

# SUSTAINABLE DEVELOPMENT OF HIGHLY TOURISTIC REGION OF ISTRIA

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## *Abstract:*

*As the scale of tourism grows, the resource use threatens to become unsustainable. Without environmental responsibility the levels of cheaper mass tourism will increase, forcing more "nature-based" tourism to move on to new destinations. This scenario is opposite to the "Croatian Tourism Development by 2010" strategy. With a favourable geographic position, almost at the heart of Europe, Istria has always represented a bridge connecting the Middle European continental area with the Mediterranean. This area is the most visited Croatian tourist region with 27% of all visitors and 35% of time spent in all of Croatia. The Croatian National Bank's preliminary figures for 2007 show that international tourism generated 18.4% of Croatian GDP. For these reasons the Istrian tourism industry can not ignore environmental issues in its management and requires the informed participation of all relevant stakeholders (according to the Agenda 21 for tourism industry). Properly planned tourism development, combined with environmental protection, produces the concept of sustainable tourism. Environmentally sustainable form of tourism represents a step forward from "sea and sun" mass tourism developed at the coastal part of Istria. There are a myriad of definitions for Sustainable Tourism, including eco-tourism, green travel, environmentally and culturally responsible tourism, fair trade and ethical travel. Mentioned selective tourism forms are adopted as the concept of the present and future Istrian destination development.*

*Key words: sustainability, Istria, tourism development*

## **Introduction**

The wide range of potential information must be reduced to a set of useable and meaningful measures important to the decision maker in tourism industry.

The main feature of the Croatian/Istrian tourism development is environmentally sustainable form in the rural, central part of Istria (Šergo, Z. Bošković, D. & Tomčić, Z., 1998). There are a number of articles and studies for rural sustainable development of Istria but with no research results concerned of hotel tourism development (according to the sustainable tourism indicators and tourism trends).

Tourism is an activity which involves a special relationship between

consumers (visitors), the industry, the environment and local communities. Figure 1. presents positive and negative effects in linkages between tourism and sustainable development.

In Croatian/Istrian case of the environmental sustainability, it is necessary to develop the network of cooperation and interdependencies. Substantial efforts are made by the institute and the university in Istria as an initial step forward to the hotels in the County.

Responsible tourism is an approach to tourism that delivers benefits to tourists, host populations and government. Obviously, tourism takes other forms of development but still has a long way to go before it can

claim to be sustainable (Conrady, R. and Buck, M. 2007).

According to Manning E.W. building block for sustainable tourism means:

A) Long term sustainability by the tourism sector and the resource base on which it depends;

B) Modification of the decision processes affecting the development and management of tourism resources;

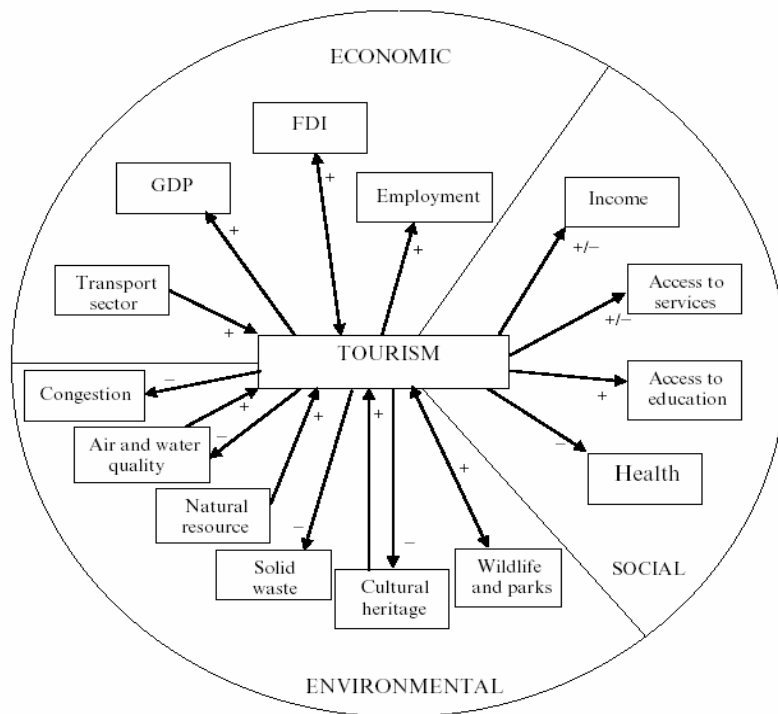
C) Practical and strategical solutions;

D) Identification and evaluation of problems;

E) Analysis of key factors;

F) Basic information and data.

But still, there are a number of possible barriers to the sustainable tourism along with the types of questions one would ask tourism management – which may only benefit from indicators as part of monitoring programs.



**Figure 1. Linkages between Tourism and Sustainable Development**

\* + indicates positive influence (i.e. improvement),

- indicates a negative influence (i.e. deterioration, exacerbation).

Source: Markandya, A., Taylor, T. and Pedroso, S. (2005). *Tourism and Sustainable Development: Lessons from recent World Bank Experience*, in: Lanza, A., Markandya, A., Pigliaru, F. (eds.), *The Economic of Tourism and Sustainable Development*, FEEM Series on Economics and the Environment, Edward Elgar, p. 226.

Frequently tourism managers and administrators are overwhelmed with data about tourism operations. For this reason, it may be unable to discern which trends are relevant to the management of sustainable tourism

operations. There are many instances in which members or sectors are trying to avoid negative effects on the environment. So, the indicators should be based on clear information, practical to obtain, current, and for sure,

understandable for users. Also, good sustainable indicators in tourism sector must present changes over time and between destinations.

Specific indicators of sustainability prescribed by WTO in the form of specific measures for every destination and stakeholders in Croatian tourism are still not recognized. Besides introducing those specific indicators, Istrian/Croatian touristic companies should developed the integral system of environmental accounting based on relevant, feasible, credible, clear and comparable information to serve in function of sustainable development.

### **Sustainable Development in Croatia**

Tourism is a consumer of natural environments, historic buildings, urban spaces and local culture, which are facing the danger of being abandoned if the destinations become overcrowded and overdeveloped (Dumont, E., Ruelle, C. and Teller, J. 2005.).

According to the CoastLearn programme EUCC project, sustainable tourism is an industry that involves social responsibility, a strong commitment to nature and the integration of local people in any tourist operation or development. In order to achieve continuous and sustainable development of tourism, three interrelated aspects should be taken into consideration: economic, social, and environmental (Perez, 2006).

WTO researches (2005) prove that a great number of tourism visitors (almost 87% of German and 65% of UK tourists) are interested in destinations and trips that are involved in sustainable

development concept. Almost 42% of German tourists insisted on *eco-friendly* relations in the hotel of staying, and 19% of them preferred catalogues with *eco standards*. Furthermore, according to Pearce (1993), it is important to note that since economic valuation of benefit is based on the concept of willingness to pay, the shaded area measures people's 'preferences' for changes in the state of their environment.

The Mediterranean is the world's number one tourist destination. Traditionally, in the market segmentation of the Mediterranean region, leader position belongs to Spain (40,8%), then Italy, (30%) Greece (11,8%) and Croatia (3,8%). In the last 10 years Croatia became popular Mediterranean destination, promoting the sustainable development concept. Croatia has 8.658.876 foreign tourism visits and 47.021.944 tourism nights, from above mentioned, considering emitive markets, German tourists make 18% and Italian 14%.

### **Sustainable Development in Istrian Region**

In the Istrian tourism structure, hotels are the dominant strategy with the largest number of units. Large hotels in Istria take a part of 11472 rooms disposable on the market, while 6% (676 rooms) belong to small and family hotels.

According to the Istrian Tourism Association, the highest percentage of investments is in the category of large hotel companies and new projects (23,89%, 37,58%) as it is shown in the table 1.

**Table 1**

**Structure of Istrian County Tourism Sector**

<b>ISTRIAN COUNTY</b>	<b>Subjects</b>	<b>Number of units</b>	<b>Number of beds</b>
Hotels	84	13449	26118
Aparthotels	1	176	391
Apartments	19	1983	5716
T. Villages	18	7119	14959

Source: Croatian Ministry of Tourism (data -18.08.2008.)

There's a question arising: In what ways touristic companies in Istria contribute to the sustainable development of the local community, considering threats to sustainability in the long-term?

Because of the dynamics and growth of the sector, tourism gives major contribution to the Croatian economy and local destinations. Tourism revenues in Croatia cover about 64% of the balance payment deficit.

**Table 2**

**Tourism Investments in Istria**

<b>Subject (private and public sector)</b>	<b>Investments (in 000 kn)</b>	<b>Share (%)</b>
New projects	1.036.000,0	37,58
<b>Large hotels</b>	<b>658.600,0</b>	<b>23,89</b>
Towns and counties	395.200,0	14,33
MSE	355.200,0	12,88
restaurateurs	200.000,0	7,25
Private apartments	50.000,0	1,81
Tourist Association	37.000,0	1,34
Agrotourism and rural tourism	25.000,0	0,91
<b>Total:</b>	<b>2.757.000,0</b>	<b>100,00</b>

*Source: Preparation for Tourist Season in Istria, January-August 2007. Istrian County, Department of Tourism, Poreč, February 2008.*

On the other hand, we have to be aware of the fact that, for example, the estimated carrying capacity is not fixed. That means that Croatian tourism sector does not determine the maximum number of tourists in the regional destinations (cf. The Example of Carrying Capacity Assessment, in Jurinčič, 2005 – Slovenian case study).

Istria is a small Croatian county largely influenced by tourism and there is a risk of losing destinations' values if replaced by the new one in the future. There, pressures are much greater and impacts are immediately felt (Orbasli, A. 2000). In the literature many writers recognise that an integrated approach to environmentally compatible tourism planning leads to conflict minimisation. According to Torkildsen the planner's objective (of leisure planning) is to

provide: the right facilities, the best location, the right time and people at acceptable costs. Istrian tourism region is successfully implementing the Ten Year Plan's tourism development bringing the new image and identity in a new and sustainable way. This document looks at the process of developing a tourism strategy that embraces sustainability and identifies some of the strategic choices that need to be made (Torkildsen, G. 1993).

**Research results**

Trying to assess the environmental accounting developments in Istrian tourism industry, author started the research in summer 2008 that is still in progress. In the first part of the project author sent the questionnaires to the most important companies on Istrian

touristic market to fill them up anonymously. The research has included eight leading tourist companies in the County (as we previously mentioned, others are in the form of family and small hotels), that cover approximately 94% of the regional touristic market and which achieve almost 86% of the total number of employees in all hotel companies in the County. Total revenues calculate for 1.929.284.511 kn in the total Croatian hotels revenue of 5.112.844.031 (realised in the six Croatian counties). Four leading companies that have returned the questionnaires employ 58% of the total number of employees working in previously described eight leading tourist companies in Istria. According to the above-mentioned, the sample can be considered as representative.

The questionnaire was addressed to the accounting departments. It consisted of general-type questions on company's size, ownership, individual or consolidated financial reports, then followed a group of questions about past and current experiences in environmental reporting of a given company, and, finally there was a group of questions on its development plans.

None of the examined companies has ever reported in any form the environment-related information, except the large one in the foreign ownership which has presented them at the conference on ecology and tourism in 2007. There's good news that all of the examinees will include environmental disclosures in their annual reports for the year 2008 except one large company. This is expected in accordance with the new Accounting Act which requires such disclosures if they are necessary for assessment of the enterprise's development, business results and its position.

A survey carried out in 2009, as a part of previous mentioned investigation, among 94% of the regional touristic market, intent to

identify the level of sustainable practice. The survey showed that there is a still a lack of knowledge between Croatian hotel managers about basic sustainable «building blocks» (goal, implementation, development, identification, analysis and basis data information). There is a perception among Croatian managers that sustainable tourism have not an economically attractive pay/feedback (almost 46 of them). On the other hand 65% think that the principles of sustainability are not applied enough. Researches of some other authors investigated that minimal increase in upfront costs of 0-2% to support green tourism/hotels will result in life cycle savings of 20% of total construction costs. It is obvious that education about sustainability is the primary task for the future tourism industry profits and consumer satisfaction. According to that conclusion there are some opinions that «Laws can prescribe technological solutions, but do little to foster fluid systems that learn and adapt to change and maximize efficiencies. By definition, it is impossible to legislate requirements to go beyond compliance.»

## Conclusions

Croatia is a country in transition that has inherited the practice of high regulation level in all the fields of socio-economic life, from the previous system. With so many rules to be followed, there is very little time and capacities left, as well as there's even a lack of good will to do anything on the voluntary basis in addition to mandatory requirements, of course with rare exceptions. Therefore, the two-tyre system that makes differentiation between mandatory and voluntary environmental/social disclosures could be one possible solution. The first could be applied to the largest polluters according to the industry type or to the industries that significantly contribute to national GDP growth, such as tourism industry, while the latter could be adopted by the companies that have recognized the

benefits of environmental reporting, on their own, without any enforcement. Although, it was previously stated that «we are all in the same boat» and accordingly, everyone is expected to provide environmental disclosures, this two-tyre system could be the transitional solution for early phases of environmental accounting development in Croatia. Otherwise, it would hardly increase to broader extents and would

probably be limited only to leading businesses.

All these previously said, stands for the tourism industry. Istrian County is among the most developed Croatian's counties. Croatia need, in a very short time, properly approach that will change sustainable perception in Croatian hotel industry and construction practice in general.

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