Statistics		
	B	Std. Error				Beta	Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	-,265	,771		-,343	,733	-1,827	1,297					
	COMUNICACION QUALITAY	,500	,271	,370	1,844	,073	-,050	1,049	,566	,290	,184	,247	4,055
	TRUST PERCIEVED INDIVIDUAL BENEFIT	-,088	,240	-,069	-,366	,717	-,574	,398	,544	-,060	-,036	,277	3,610
	REPRESENTATION QUALITY AND EQUAL PARTICIPATION	,076	,195	,068	,390	,699	-,319	,470	,626	,064	,039	,327	3,059
	INTEREDEPENDANCY	,010	,189	,009	,050	,960	-,374	,393	,644	,008	,005	,312	3,201
		,531	,133	,574	3,987	,000	,261	,802	,717	,548	,398	,481	2,080

Note: a. Dependent Variable: CMS

Table 2. Correlations

		CMS	COMMUNICATION QUALITAY	TRUST	PERCIEVED INDIVIDUAL BENEFIT	PARTICIPATION QUALITY	INTEREDEPENDA NCY
Pearson Correlation	CMS	1,000	,566	,544	,626	,644	,717
	COMMUNICATION QUALITAY	,566	1,000	,829	,714	,670	,346
	TRUST	,544	,829	1,000	,705	,661	,439
	PERCIEVED INDIVIDUAL BENEFIT	,626	,714	,705	1,000	,737	,586
	PARTICIPATION QUALITY	,644	,670	,661	,737	1,000	,666
	INTEREDEPENDANCY	,717	,346	,439	,586	,666	1,000
Sig. (1-tailed)	CMS		,000	,000	,000	,000	,000
	COMMUNICATION QUALITAY	,000		,000	,000	,000	,012
	TRUST	,000	,000		,000	,000	,002
	PERCIEVED INDIVIDUAL BENEFIT	,000	,000	,000		,000	,000
	PARTICIPATION QUALITY	,000	,000	,000	,000		,000
	INTEREDEPENDANCY	,000	,012	,002	,000	,000	
N	CMS	43	43	43	43	43	43
	COMMUNICATION QUALITAY	43	43	43	43	43	43
	TRUST	43	43	43	43	43	43
	PERCIEVED INDIVIDUAL BENEFIT	43	43	43	43	43	43

PARTICIPATION QUALITY	43	43	43	43	43	43
INTERDEPENDANCY	43	43	43	43	43	43

Table 3. Descriptive Statistics

	Mean	Std. Deviation	N
CMS	5,2674	1,52694	43
COMUNICACION QUALITY	5,0756	1,13197	43
TRUST	4,8112	1,20660	43
PERCIEVED INDIVIDUAL BENEFIT	4,8605	1,36855	43
REPRESENTATION QUALITY AND EQUAL PARTICIPATION INTERDEPENDANCY	5,2093	1,43917	43
	5,6442	1,64817	43

Table 4. Correlations Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,795 <sup>a</sup>	,632	,582	,98737	,632	12,689	5	37	,000	2,537

Note: a. Predictors: (Constant), INTERDEPENDANCY , COMUNICACION QUALITAY, PERCIEVED INDIVIDUAL BENEFIT , REPRESENTATION QUALITY AND EQUAL PARTICIPATION , TRUST

b. Dependent Variable: CMS

Figure 1. Scatterplot

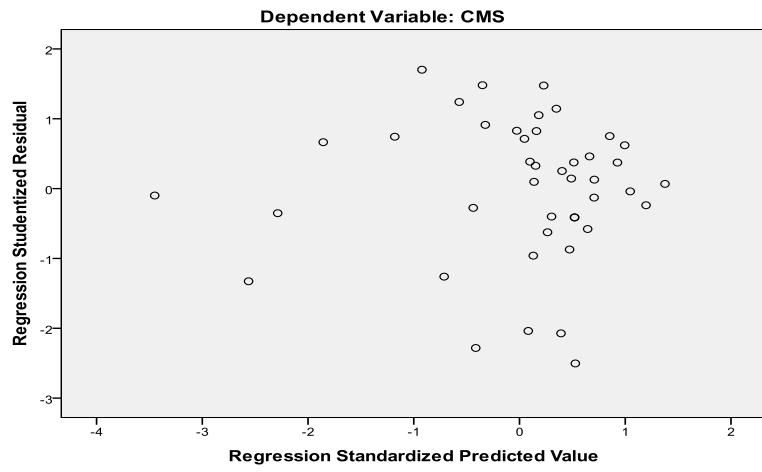


Figure 2. Histogram

