CLUSTER PRACTICES IN HERITAGE TOURISM DEVELOPMENT – CASE STUDY IN SOUTHERN ALBANIA

Mirdaim AXHAMI
Faculty of Economics, University of Tirana, Albania

Abstract

As competitiveness is growing in the Balkans, a new approach in the development of heritage tourism, which can adapt to these circumstances, is required. Cluster practices can be the new approach that can improve competitiveness of Albanian tourism. Considering the nature of Albania and its rich heritage, it is a very attractive "magnet" for foreign tourists.

The article starts with a presentation of tourism experience in Albania and discusses why heritage tourism is possibly the only way to develop tourism now and for the future, in the country. Some brief explanation concerning cluster practices follow: a presentation of the main issues about cluster practices, their benefits and drawbacks, their implementation and the ways they can be monitored and evaluated. It is important to direct attention to the fact that cluster practices are becoming an important means to development and to the enforcement of social capital in the geographical areas where they are implemented. In the end of the article is shown why cluster practices can be worth of being implemented in area of Butrint-Saranda-Gjirokastra-Korca. The paper concludes with the main findings and conclusions of the analysis.

Key words: *cluster practices, competitiveness, heritage tourism.*

JEL classification: *L14, L83, D85*

1. INTRODUCTION

April 2008 showed a 25% increase (over the same month last year) in tourists' number visiting Gjirokastra, the only World Heritage Town in Albania. At a CNN promotional spot for Albania, the famous Bazaar of Gjirokastra is shown with passers by; followed by, a second later, the Great Basilica of Butrint, which is the next "temptation" tourist to visit. A fantastic river gorge for white-rafters is the next alluring image.

Heritage and nature: an invincible combination for Albania's tourism. As much as we want to discern the two elements of this duality, it seems the academic world is broadening the definition of heritage. From *"... the whole of the collective, socially formed memory, earmarked for the transfer... to ...heritage being the part of the cultural patrimony meant for leisure or commercial purposes" (Tomislav Sola, University of Zagreb, Croatia, 2008).* To some extent one can argue whether the environment around us (including nature) determines the heritage we inherit.

However, apart from raising some awareness of the importance of protecting nature and heritage, this definition serves only for a reason for this article: to introduce the wide variety of heritage environments which will be "tools" for hypothesis. How we, Albanians, use heritage to increase competitiveness in tourism is the main argument of this article. In the abstract of the article, is proposed that heritage, or cultural, tourism is the only way currently to mould tourism in Albania. It's needed to examine why this should be so, especially in terms of sustainable development.

1. It is not news that Albania attracts no mass tourism: the greatest competitors in this market are just next door to us. Turkey and Greece are aggressively trying to attract "clients" away from each-other. Unfortunately, we have neither the right facilities to implement mass tourism nor any hope to have them soon.

2. The other growing trend in tourism – the eco-tourism – requires satisfying a very sensitive target group "the environmentally conscious tourist". While the system for certifying an eco-tourist destination is quite long and detailed, the, inability of municipalities to process effectively domestic and industrial rubbish, to take the most obvious example of mounds of dumped rubbish, leaves no hope for being a typical eco-tourist destination any-time soon.

3. Based on UNDP research in several centers (Butrint, Gjirokastra, Berat, Theth) in Albania last year (data published here for the first time) the reasons for tourists' satisfaction with Albania are mostly: friendly people (also a part of our intangible heritage), nice walks, good scenery and museums (part of the built heritage).

Once agreed on this, the next obvious issue arising is "What is the best strategy to maximize profits while raising competitiveness in heritage tourism? Cluster practices could be a way forward.

2. WHAT ARE CLUSTER PRACTICES?

The concept of Cluster Practices has become popular because of its use by the famous scholar Michael Porter in its book "The Competitive Advantages of Nations" (1990). Using the Porter's Diamond one can determine which firms or industries can have a competitive advantage, and how important it is that industries cooperate and support each-other – this is what he described in easy terms as "cluster practices". Even though the initial hypothesis is applied to nations and countries Porter, realizing that the majority of economic activity is performed at a regional level, adapted the theory for separate regions and cities. There are several definitions about what exactly a cluster is. In the following paragraph we are citing only two, being all of them very similar to each-other.

A cluster is a group of related companies or institutions that operate in a specific area, that have common features and that are complementary to each-other and geographically near. So, *a cluster implies a certain way of business organization that groups together entities within what is called the "product value chain", from the raw materials supplies till the final products are delivered to the client (Porter, 1990).*

The same author (Porter, 1990) gives a simple definition of two kinds of clusters:

Vertical cluster: is created by those industries tied together by the seller-buyer relationship.

Horizontal cluster: it includes industries that can share the same market of the final products, that use a common technology and/or human labour, or that share the same natural resources (Porter, 1990).

2.1. How does a cluster work?

A cluster works through the participation of:

- The main business – the one that produces the goods or services which are in the focus of the cluster practices;
- The supporting business – the one that supports directly or indirectly the main business. Examples of such can be the machinery suppliers, raw materls suppliers and the service offering firms;
- The supporting soft infrastructure – a succesful cluster requires the involvement of the local community, schools, universities, societies and the economic development agencies;
- The supporting hard infrastructure – the physical and visible logistics such as road, ports, and other transportation means.

The procses of creating clusters requires: extended people-to-people contacts; consensus about the main issues; multi-level cooperation; wide involvement of the community; business networking rather than business lobbying; gathering a task force.

2.2. Benefits from clusters

Grouping together the companies and their partner institutions creates a better access in the economic data, information and the specialized knowledge workers. Being complementary to each-other the business companies and institutions can fully exploit the benefits that come from reduction of costs of developing and making new products. Cooperating in a cluster:

- The companies can buy cheaper inputs such as the raw materials;
- The companies can share the costs of the market representatives in the exporting markets;
- Reduce the costs of searching for new markets;
- Share the cost of consulting and hiring expertize in the strategic and operational level;
- They can participate together in commercial fairs all around the world.

The managerial benefits that call for the cluster implementation are:

- *The cluster is an extended value chain:* nowadays in the global economy the competence is occurring among the value chains instead among companies. In this context the cluster is engaged in managing the logistic of the whole chain;
- *Information flow and information share:* an individual firm tends to keep its information as confidential whereas the cluster logics is exactly to inform the participants about each component of products sales aiming toward productivity and benefits growth;
- *Creating trust and a cooperation culture among firms,* increases the specialization of the firms. Therefore a friendly atmosphere is built.

2.3. Evaluating the cluster practices

In Albania there have been only a few researches about the efectiveness of cluster practises in generating economic growth in regions and cities of our country. The traditional measures of economic development are the number of the newly employed and the level of earned income tax. In the literature there are used several criteria to evaluate the overall eficency of clusters (Rosenfeld, 1997).

- Number of new businesses participating in clusters;
- New technologies development and increased capacity for R&D;
- The improvement of the skills of the labour force;
- Intensity and quality of the firms in the networks created.

The biggest problem of cluster practises is that they encourage specialization in the economy. Therefore if cluster industries fail the whole economy is damaged. Many scholars encourage economic

diversification and there is some worry that using cluster practises works against this trend.

Cluster policies are criticized because they are more appropriate for the small business and because of the high cooperation level required to make a cluster sucessful. The critics complain that actually the economy is dominated by the big international companies and they ignore the trust needed for an effective cluster.

Critics complain also that being impacted by the geographical location the telecommunication technology is substituting the need for the cluster practices. Beoynd this fact firms are not even experiencing geographical advantage any longer.

3. HOW CLUSTER PRACTICES CAN WORK IN BUTRINT - SARANDA - GJIROKASTRA- KORÇA?

A few months before, representative of the Italian NGO CESVI contacted the (GCDO) Gjirokastra Conservation and Development Organization's office (a.k.a The Gjirokastra Foundation). The success of the Tourist Information Center in Gjirokastra, a GCDO project, had attracted the attention of this organization which for several years has worked in Permet. What CESVI wanted, was to have the TIC experience in Gjirokastra help the setting up of their Tourist Information Office in Permet. CESVI has plans to start developing Agro Tourism in the Permet area and preferred to coordinate tourism activities with the town of Gjirokastra. It is a genuine sign that a cluster is somehow naturally developing between the two tourist destinations.

In the national eco and cultural tourism strategy (December 2005), the most important goals set by the working group (UNDP and MTKRS) seriously considered the connections required and advantages needed for every participators in the sector. These conditions would establish the right environment for cluster practices to be implemented almost anywhere tourism is made into the country, especially in the areas where there is a suggested tour, or a route to follow.

Albania is not a rare example of cluster practices helping tourism development: ASEAN countries (The Association of Southeast Asian Nations, of 10 countries, having a population of about 560 million people, a total area of 4.5 million square kilometers, a combined gross domestic product of almost US$ 1,100 billion, and a total trade of about US$ 1,400 billion) decided to use cluster practices to develop their regional tourism investment thrust. The project is ongoing (www.aadcp-repsf.org/docs/05-001-ExecutiveSummary.pdf) and will continue until 2010 having already good results. In Alberta, Canada, another cluster practice supported (and still does) the development of Agro tourism in this region of Canada

(www.agric.gov.ab.ca/$department/deptdocs.nsf/all/apa547).

Cluster practices are not unknown in Albania; USAID/EDEM has used them successfully in development of meat processing industry, medicinal herbs etc.

The region considered for the usage of cluster practices, in South of Albania, is not the typical one, the current trend has Butrint as point of start and Berat as its end.

From the Tourist Information Center in Gjirokastra, in the last two years, 2008 and 2009, tourists entering from Kakavije, the Greek border just 25 minutes away from Gjirokastra, are making the major part of the tourists visiting Gjirokastra (Information taken from the interview with the Enkeleda Roze, Tourist Information Center in Gjirokastra, a project of Gjirokastra Conservation and Development Organization. www.gjirokastra.org). They come and go in the same day. The same phenomenon happens with Butrint National Park only 70 km away from Gjirokastra. The Butrint Foundation refers that tourists entering from Corfu, come and visit Butrint for only a day as well (Information given from Smirald Kola, The assistant Programme Manager in Butrint Foundation, www.butrintfoundation.co.uk). This facts hint there is interests in these two Albanian UNESCO World Heritage Sites and a tour which includes these two sites and add value by including in Korca, another cultural destination in Albania, would be quite competitive. The tour can start in Saranda, Butrint and end in Korca leading to back Greece or to the town of Ohrid in Macedonia, which is also an UNESCO World Heritage site. Obviously, this tour would be targeted to tourists with a culture and nature conscience. This itinerary combines a spectacular mixture of Hellenistic and Roman Civilizations in Butrint and Saranda, Ottoman architecture combined with local Architecture in Gjirokastra and up to Korca's very interesting urban development and Christian Churches in Voskopoja.

Whether this route viable, considering data is showing another trend (Butrint – Berat), needs some thought. We would like to challenge the pattern for these reasons;

The research has not considered Korça. However, there is a justification to the current situation; lack of regular transportation means (busses run only once a day from Gjirokastra to Korca) is one of the main arguments for not following this itinerary. The survey by UNDP shows that most of the visitors come either with their own vehicle (see Figure 1) or in organized tours but yet, there is a 31% of tourists that want to take the bus. This should be one of the issues to be solved in the cluster.
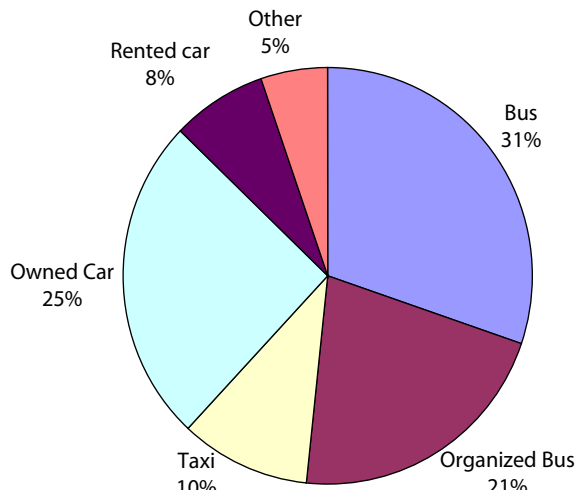
Figure 1 - The transportation ways that visitors use in this region

Source: Bordoni, Report on Seasonal Visitor Surveys Administered at Cultural and Natural Tourism Sites in Albania, Summer 2007

Based on this survey by UNDP Albania, tourists interviewed are quite satisfied to have visited Albania, they will recommend it to friends but they will not come back again to visit Albania (Table 1); the reason is lack of activities and entertainment mostly provincial centers like Gjirokastra and Berat (Tourist Information Center in Gjirokastra, 2007).

Cluster practices are well-known for being effective ways for "product" development and we are lacking several tourism products in this case study, (the geographical area where this study takes place is the whole of Southern Albania.)

Also the survey shows that tourists stay generally two days in each of the sites (Berat and Gjirokastra, 2007), while they spend on average ten days in Albania. It means tourists can travel in five destinations in the country.

The data also states that there are connections with neighboring countries like Greece, Montenegro and FYR Macedonia so the trip has sometimes an inter-regional dimension.

Cluster practices are most effective into a defined geographical area and the aim is to show that cluster practices can increase tourism competitiveness in the geographical area of Butrint – Saranda - Gjirokastra – Korca.

Table 1 - Tourist interviews related with level of satisfaction visit again and recommend visiting

	AVG	Min	Max	Sample
Level of satisfaction	4.15	2	5	789
Visit again	3.59	1	5	798
Recommend to visit	4.52	1	5	792

Source: Bordoni, Report on Seasonal Visitor Surveys Administered at Cultural and Natural Tourism Sites in Albania, Summer 2007

The bad driving conditions (from Gjirokastra to Erseka) can also bias toward the conclusion that it can affect the indifference towards the route: Table 2 tells that the kind of tourists that visit Albania country (such generalization can be made) is not very much influenced by driving conditions and appreciates others factors as important.

More importantly, the attempt will be to make the route more competitive.

Therefore, it is believed that the route:

• Having an amazing mixture of heritage and nature;

• Being the shortest route than passes three countries, Greece, Albania and Macedonia;

• Has both the start point of the route and the end one, as neighboring towns with Greece and have good border crossing points;

• Has a good tourism experience in both Saranda (along with Butrint) and Korca (even during the communist regime);

• Has all the right potential to be competitive, not only nationally, but also can tempt Greek agencies to make it part of their regional tours;

• The route has to be promoted just after the cluster development practice has managed to create the necessary conditions for heritage tourism to be more competitive. Part of this route is Route 8 of the National Albanian routes of tourism, promoted last month by the National Tourism Agency.

Table 2 - Reasons for tourists' satisfaction

IMPORTANCE	AVERAGE	MIN	MAX
Friendly people	4.45	1	5
Scenic landscapes	4.39	1	5
Personal safety	4.21	1	5
Interesting architecture	4.18	1	5
Food and dining	4.05	1	5
General affordability	4.05	1	5
Cleanliness/waste disposal	4.04	1	5
Information availability	4.03	1	5
Climate	3.88	1	5
Lack of crowds	3.88	1	5
Lodgings	3.75	1	5
Roads & Transport	3.61	1	5
Guide services	3.51	1	5
Outdoor recreation	3.47	1	5
Local arts & crafts	3.43	1	5
Local music, dance, or customs	3.39	1	5
Communications (internet, telephone)	3.25	1	5
Medical/dental services	2.85	1	5
Entertainment/nightlife	2.71	1	5

Source: Bordoni, Report on Seasonal Visitor Surveys Administered at Cultural and Natural Tourism Sites in Albania, Summer 2007

4. CONCLUSIONS

The route is characterized by several features that make the route very promising in terms of cluster practices success. This route has all the right conditions to be a horizontal cluster.

The cluster can work: (i) the main business – tour agencies that bring tourists from Greece operate either in Saranda or in the other end of the route, Korca- and they are interested to increase competitiveness. At the moment, there are only day tourists visiting both ends of the route. Also the accommodation units, very diverse, from 5 stars Hotel Butrinti in Saranda and up to bed and breakfast in Voskopoja, will be more competitive if part of a well organized tour. (ii) The supporting business – guide tours, restaurants, museums, information offices as well as the involvement of local government create benefits for all participants. (iii) The supporting soft infrastructure – including universities in three of the towns (Saranda, Gjirokastra and Korca) are potential "pushers" for developing the cluster as they also should be interested for academic reasons. Development agencies like SNV in Korca and GCDO in Gjirokastra also softly support the dialogue and sharing information. (iv) The hard infrastructure is on the way to get developed: roads are responsibilities of the central government yet, increasing transportation traffic between Saranda to Korca is a solvable issue (the local associations of the buss drivers).

The cluster can help attract more money into these areas: based on some data from TIC and UNDP, tourists are willing to pay 30 euros more for each destination they go.

As attempts are being made to liaise with the tourist information offices of Saranda, Gjirokastra and Korca together, the flow of information will be easier.

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