



**Challenges in achieving leadership structures for  
repositioning the destination Cyprus**

Journal:	<i>Tourism Review</i>
Manuscript ID:	TR-06-2013-0032.R2
Manuscript Type:	Research Paper
Keywords:	Cyprus, destination management, destination life cycle, leadership, transformation processes
<p>Note: The following files were submitted by the author for peer review, but cannot be converted to PDF. You must view these files (e.g. movies) online.</p> <p>Fig_01_CYPRUS_TOURISTS-Arrivals_1980-2012.wmf                  Fig_02_Cyprus_districts_www.mapsfordesign.wmf                  Fig_03_TOURISM_ACCOMMOTATION_Regionen_Übernachtungen_Graphilen_2000_2011-A00_11-EN-061212.wmf</p>	

Review

## Challenges in achieving leadership structures for repositioning the destination Cyprus

### 1 From Fordist to post-Fordist production schemes

The Fordist period was marked by standardised products created efficiently in large quantities. The rise in productivity is one of the reasons why Fordism not only designates mass production, but also stands for the period of mass consumption. Comparatively high purchasing power enabled a large proportion of industrialised countries' citizens to achieve elevated consumption levels. Even if the term Fordism is much more common in the secondary sector (Hounshell, 1984), it has also influenced the tertiary sector. Much of the tourism offer in the second half of the 20<sup>th</sup> century was marked by low-cost standardised products. Standardised products enabled large enterprises to realise "economies of scale", leading to monopolistic structures. A small number of tour operators dominated the international tourism market and integrated trusts, including transportation and accommodation, were formed at the height of the Fordist period. As the greatest global concentration of tourism activities generating around a quarter of revenue from tourism, the Mediterranean is the prototype of this Fordist production scheme. Standardised hotels along the coastline for uniform beach tourism dominated the development in the last decades of the 20<sup>th</sup> century (Kagermeier and Popp, 2000). Beach tourism was a simple and standardised product, where individual stakeholders were able to deliver the whole product along the touristic service chain (distribution, transport, accommodation, restaurant and activities) from a single source. Cooperation in Mediterranean beach tourism was generally limited to cooperation between large enterprises (tour operators, airline carriers and hotel chains), unless one of the enterprises had not integrated the specific element into its own service chain. The majority of small service providers in the destinations usually received only a small piece of the cake, usually as subcontractors to the oligopolistic enterprises.

During the Fordist period of Mediterranean tourism, the role of (national and regional) destination marketing organisations (DMOs) was usually rather limited. They generally restricted themselves to promoting the respective destination with a superficial image. Since they were not involved in the operational business and since strategic functions were limited – tourism was considered a stable, simple product – governance requirements were very limited. Apart from respecting general public frame conditions such as land use regulations and environmental legislation, the interplay between the private and public sector was generally quite weak.

Since the late 20<sup>th</sup> century, another production and consumption scheme has gained increasing importance, namely post-Fordism. The production of industrial goods and services tends to become more flexible and the importance of interaction between independent enterprises plays a larger role. Post-Fordist production schemes generate comparative advantages, especially by "economies of scope", meaning that networks play a much larger role than in the past.

The main motive for the change from Fordist to post-Fordist production schemes is the existence of more differentiated consumption patterns – leading not only to a continued demand in standardised mass products, but also to a broader, more individualised range of products and services. At the same time, quality aspects now also play a larger role. To a certain extent, Fordist mass customisation can be interpreted as a response to more individualised

1 demand, which could be called “Fordism at its best” (Ioannides and Debbage, 1998, p. 100,  
2 call the transition phase “neo-Fordism”). On the eve of post-Fordism”, therefore, the distinc-  
3 tion between the two phases sometimes became vague, with both production schemes co-  
4 existing and overlapping. Another driving force for the emergence of post-Fordist production  
5 schemes is the prevailing global frame conditions. The end of the 20<sup>th</sup> century was marked  
6 by fundamental changes such as an intensification of the globalisation process, global politi-  
7 cal transformations and the digital “revolution”, as well as the challenge to respond to the  
8 necessities of the sustainability paradigm (including climate change). Hence flexibility and the  
9 ability to respond to a fast rhythm of constantly changing frame conditions gave small enter-  
10 prises and organisations certain advantages over the “dinosaurs” of the Fordist period.

11 In tourism, new lifestyle groups (cf. Bourdieu, 1987) demanded differentiated products (such  
12 as wellness, cycling, hiking, nature-based offers), replacing to a certain extent earlier stand-  
13 ardised products. Customer segmentation and creating products for smaller target groups in  
14 search of specific experiences (Pine and Gilmore, 1998; Schulze, 2005) became much more  
15 important. Today, customers are often actively involved in the production of their “flow” expe-  
16 riences (Csíkszentmihályi, 1990), increasingly changing their role from traditional consumers  
17 to active “prosumers” (Ritzer and Jurgenson, 2010), and at the same time linking post-  
18 Fordism and post-modernity (Habermas, 1985; Giddens, 1991). The post-modern tourist  
19 seeks authentic experiences and is simultaneously aware that genuine authenticity does not  
20 exist, but is only an imagination of the tourist gaze and staged experiences (Urry and Larsen,  
21 2011). Furthermore, in post-Fordist or post-modern tourism the limits between different types  
22 of vacation are becoming increasingly indistinct. Hybrid forms of vacation with combined or  
23 merged elements of cultural, sport or wellness tourism (often rounded off by culinary arts and  
24 other pleasure-oriented components such as wine tourism), are becoming more and more  
25 common (Kagermeier, 2011). On the production side, this means that a single stakeholder  
26 finds it hard to provide a combined hybrid product for specific small target groups. Today’s  
27 fragmented demand schemes require not only flexible stakeholders who can adapt to chang-  
28 ing demands and who cooperate with associated stakeholders who provide some of the oth-  
29 er elements required in a complex post-Fordist product. Hence interaction and cooperation  
30 are increasingly becoming the key factor for developing products successfully.

31 Under these circumstances, the role of DMOs is changing significantly. Instead of being only  
32 a general external marketing and promotion umbrella for a destination otherwise run more or  
33 less independently by the private industry, the internal marketing dimension is becoming in-  
34 creasingly important. Today’s DMOs need to act as moderators and mediators in the product  
35 development process, and as pathfinders in the search for promising new product lines, in-  
36 volving the undertaking of in-depth market research. They must also attempt to facilitate and  
37 induce cooperation between stakeholders when delivering complex products, encompassing  
38 interaction between a multitude of stakeholders.

## 50 **2 Cyprus in the stagnation phase of its beach tourism life cycle**

51 <Figure 1>

52  
53  
54  
55  
56  
57  
58  
59  
60  
As with other Mediterranean beach destinations, the tourism product of Cyprus is typical of  
the Fordist phase of mass production and consumption. The destination experienced an

1 enormous increase in the afflux of tourists in the 1980s and 90s (Fig. 1; Ioannides and Apostolopoulos, 1999; Ayres, 2000; Sharpley, 2001) after recovering from the effects of the partition of the island (Harms and Kagermeier, 2013). Stagnating or slightly declining figures in the last decade indicate that the destination has reached the stagnation phase of its life cycle (Butler, 1980, 2006). Beach tourism is concentrated along the south coast around the four cities of Paphos, Limassol, Larnaca and Agia Napa/Paralimni (Fig. 2).

11 <Figure 2>

14 The first reaction to stagnating figures of tourists travelling to Cyprus was – as in many other Mediterranean destinations – to extend the offer at existing locations and to upgrade the accommodation infrastructure. Revamping the hotel infrastructure, replenishing wellness opportunities and developing golf greens was the almost knee-jerk response around the Mediterranean, and Cyprus, at the end of the 1990s. Seen from the angle of innovation theory, where three major types of process, product/service and business concept innovations are distinguished (Fichtner and Hintemann, 2009, p. 14), only a product-oriented path was pursued. Regarding the level of innovation, ranging from incremental to radical or sustaining versus discontinuous (Oke, 2007), the initial reaction can be characterised as rather incremental and discontinuous. At the same time, strategic business concepts remained identical to those in the 20<sup>th</sup> century. The flagships of the upgrading process of the beach-tourism segment, such as the golf resorts of “Aphrodite Hills” ([www.aphroditehills.com](http://www.aphroditehills.com)) and “Secret Valley” ([www.secretvalley.com](http://www.secretvalley.com)), are typical exponents of a production scheme that could be called “Fordism at its best”. Built at the turn of the 21<sup>st</sup> century, these projects still belong to the “cathedrals of the 20<sup>th</sup> century” (Opaschowski, 2000; Kagermeier, 2013). An isolated microeconomic evaluation of these projects could generate a positive result for investors – in the case of Cyprus, the same families and clans that already invested in comparable projects over the last decades. However, from a macroeconomic perspective, they were unable to achieve the goal of stabilising or increasing the number of tourists or tourism revenue. In other words, this reaction may have lessened the decline, but failed to truly rejuvenate the destination.

39 In the past, the destination government structures in Cyprus were marked by a traditional top-down approach, with quite weak relations and low levels of cooperation between the different public and private stakeholders at the regional, national and international level. The national Cyprus Tourism Organisation (CTO) mainly understood its role as a promoter of the destination, assuring a certain level of quality rather than exercising a clear leadership position. To a great extent, regional, national and international hotel investors and tour operators acted separately when putting together simple holiday packages.

49 In addition to the “business-as-usual” reactions of adding slightly more sophisticated high-end accommodation infrastructure to the existing hotel capacity, traces of a more profound approach for dealing with the challenge of a stagnating Fordist product are visible in Cyprus. As in other Mediterranean destinations, the potential offered by the natural and cultural heritage in the hinterland was identified as an opportunity for tackling the impending decline in demand and for creating new products, images and brands (Kagermeier and Gronau, 2013). Promotion of rural tourism (called agrotourism in Cyprus, despite not taking place on farms) was one of the approaches pursued in the past decade, which should represent a second pillar for the Cyprus tourism industry (Sharpley, 2002, 2003). With subsidies of about € 2 million, it was

possible to generate almost 1,000 beds in just over 100 agrotourism units. Altogether, however, the agrotourism sector is responsible for only around 13,000 arrivals (Kaufmann *et al.*, 2012, p. 269).

In its “Strategic Plan for Tourism 2000-2010”, the CTO announced: “The goal of the strategic plan is to double the real revenue from tourism” (CTO, 2000, p. 5). Considering the stagnation in the traditional beach tourism segment and the insignificant figures in the agrotourism sector, it must be said that the goal was missed by far. The revenue generated by the Cyprus tourism industry more or less stagnated in the past decade (Republic of Cyprus, 2013).

<Figure 3>

The regional distribution of overnight stays displayed in Figure 3 shows that the preponderance of coastal regions has not changed significantly over the last decade. The hill resorts in the Troodos Mountains make up only 1 per cent of all overnight stays. So the Cyprus tourism industry stayed in a neo-Fordist transition phase (Ioannides and Debbage, 1998) instead of facing the challenges of a real turn-around towards genuine post-Fordist products, production schemes and destination governance approaches.

### **3 Governance and innovation leadership strategies as the main challenge**

The poor performance of the Cyprus tourism industry during the first decade of the 21<sup>st</sup> century at the turn from Fordist to post-Fordist production schemes raises questions about the governance structures and leadership strategies in Cyprus. Up to the end of the 1990s, governance structures were generally not very strong. Hotel chains ran the business more or less independently, and the role played by the public sector, represented mainly by the “Cyprus Tourism Organisation”(CTO) was limited to controlling a few basic parameters (such as the categorisation of hotels and observation of general legal frame conditions) and the promotion of Cyprus in international target markets.

To a certain extent, the “Strategic Plan for Tourism 2000-2010” was to mark a turnaround of this Fordist top-down approach. As part of the repositioning strategy, a clear orientation towards regional governance approaches was declared: “Within the framework of Cyprus repositioning strategy each region will be called upon to prepare its own Regional Strategy. Each region will have its own vision regarding its tourist growth and will focus on developing the right product to fit the needs of market segments it will choose to target” (CTO, 2000, p. 7).

Each sub-destination was called upon to develop its own specific approach and brand to address target groups: “As part of the strategic repositioning of Cyprus each region will be asked to prepare its own regional vision and create its own regional brand to serve the market segments which it targets” (CTO 2000, p. 56.; c.f. Kagermeier and Gronau, 2013). The aim of this ‘decentralisation’ was to achieve optimum utilisation and development of the various tourism potentials. Under the umbrella of rural tourism, a multitude of new forms of active tourism was to be promoted (CTO, 2007). In particular nature and sport tourism-based offers (e.g. hiking and cycling) and cultural heritage in the hinterland were to attract new target

1 groups of tourists. A sophisticated post-Fordist product portfolio was to be attained by includ-  
2 ing wine tourism (CTO, 2008) and Levantine culinary arts options.  
3

4 However, the proclamation of the creation of new post-Fordist product lines in Cyprus ap-  
5 pears to be characterised more by wishful thinking than by substantial implementation. The  
6 reasons behind the weak performance of new post-Fordist approaches will be discussed  
7 below.  
8  
9

### 10 **3.1 Delimitations of regional destinations perpetuating the dependency of the** 11 **hinterland**

12 The heritage of beach tourism has led to a concentration of stakeholders along the coastline.  
13 The most influential stakeholders (with a preponderance of hotel owners) can be found in the  
14 cities of Limassol, Larnaca, Paphos and Agia Napa/Paralimni.  
15  
16

17 As a consequence of the “Cyprus Tourism Strategy 2000-2010”, regional tourism boards  
18 were established for the first time in the past decade. Rather than mirroring the tourism po-  
19 tentials of different regions, the delimitation of regional destinations reflects the administrative  
20 structure of the country. Five out of six regional destinations have a territorial scope of appli-  
21 cation virtually resembling the borders of the districts in question (Paphos, Limassol, Larnaca  
22 and Agia Napa/Paralimni) or the municipality (Nicosia) (Fig. 2). The only area that offers a  
23 specific product line, referring to the traditional definition of a destination and displaying a  
24 degree of orientation towards an operational destination (Bieger, 2005, p. 56), is the Troodos  
25 Mountains (most of which belong to the Nicosia district) This means that the hinterland of the  
26 Republic of Cyprus, which to a certain extent offers the same potentials for innovative tour-  
27 ism development, is divided into various organisational units. In the four southern regional  
28 destinations of Paphos, Limassol, Larnaca and Agia Napa/Paralimni, the district capital is  
29 one of the country’s four beach destinations. This means that the focus of these DMOs and  
30 how they are branded (Kagermeier and Gronau, 2013) are heavily influenced by beach tour-  
31 ism. The most influential members of each board in these four regional “destinations” are  
32 recruited from the coastal hotel industry. Even if all four tourism boards are attempting to  
33 develop (with varying intensity, Kagermeier and Gronau, 2013) the above-mentioned product  
34 lines, this is generally undertaken from the perspective of enhancing day trip options for  
35 beach hotel tourists. One example of this focus is the Wine Routes, which were developed  
36 centrally by the CTO and are still promoted centrally (CTO, 2008). Each of the six wine  
37 routes is a one-day round trip starting from a beach resort. In other words, they do not target  
38 real wine tourists, but sun and sea tourists, enriching their stay with an additional diversion  
39 from their usual activities. The same logic applies to the six self-drive tours developed by the  
40 NGO CSTI (n.d.), which are promoted under the slogan “discover the real Cyprus”. Again,  
41 one-day excursions starting from a beach resort and heading for the natural and cultural at-  
42 tractions in the respective sector surrounding the beach resort are offered.  
43  
44  
45  
46  
47  
48  
49

50 Seen from the perspective that a destination should provide unique, comprehensive offers  
51 corresponding to the needs of targeted customers, only the Troodos tourism board has a  
52 sphere of action that meets this requirement. At the same time, the natural and cultural areas  
53 on the western, southern and eastern slopes of the Troodos Mountains are already under the  
54 responsibility of neighbouring coastal tourism boards. Hence the region that offers the poten-  
55 tial for developing new post-Fordist tourism products is split up amongst different organisa-  
56 tional structures for which the coastal hinterland is usually only a small appendage to the  
57 dominating seaside agglomerations. Hence stakeholders representing the Fordist period and  
58  
59  
60

1 product lines dominate the orientation in the heterogeneous 'destinations' along the southern  
2 coast, meaning that one of the basic conditions for a functional governance structure is not  
3 met.  
4

5 Hence a preliminary first conclusion can be drawn that delimitation of regional tourism failed  
6 in most cases to create regional entities which, from the perspective of post-Fordist tourists,  
7 meet the criteria of a proper destination and facilitate the active development of the destina-  
8 tion in which a DMO plays a central role (Pechlaner *et al.*, 2009). Besides the central part of  
9 the low mountain region of Troodos and the city tourism destination Nicosia, which pursue a  
10 customer perspective of a destination, it would have made more sense to pool the beach  
11 resorts of Larnaca and Agia Napa as well as Limassol and Paphos into regional sub-  
12 destinations and to establish an integrated hinterland destination. The western, southern and  
13 eastern slopes of the Troodos low mountain range would then be combined with the existing  
14 central Troodos region. This delimitation of an all-embracing hinterland destination would  
15 have been more useful for developing specific products and creating a consistent brand.  
16  
17  
18  
19

### 20 **3.2 Incomplete, partial decentralisation**

21 With the goal of decentralising the destination as a clearly formulated management task, six  
22 regional boards were initiated by the CTO (2002, p. 16), which usually consist of 13 repre-  
23 sentatives from the municipalities, the chamber of commerce and the hotelier association.  
24  
25

26 However, the central national tourism organisation's influence is not only limited to the found-  
27 ing period/initial phase of the regional tourism boards. Regional strategy studies have been  
28 commissioned, whereby 90 per cent of the costs were financed by the CTO (CTO, 2004,  
29 p. 18). This is due to the fact that the regional tourism boards do not have any considerable  
30 funding of their own. Each tourism board was allocated € 8,500 in 2005 to compensate for  
31 material expenses. The tourist information offices in the various parts of the country are con-  
32 tinue to be run exclusively by the CTO, i.e. they have not been given/transferred to the re-  
33 gional tourism bodies. The participation of representatives from the regional tourism bodies  
34 in international fairs is financed via the CTO; regionalised brochures and folders are also  
35 published by the CTO (CTO, 2005, p. 22). Instead of sharing income from tourism-related  
36 charges, the CTO continues to monopolise its position. The regional bodies are encouraged  
37 to acquire their own funding. However, the proposed options, such as introducing member-  
38 ship fees or acquiring European funding or advertisements on websites (CTO, 2006, p. 21),  
39 sound not adequate, given the challenges at the regional level. There is still no proper basis  
40 for generating their own funding based on the tourism-related turnover in the respective re-  
41 gions. Only the regions of Paphos and Troodos were awarded European project funding to  
42 develop their tourism products (CTO, 2007, p. 20/21). In the Troodos area, where delimita-  
43 tion may be considered favourable for an endogenous destination and product development,  
44 the process is clearly dominated by the Municipality of Platres and Troodos National Forest  
45 Park ([www.mytroodos.com](http://www.mytroodos.com)). Due to the insignificant financial, weak organisational and lim-  
46 ited professional frame conditions and limited cooperation between the public and private  
47 sector, the result in this regional setting remains limited and only partially convincing.  
48  
49  
50  
51  
52

53 It must therefore be pointed out that the centralistic organisational structure has not changed  
54 following the top-down investiture of regional tourism bodies. In particular, the fact that the  
55 regional bodies do not have proper funding, the regional tourism information offices remain  
56 satellite stations of the CTO (and have not been handed over to the regional boards) and  
57 regional-oriented marketing is still undertaken and financed to a great extent by the CTO  
58  
59  
60

1 means that de facto no strategic and operationally independent DMOs have been estab-  
2 lished that would be worthy of the name.

3  
4 Because the CTO appears to have realised that the performance of the regional tourism  
5 boards failed to meet expectations; it is looking for ways to improve their performance. The  
6 recent Tourism Strategy 2011-2015 states: "Proposals cover ways to improve cooperation  
7 and ensure the active participation of local/regional public, private stakeholders in tourism so  
8 that the Boards can acquire the capacity to tackle regional problems and resolve them with  
9 flexibility. ... It is proposed that their actions are extended horizontally in significant pro-  
10 grammes of the Strategy such as in marketing, the environment (cleanliness, appearance at  
11 street level), extending the tourist period, coastal development (the beaches) etc." (CTO,  
12 2010, p.2/3). At the same time, however, the potential duties and responsibilities are limited  
13 to rather basic area of activities, such as the cleanliness of beaches and streets. The CTO  
14 continues to hesitate to delegate strategic functions to independent regional destinations.  
15 Maybe this would mean that the interplay between the national and the regional level would  
16 have to be discussed fundamentally, potentially affecting the central organisation's current  
17 position.

### 22 **3.3 Dominance of SMEs in the hinterland with low level of professionalism**

23  
24 The reorientation of the destination Cyprus means that quite complex products are to be de-  
25 veloped and branded that meet customer requirements of appealing hybrid offers for creative  
26 and active tourism. This requires much more intensive cooperation between stakeholders  
27 from different fields (accommodation, culinary arts, activities and marketing). At the same  
28 time, most of the newly developing offer elements are provided by small and medium-sized  
29 tourist enterprises (SMTEs). This post-Fordist production scheme, based especially on  
30 economies of scope, has only advanced slightly so far.

31  
32 A closer look at stakeholders in the central Troodos Mountains and the western, southern  
33 and eastern range in the hinterland of beach resorts (including the Akamas peninsula; Fig. 2)  
34 reveals that most of the stakeholders who run the tavernas, guest houses, craft-shops and  
35 activity-oriented agencies hold small-scale, family-run enterprises that sometimes lack the  
36 competencies (Peters, 2005) required for providing sophisticated post-Fordist products. The  
37 regional core competencies (Pechlaner *et al.*, 2006b) have only been developed to a small  
38 extent. Regarding stakeholders' strategic orientations, most can be described as "defenders"  
39 and "reactors". Avci *et al.* (2011) consider these types of stakeholder to be typical of develop-  
40 ing countries.

41  
42 With occupancy rates of about 15 per cent (Kaufmann *et al.*, 2012, p. 269), rural tourism ac-  
43 commodation facilities have performance rates that are far from profitable. The CTO estab-  
44 lished the Cyprus Agrotourism Company in 1995 to promote traditional rural accommodation.  
45 With about 60 registered facilities, this non-profit organisation covers approximately half of all  
46 official agrotourism units ([www.agrotourism.com.cy](http://www.agrotourism.com.cy)), and offers a booking platform. In any  
47 case, this central organisation (which is independent of the regional tourism bodies and, of  
48 course, located in the capital city of Nicosia), limits itself to displaying the accommodation on  
49 offer. None of the other activities and offers that form an integrated tourism product are pre-  
50 sent. Hence this top-down approach is not only far from assuming the role of an integrator,  
51 bundling the different types of offers that could form an integrated tourism product, it also  
52 lacks the functions required to develop high-quality standards and to lead small-scale enter-  
53 prises towards devising innovative product bundles.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60

Given their preponderance on beach resorts, the regional tourism organisations are not interested in taking the lead in developing an independent tourism product in the hinterland; they tend to keep them dependent on the coastal part as a kind of additional space. Due to this structural constraint, neither small-scale enterprises nor the central organisations seem to be able to compensate for this weakness and to establish leadership activities.

### **3.4 Isolated actions by potential leaders**

In recent years, the role of assuming a leadership function in destinations has increasingly been the subject of debate (see Murphy and Murphy, 2004; James, 2005; Russell and Murphy, 2005; Richards and Palmer, 2010). The role played by leaders in fostering innovative approaches is particularly emphasised (Pechlaner *et al.*, 2005; Pechlaner *et al.*, 2006a; Pechlaner *et al.*, 2012). Faced with the fact that the regional tourism boards in Cyprus only partially assume a leadership role as facilitators and stimulators of innovations in the case of rural tourism (Haven Tang and Jones, 2012, p. 29) and that small and medium-sized enterprises are incapable of organising themselves, one must ask whether larger enterprises in the study region should compensate for the weakness of official governance structures and structural deficits. The question whether “prospectors” and “analysers” (Avci *et al.*, 2011) can be found in the region that could play a crucial role as innovation motors shall be discussed in the following.

A number of innovative stakeholders were identified in the rural hinterland of Cyprus. Middle-sized enterprises that pursue an innovative approach, attempting to establish new integrated tourism products, include Cyprus Villages at Tochni ([www.cyprusvillages.com.cy](http://www.cyprusvillages.com.cy)), where accommodation in restored traditional buildings is combined with cycling, horse-riding, yoga and colour therapy as well as culinary offers and different village activities (Gronau *et al.*, 2010). Other examples are the Ayii Anargyri Hotel in Miliou ([www.aasparesort.com](http://www.aasparesort.com)), owned by one of the leading influential families of the village, which focuses on spa holidays; the Library-Hotel in Kalavassos ([libraryhotelcyprus.com](http://libraryhotelcyprus.com)), which promotes the body and soul; the Casale Panayiotis at Kalopanayiotis ([www.casalepanayiotis.com](http://www.casalepanayiotis.com)), focusing on meetings and incentives; and Arhontiko Papadopoulou at Kornos, an example of a high-end sophisticated traditional restaurant ([www.archontikopapadopoulou.com.cy](http://www.archontikopapadopoulou.com.cy)). Based on expert interviews with the owners or managers of these enterprises, it became clear that they do not cooperate with the regional tourism bodies. They explicitly distance themselves from regional tourism development activities and develop their products independently. Some of these establishments are not even included on the Cyprus Agrotourism Company’s website, relying on their own ability to promote their products. They have succeeded in developing a niche in the tourism market, gaining access to the national and international market, and are aware that the unique selling points they have created would lose their value if their concepts were disseminated throughout the region. This is understandable from a micro-economic point of view, even if it only generates a suboptimal performance under the macro-economic destination perspective. The organisational distance from regional and national structures is explained by the structural deficits and weak consideration of (post-Fordist) products for which these innovative stakeholders stand. They see no advantage in cooperating as long as the structural conditions remain the same. The lack of potential win-win situations is the main reason why they act independently. At the same time, this means that those who could have the capacities and skills to act as leaders (Haven Tang and Jones, 2012, p.29; Petkovski, 2012) and the quality orientation (Kozak, 2004, p.125) required for successful destination development, remain against destination development. Pechlaner and Volgger pointed out “the im-

1 portance of the structural and procedural conditions” (2012, p. 926) for successful local and  
2 regional cooperation. In the case of Cyprus, these can be identified as the key barrier to bet-  
3 ter performing tourism in the rural hinterland.  
4  
5  
6

## 7 **4 Conclusion**

8 Taking the Mediterranean destination of Cyprus as an example, this article focused on the  
9 challenge of achieving the transition from a traditional Fordist beach destination to an innova-  
10 tive post-Fordist destination by developing tourism potentials in the hinterland.  
11

12 Even if convincing potentials exist for reshaping the destination, the top-down approach ap-  
13 plied by the responsible public body at the national level is only partly facilitating and encour-  
14 aging the development of self-organised regional structures. At the same time, the dominant  
15 private stakeholders – representing the traditional sun-and-sea segment – seem not really  
16 willing or capable of assuming a leadership role in the reorientation process and taking a  
17 status quo-oriented position. The key players of the Fordist period are still sticking to the  
18 mass customisation and traditional commodification of the neo-Fordist transition phase and  
19 act as gate-keepers impeding a comprehensive neo-Fordist approach.  
20  
21  
22

23 On the other hand, providers of new innovative products are often too small and poorly or-  
24 ganised to achieve competitive product quality and to gain market access. Given the circum-  
25 stances, a small number of innovative stakeholders who have the capacity to invest in new  
26 products independently and to gain market access prefer not to become integrated in region-  
27 al networks, acting in an isolated fashion. Hence, they too fail to act as innovative entrepre-  
28 neurs who could lead the destination’s restructuring process.  
29  
30

31 Leadership approaches play an important role in the current academic debate. Using the  
32 example of Cyprus, it was argued that leadership approaches cannot be universally estab-  
33 lished and do not develop by themselves. Leadership structures develop only if a number of  
34 basic destination governance frame conditions are met. Hence the leadership approach does  
35 not replace the destination governance approach, but can be seen more as an enhancement  
36 of the traditional destination management approach. Even if DMOs are unable to assume the  
37 leadership role on their own, requiring masterminds from the private sector to implement  
38 leadership-based strategies, adequate destination management structures are an indispen-  
39 sable precondition for this. At the same time, the role of regional DMOs could be reinterpreted  
40 as that of facilitators and mediators in the interplay and cooperative governance (Pech-  
41 laner *et al.*, 2011) with private entrepreneurs to achieve innovative developments.  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60

## References

- Avci, U., Madanoglu, M. and Okumus, F. (2011), "Strategic orientation and performance of tourism firms: Evidence from a developing country", *Tourism Management*, Vol. 32 No. 1, pp. 147-157.
- Ayres, R. (2000), "Tourism as a passport to development in small states: reflections on Cyprus", *International Journal of Social Economics*, Vol. 27 No. 2, pp. 114-133.
- Bieger T. (2005), *Management von Destinationen*, 6<sup>th</sup> edition, Oldenbourg, München.
- Bourdieu, P. (1987), *Die feinen Unterschiede. Kritik der gesellschaftlichen Urteilskraft*, Suhrkamp, Frankfurt.
- Butler, R.W. (1980), "The concept of the tourist area life-cycle of evolution: implications for management of resources", *Canadian Geographer*, Vol. 24 No. 1, pp. 5-12.
- Butler, R.W. (2006), *The Tourism Area Life Cycle Volume 1 Applications and Modifications*, Channelview Publications, Clevedon.
- Csikszentmihályi, M. (1990), *Flow: The Psychology of Optimal Experience*, Harper and Row, New York.
- CSTI (= Cyprus Sustainable Tourism Initiative) (n.d.), Discover the real Cyprus. 6 different volumes. Nicosia.
- CTO (= Cyprus Tourism Organisation) (2000), *Strategic Plan for Tourism 2000–2010*, Nicosia.
- CTO (= Cyprus Tourism Organisation) (2004), *Annual Report 2004*, Nicosia.
- CTO (= Cyprus Tourism Organisation) (2005), *Annual Report 2005*, Nicosia.
- CTO (= Cyprus Tourism Organisation) (2006), *Annual Report 2006*, Nicosia.
- CTO (= Cyprus Tourism Organisation) (2007), *Authentic Cyprus. Discover it ...*, Nicosia
- CTO (= Cyprus Tourism Organisation) (2008), *Cyprus Wine Routes*, Nicosia
- CTO (= Cyprus Tourism Organisation) (2010), *Strategic Plan for Tourism 2011–2015, Executive Summary*, Nicosia
- Farmaki, A. (2012), "An exploration of tourist motivation in rural settings: The case of Troodos, Cyprus", *Tourism Management Perspectives*, Vol. 2/3, pp. 72-78.
- Fichter, K. and Hintemann, R. (2009), *Grundlagen des Innovationsmanagements*, Carl von Ossietzky Universität Oldenburg.
- Giddens, A. (1991), *Modernity and Self Identity*, Polity Press, Cambridge.
- Gronau, W., Kaufmann, R. and Orphanidou, Y. (2010), "Target-group-oriented bundling of tourism products as a possible key for a long-term perspective in low-mountain ranges – A Cypriot Perspective", in Kagermeier, A. and Willms, J. (Eds.), *Tourism Development in Low Mountain Ranges*, MetaGis, Mannheim, pp. 13-22.
- Habermas, J. (1985), *Die Neue Unübersichtlichkeit: Kleine Politische Schriften V*, Suhrkamp, Frankfurt.
- Harms, T. and Kagermeier, A. (2013), "Closed borders and wasted opportunities: the case of Cyprus", in Thimm, T. (Ed.), *Tourismus und Grenzen*, MetaGis, Mannheim 2013, pp. 13-26.
- Haven Tang, C. and Jones, E. (2012), "Local leadership for rural tourism development: A case study of Adventa, Monmouthshire, UK", *Tourism Management Perspectives*, Vol. 4, pp. 28-35.
- Hounshell, D.A. (1984), *From the American System to Mass Production, 1800-1932: The Development of Manufacturing Technology in the United States*, Johns Hopkins University Press, Baltimore.
- Ioannides, D. and Apostolopoulos, Y. (1999), "Political Instability, War, and Tourism in Cyprus: Effects, Management, and Prospects for Recovery", *Journal of Travel Research*, Vol. 38, pp. 51-56.
- Ioannides, D. and Debbage, K. G. (1998), "Neo-Fordism and Flexible Specialization in the Travel Industry: Dissecting the Polyglot", in Ioannides, D. and Debbage, K. G. (Eds.), *The Economic Geography of the Tourism Industry: A Supply Side Analysis*, Routledge, London, pp. 99-122.

- 1 James, D. (2005), "Leadership and Coordination: a Strategy to Achieve Professionalism in the Welsh  
2 Tourism Industry", in Jones, E. and Haven-Tang, C. (Eds.), *Tourism SMEs, Service Quality and Desti-*  
3 *nation Competitiveness*, CABI Publishing, Oxfordshire/Cambridge, pp. 285-294.
- 4  
5 Kagermeier, A. (2011), "Mit allen Sinnen genießen – Kulinarik als ergänzende Dimension  
6 erlebnisorientierter Produktinszenierung", in Kagermeier, A. and Reeh, T. (Eds.), *Trends,*  
7 *Herausforderungen und Perspektiven für die tourismusgeographische Forschung*, MetaGis,  
8 Mannheim, pp. 51-72.
- 9  
10 Kagermeier, A. (2013), "Auf dem Weg zum Erlebnis 2.0. Das Weiterwirken der Erlebniswelten zu  
11 Beginn des 21. Jahrhunderts", in Quack, H.D. and Klemm, K. (Eds.), *Kulturtourismus zu Beginn des*  
12 *21. Jahrhunderts*, Oldenbourg, München, pp. 1-10.
- 13 Kagermeier, A. and Gronau, W. (2013), "Destination Branding als Teil eines regional ausgerichteten  
14 Destination Governance-Ansatzes in Zypern", *Zeitschrift für Tourismuswissenschaft*, Vol. 5 No. 1,  
15 pp. 107-114.
- 16 Kagermeier, A. and Popp, H. (2000), "Tourismus im Mittelmeerraum als Wirtschaftsfaktor",  
17 *Petermanns Geographische Mitteilungen*, Vol. 144 No. 6, pp. 64-77.
- 18 Kaufmann, R., Orphanidou, Y. and Gronau, W. (2012), "Agrifood meets Agritourism. Outlining a new  
19 trend in Cypriot tourism industry", in Kagermeier, A and Saarinen, J. (Eds.), *Transforming and Manag-*  
20 *ing Destinations: Tourism and Leisure in a Time of Global Change and Risks*, MetaGis, Mannheim,  
21 pp. 263-274.
- 22  
23 Kozak, M. (2004), *Destination benchmarking: Concepts, practices and operations*. CABI Publishing  
24 Oxon/Cambridge.
- 25  
26 Murphy, P. and Murphy, A. (2004), *Strategic management for tourism communities. Chapter 5: Lead-*  
27 *ership*, Channel View Publications, Clevedon/Buffalo/Toronto.
- 28  
29 Oke, A. (2007), "Innovation types and innovation management practices in service companies", *Inter-*  
30 *national Journal of Operations & Production Management*, Vol. 27 No. 6, pp. 564-587.
- 31  
32 Opaschowski, H.W. (2000), *Kathedralen des 21. Jahrhunderts. Erlebniswelten im Zeitalter der*  
33 *Eventkultur*, BAT-Freizeitforschungsinstitut, Hamburg.
- 34  
35 Pechlaner, H. and Volgger, M. (2012), "How to promote cooperation in the hospitality industry. Gener-
- 36 ating practitioner-relevant knowledge using the GABEK qualitative research strategy", *International*  
37 *Journal of Contemporary Hospitality Management*, Vol. 24 No. 6, pp. 925-945.
- 38  
39 Pechlaner, H., Fischer, E. and Hammann, E.-M. (2006a), "Leadership and Innovation Processes –  
40 Development of Products and Services Based on Core Competencies", *Journal of Quality Assurance*  
41 *in Hospitality & Tourism*, Vol. 6 No. 3-4, pp. 31-57.
- 42  
43 Pechlaner, H., Fischer, E. and Hammann, E.-M. (2006b), "Wettbewerbsfähigkeit von Standorten – Die  
44 Rolle der regionalen Kernkompetenz", in Pechlaner, H., Hammann, E.-M. and Fischer, E. (Eds.),  
45 *Standortwettbewerb und Tourismus. Regionale Erfolgsstrategien*. Erich Schmidt Verlag, Berlin, pp. 39-  
46 60.
- 47  
48 Pechlaner, H., Hammann, E.-M. and Fischer, E. (2005), "Leadership und Innovationsprozesse. Von  
49 der Kernkompetenz zur Dienstleistung", in Pechlaner, H. et al. (Eds.): *Erfolg durch Innovation.*  
50 *Perspektiven durch den Tourismus und Dienstleistungssektor*, Gabler, Wiesbaden. pp. 63-86.
- 51  
52 Pechlaner, H., Raich, F. and Fischer, E. (2009), "The role of tourism organizations in location  
53 management: the case of beer tourism in Bavaria", *Tourism Review*, Vol. 64 No. 2, pp. 28-40.
- 54  
55 Pechlaner, H., Raich, F. and Kofink, L. (2011), "Elements of corporate governance in tourism organi-  
56 zations", *Tourismos: An International Multidisciplinary Journal of Tourism*, Vol. 6 No. 3, pp. 57-76.
- 57  
58 Pechlaner, H., Volgger, M. and Herntrei, M. (2012), "Destination management organizations as inter-  
59 face between destination governance and corporate governance", *Anatolia: An International Journal of*  
60 *Tourism and Hospitality Research*, Vol. 23 No. 2, pp. 151-168.

- 1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60
- Peters, M. (2005), "Entrepreneurial skills in leadership and human resource management evaluated by apprentices in small tourism businesses", *Education + Training*, Vol. 47 No. 8/9, pp. 575-591.
- Petkovski, K. (2012), "Required skills and leadership characteristics of a modern manager in tourism and hospitality", *UTMS Journal of Economics*, Vol. 3 No.1, pp. 91-96.
- Pine, B.J. and Gilmore, J.H. (1998), "Welcome to the Experience Economy", *Harvard Business Review* Vol. 76 (July/August), pp. 97-105.
- Republic of Cyprus, Ministry of Finance (2013), Statistical Service, available at: [http://www.mof.gov.cy/mof/cystat/statistics.nsf/services\\_71main\\_en/services\\_71main\\_en?OpenForm&sub=1&sel=2](http://www.mof.gov.cy/mof/cystat/statistics.nsf/services_71main_en/services_71main_en?OpenForm&sub=1&sel=2) (accessed on 4 June 2013).
- Richards, G. and Palmer, R. (2010), *Eventful cities: cultural management and urban revitalisation. Chapter 4: Leadership, governance and stakeholders*, Routledge, Amsterdam.
- Ritzer, G. and Jurgenson, N. (2010), "Production, Consumption, Prosumption", *Journal of Consumer Culture*, Vol. 10 No. 1, pp. 13-36.
- Russell, R. and Murphy, P. (2005), "Entrepreneurial Leadership in Times of Uncertainty: Implications for Tourism Research and Education", in Aramberri, J. and Butler, R. (Eds.), *Tourism development. Issues for a vulnerable industry*, Channel View Publications, Clevedon/Buffalo/Toronto, pp. 66-88.
- Schulze, G. (2005), *Die Erlebnisgesellschaft. Kultursoziologie der Gegenwart*, 2<sup>nd</sup> edition, Campus Verlag, Frankfurt.
- Sharpley, R. (2001), "Tourism in Cyprus: challenges and opportunities", *Tourism Geographies*, Vol. 3 No. 1, pp. 64-86.
- Sharpley, R. (2002), "Rural tourism and the challenge of tourism diversification: the case of Cyprus", *Tourism Management* Vol. 23, pp. 233-244.
- Sharpley, R. (2003), "Tourism, Modernisation and Development on the Island of Cyprus: Challenges and Policy Responses", *Journal of Sustainable Tourism*, Vol. 11 No. 2&3, pp. 246-265.
- Urry, J. and Larsen, J. (2011), *Tourist Gaze 3.0*, Sage, Los Angeles.

1  
2  
3 Titles of Figures

4  
5 Kagermeier, Andreas

6  
7 Challenges in achieving functional leadership structures for repositioning the destination Cyprus  
8  
9  
10

11  
12  
13 Fig. 1: Arrivals of tourists in the Republic of Cyprus from 1980 to 2012  
14

15 Source: [www.mof.gov.cy](http://www.mof.gov.cy)  
16  
17

18  
19 Fig. 2: Cyprus tourism map  
20

21 Source: Author's design based on: [www.mapsfordesign.com](http://www.mapsfordesign.com)  
22  
23

24  
25 Fig. 3: Overnight stays in the different regional destinations  
26

27 Source: [www.mof.gov.cy](http://www.mof.gov.cy)  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60







