Resorts and regional development at the local level: a framework for analysing internal and external factors

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Abstract: In a declining periphery, tourism is usually seen one of the most promising industries to vitalize the regional economy. The demand and supply of tourism has, however, a tendency to accumulate spatially and temporally in resorts. Due to the progressing of tourism, resorts are considered places for the accumulation of capital, enterprises, jobs and permanent population. Actually, they are expected to become nodes for regional development in a wider geographical area, particularly in a periphery. The paper scrutinizes resorts and their role in regional development at the local level. The emphasis is to discuss internal and external factors which influence the effectiveness of that role. As a result of the study, a framework for analysing the above-mentioned factors is presented. In the framework, the internal factors cover the seasonal fluctuations, size, development stage and original base of resorts, whereas the external factors are comprehended in the socio-economic environment as well as regional structure and accessibility around the resorts at the local level.

Introduction

A geographical study of tourism can be classified in the classic tourism system framework created by Leiper (1979). According to him, tourism is considered as a phenomenon having three interdependence elements: the regions of origin, the regions of destination and routes between them. Geographical tourism research touches on all the above-mentioned components stressing, however, the regions of destination (see Pearce 1995; Lew et al. 2004; Hall 2005; Hall & Page 2006). One theme in focus deals with the regions of destination being the nexus of tourism and regional development (see Montanari & Williams 1995; Williams & Shaw 1998; Sharpley & Telfer 2002). The role of tourism as a vitalizer for economic life seems to be emphasized in peripheral rural areas characterized by economic restructuring, unemployment, out-migration and aging population. For this reason, tourism literature has examined tourism as a tool for regional development particularly from the peripheral point of view (e.g. Butler et al. 1998, Müller & Jansson 2007; Hall et al. 2009).

The tourism phenomenon has, however, a tendency to accumulate spatially and temporally in certain places, in other words in resorts. As Prideaux (2004: 28–29) states, there exists a consensus on the functions of resorts on a general level: they provide a large number of attractions and services for both day-trippers and overnight stayers. He distinguishes macro and micro level perspectives with respect to the resort concept. In a macro sense, resort refers to an urban
community and in a narrow micro sense the term is applied to describe a hotel complex with large-scale entertainment facilities and recreation services. The macro and micro approaches have, naturally, different impacts on a wider geographical area and the communities there. In Finland, the valid tourism strategy stresses resort-oriented development (see Virtanen et al. 2006; Suomen matkailustrategia 2020... 2010). According to the strategy, the resort concept is defined very widely covering, for example, Ruka as well as the city of Helsinki. Both the aforementioned regional units, Ruka and Helsinki represent Prideaux’s (2004) macro sense approach from the conceptual standpoint of resort. However, they differ in terms of size and hierarchy: Ruka is a part of the town of Kuusamo and the city of Helsinki is the capital of Finland.

The research results of the four largest resorts in Northern Finland have proved the positive economic and social impacts on the resorts in relation to their location municipalities (see Kauppila 2004; Kauppila et al. 2005; Kauppila & Rusanen 2009). The resorts were outlined from a wider geographical area by GIS (Geographical Information Systems) and georeferenced data, because they represent just a part of the municipalities. Generally speaking, resorts are dynamic in nature and when development progresses, they become ‘full-services centres’ (see Butler 1980; Prideaux 2004). As an outcome of the development process of resorts, they constitute an enclave differentiating from the surrounding area in economic and social terms. Actually, resorts can be comprehended as ‘functional islands’ (Kauppila 2004, 2006). In terms of regional development, a crucial point is how to extend the positive socio-economic impacts of resorts to a wider geographical area.

The purpose of the article is to elaborate resorts and their role in regional development at the local level. In this study, a resort is conceptualized as a smaller geographical unit than a municipality, i.e. a part of a municipality. Furthermore, local level is comprehended as a municipality in the context of the Finnish regional system. Finally, a theoretical framework is presented focusing on both internal and external factors, which affect the effectiveness of the role of resorts as a tool for regional development at the local level.

### Internal factors

#### Seasonal fluctuations of resorts

Cyclical is a typical characteristic for tourism. According to Murphy (1985), three different kinds of cycles can be distinguished in terms of the tourism phenomenon: a long-term cycle, an economic cycle and a seasonal cycle. The first one refers to Butler’s (1980) widely cited resort life cycle model, whereas the second one is associated with five to seven years economic fluctuations. The last one concerns fluctuations within a year causing, for example, underutilisation of tourism facilities. In a consequence of this, there emerges on the one hand, a shortage of employees and on the other hand, unemployment in destinations depending on the season. Generally speaking, seasonality is a challenge from the viewpoint of regional development.
Seasonality is derived from both institutional and natural factors (BarOn 1975; Butler 1994). The former refers to holiday habits and periods determined socially and culturally. In recent decades, the growing number of short breaks and business trips has reduced seasonal fluctuations by increasing demand beyond the peak seasons, particularly in cities. The latter is a consequence of nature and its circulation. In Finland, there are four distinguishable seasons – winter, spring, summer and autumn – and each of them has characteristics of their own in terms of tourism resources, attractions and products.

The length of a season is, of course, a very important factor when using tourism as a vehicle for regional development. It can be argued that the lower seasonal fluctuations are in a resort, the better are the premises of the resort to become a node for regional development. If the use of the tourism facilities of a resort is constantly high, then the enterprises of that destination are able to provide employment opportunities all-year round. In addition, for the resort this enables it to be a stronger growth pole for a wider geographical area, too.

In the case of the four largest resorts in Northern Finland, it has been shown that there is commuting between the resorts and their surrounding areas (see Kauppila 2004, 2008; Kauppila & Rusanen 2009). In other words, resorts attract employees from a larger geographical area. Therefore, the constant high use of the capacity of resorts is very important for a commuting zone, too. Secondly, resorts, or more precisely the industries within the resorts, have economic links to other industries which are located both within those resorts and their surrounding area (see Tooman 1997a, 1997b; Saarinen 2003, 2007, Kauppila 2004; Leinonen et al. 2008; Kauppila et al. 2009). On this account, high seasonal fluctuations in resorts have negative effects on the industries with respect to employment opportunities and generally on regional economy on the whole. To conclude, from the standpoint of regional development, the goal of resorts should be year-round tourism.

Size of resorts

The size of resorts varies in terms of the supply and demand side of tourism. The supply side is comprehended as capacity of tourism facilities in a resort. For example, the number of accommodation, catering services, programme services and shops constitute the supply side view of the tourism industry (see Smith 1994). Actually, the supply side tourism product is synonymous with the regional tourism product including the tourism industry, widely defined, and infrastructure. The demand side represents the view of tourists, more precisely the number of tourists in a resort. It can be measured by the number of tourists or by the number of accommodation nights, for example.

It is quite obvious that size matters. Large resorts have more enterprises, jobs and economic activity in general than smaller ones, because they have more users for services, in other words, tourists. Furthermore, large resorts naturally employ more people than smaller ones. In this respect, volume reflects the overall economic activity within resorts and the area surrounding them. Hence, it can be argued that the larger the size of a
resort, the more intensive and diversified are the links of the resort to a wider geographical area (see Scott et al. 2008). To conclude, large resorts’ contribution to regional development is substantial – at least in theory. The regional hierarchy of a resort has, however, an effect on the opportunity to employ local people and this challenge will be discussed later.

**Development stage of resorts**

Along with size, resorts can be viewed from a structural perspective in terms of the supply and demand side of tourism. This is supported by the fact that resorts vary from a local recreation resort to an international mass tourism resort (see Butler 1980; Keller 1987; Johnston 2001a, 2001b; Prideaux 2004). In the case of a local recreation resort, the ownership of tourism facilities is focused in local hands and visitors come mainly from the local and sub-regional sphere. Instead in an international mass tourist resort, tourism facilities are owned by international stakeholders as well as visitors being treated as international tourists, because they come from abroad. It is not, however, unambiguous to define the exact limits for different regional level resorts in quantity and quality terms.

It has been proved that the regional level of resorts influences regional development in a different way. If a resort is defined to be on a local level from the perspective of supply, then it is likely that the positive socio-economic impacts of that resort contribute to the local economic life and community (Tooman 1997a, 1997b; Mbaïwa 2005a, 2005b; Akama & Kieti 2007; Meyer 2007; Andriotis 2008; Scheyvens & Momsen 2008; Lacher & Nepal 2010). This is due to the long purchase chains within the region and therefore, on the one hand the multiplicative effects inside the region are large and on the other hand, the leakages outside that region are small. In terms of an international resort, the situation is usually totally reversed: short purchase chains, modest multiplicative effects and large leakages. Taking this into consideration, it is obvious that the regional level of the resort has an effect on regional development for both resorts and a wider geographical area.

**Original base of resorts**

The original base of resorts can be divided into two categories, traditional and integrated ones (Baud-Bovy & Lawson 1998: 129). The former is comprehended as a resort having its own development history with settlement and industries before the tourism era. In other words, the destination has transformed into a resort over time and the original role of the destination was not to be a resort. The latter means a destination, which was established for a tourism purpose only. The development history of the resort is based on tourism, not other local industries, in addition to which there were no residents before the tourism era.

These two types of resorts have different kinds of socio-economic impacts on destinations. In the case of traditional resorts, they have a long development history and therefore, industries and enterprises have created strong links with each other over time. This applies to both resorts themselves and between resorts and...
their surrounding areas. Furthermore, due to the long development history, there are other local industries in the region, which makes it easier to link those industries with the tourism industry. Contrary to traditional resorts, integrated resorts are usually established outside the existing settlements and hence the enclave concept is applied in that context. An enclave resort has usually only modest links to the surrounding socio-economic region and structure. In other words, the resort is conceptualized as an enclave both in economic and social terms (see Britton 1980, 1982; Jenkins 1982; Wall 1996; Edensor 1998: 45–53). In this respect, that kind of resort is not the best tool for regional development. It is obvious that when the development process of resorts progresses, traditional resorts can be interpreted to resemble integrated resorts in terms of their socio-economic characteristics (see Butler 1980; Keller 1987; Kermath & Thomas 1992; Meyer-Arendt et al. 1992; Sambrook et al. 1992; Prideaux 2004; Papatheodorou 2004). To conclude, traditional resorts have been embedded deeper in the existing socio-economic regional structure, which is a promising premise for them to be an effective vehicle for regional development.

**External factors**

**Socio-economic environment**

Resorts are not located in a vacuum; instead, they are usually part of a larger socio-economic structure in a geographical and functional sense. In general, resorts are expected to be nodes at the local level with respect to regional development. For this reason, there is a need to discuss the relationship between resorts and a larger socio-economic environment.

The size of a resort with respect to other socio-economic centre(s) at the local level is a crucial factor. The relationship between the resort and the municipality centre seems to be essential in the case of Northern Finland (see Kauppila 2004, 2008). Location and distance must also be taken into consideration, and these factors will be discussed later. If the size of a resort in terms of enterprises, jobs and permanent population is large compared to other centres in a wider geographical area, then the role of the resort is substantial in regional development for the whole region. Naturally, in the opposite situation, the role and importance of the resort in regional development is just modest.

**Regional structure and accessibility**

The physical and relative location, as well as the surrounding resources of a resort, influence the role of the resort in regional development at the local level (see Kauppila 2004). Furthermore, both general and touristic infrastructure has to be taken into consideration. The former refers, above all, to roads and the latter covers different kinds of trails and routes created for tourists, such as hiking, biking, skiing and snowmobiling.

The location of a resort in relation to the location municipality centre and other socio-economic centre(s) is a crucial factor with respect to regional development (see Kauppila 2004). When the location of the
resort is central from the standpoint of a larger area, it is a good premise for the resort to enhance overall regional development. In terms of accessibility, the physical location is not such an important factor as the relative location, which is usually associated with infrastructure. If accessibility between a resort and the surrounding area is good, this enables goods and local people to move easily within the region. As a consequence, commuting within the region is fluent, for example. Generally speaking, well-functioning public transportation is a key element for commuting.

From the perspective of regional development, decentralized attractions and services enable tourist flows to spread outside resorts. The role of rural areas surrounding those resorts is to specialize in tourism products such as nature- and culture-based products, which cannot be produced in resorts. As Brenner (2005) proposes, resorts could be regarded as starting points or gates for trips to the unknown, attractive countryside. In this case, the travel model is called base camp (Oppermann 1995; Stewart & Vogt 1997), hub-and-spoke (McKercher & Lew 2004), base site (Lau & McKercher 2007), single point-to-point (Lew & McKercher 2006) or radiating hub (Lew & McKercher 2006). This presumes, naturally, particular characteristics from the surrounding area of the resorts. In other words, a wider geographical area should have diversified tourism resources and attractions in order to have an opportunity to decentralize tourism flows elsewhere around the resorts. Furthermore, infrastructure is also a very important element in decentralization, in addition to well-functioning public transportation.

Summary including discussion

The purpose of the study was to discuss resorts and their role in regional development at the local level. A resort was defined as a smaller geographical unit than a municipality, in other words it was conceptualised as a part of a municipality. In this case, local level was comprehended as a municipality in the context of the Finnish regional system. The article was based mainly on both international and Finnish tourism literature, but the results are expected to be relevant generally in Western countries’ peripheral areas.

The role of resorts in regional development from the perspective of a wider geographical area is affected by two groups of factors, which can be divided into internal and external factors (figure 1). In the framework, the internal factors include the seasonality, size, development stage and original base of resorts. They belong to the group of factors, which relate to resorts themselves. In practice, the internal factors reflect the form and shape of tourism of resorts and this naturally has an influence on the role of resorts in regional development in general.

According to the framework, the external factors cover the socio-economic environment as well as regional structure and accessibility. These factors are seen from a larger perspective than a single resort at the local level. Referring to the external factors,
the role of resorts in regional development is affected by the interaction between a resort and the surrounding area. Resorts do not exist in a vacuum and are not a closed economy, but a part of a wider regional system bearing in mind that this regional system is not only confined to the local level. In this article, local level was comprehended as a municipality, but resorts and municipalities interact with other regional levels, i.e. regional, national and international levels.

It can be argued that the internal and external factors are – more or less – geographical in nature. Therefore, they vary by resort and municipality and furthermore, by national and international contexts. However, at the local level, at least in Finland, municipalities have their own decision-making process and budget. In addition, resorts have a tourism development strategy of their own approved by local stakeholders, authorities and elected officials. All this means, along with geographical factors, that human elements have also to be taken into consideration in terms of assessing the role of resorts in regional development. Finally, it is the local will that should have a great influence on the development process of resorts and regional development and,
therefore, there is a need to involve local communities in tourism planning and the decision-making process (see Murphy 1985; Haywood 1988; Simmons 1994; Scheyvens 2002; Timothy 2002; Saarinen 2006; Tosun 2006; Scheyvens & Momsen 2008). It must be emphasized that local people and communities are key elements in sustainable tourism development, bearing in mind that local people represent the social dimension in the concept of sustainability.

References


