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Abstract

The public sector is a salient stakeholder for collaborative tourist organizations. Tourism research has primarily focused on identifying and classifying relevant stakeholders, while less emphasis has been placed on behavioural patterns and actual influence. A call has been made for tourism studies that capture issues of power and politics. Combining a legalistic perspective with two common theories of corporate governance – namely, agency theory and resource dependence theory – the aim of this study is to explore and discuss what power the public sector possesses in the system of corporate governance in tourist organizations. A case study was performed in Norway; tourist organizations were studied at a macro level, by means of multiple sources of evidence. This study confirms the public sector's importance and influence as a stakeholder in tourism. The public sector's power seems strongly associated with aspects of corporate governance, such as ownership, membership, or position as board members. In addition, public resource dependence is decisive. The managerial and theoretical implications of these study results are discussed.

Introduction

This study recognizes the public sector as an important stakeholder for collaborative tourist organizations – a stakeholder that “can affect or be affected by the achievement of organizations’ objectives” (Freeman, 1984: 46), and study the the power of the public sector to influence such organizations. In the present study, the term ‘tourist organization’ refers to destination-based organizations that draw together a number of stakeholders with interests in tourism within a specific geographical area, in order to strengthen the organization’s marketing, planning, and development functions through joint resources and collaboration (Pearce, 1992). Organizations and destinations may be able to gain competitive advantages by bringing together the knowledge, expertise, capital and other resources of several stakeholders (Bramwell & Lane, 2000; Bramwell & Sharman, 1999; Silkoset, 2004).

In the field of organizations, and in this study, it is inevitable to associate the concept of *power* with formal roles; it refers to a characteristic of, and the official or formal rights attached to, a position in the chain of command (Handel, 2003). The theoretical framework for the present study is corporate governance theory, which emphasizes the exercise of power in corporate entities (Clarke, 2004), including – for the purposes of this study – tourist organizations. Corporate governance, which involves a set of relationships between management, the board, shareholders and other stakeholders, provides the structures through which the objectives are set (OECD, 2004). Corporate governance is associated with power, responsibility and accountability within this system (Gourevitch & Shinn, 2005). Thus, the aim of this study is to explore and discuss the power of the public sector in tourist organizations from a corporate governance perspective

by asking the following research questions: What power does the public sector possess in the system of corporate governance in tourist organizations? What are legitimate claims of the public sector? And finally, what changes have recently occurred?

Hall (2007; 2010; 2011) calls for studies of power arrangements and tourism studies that capture issues of power and politics by addressing Lasswell's (1936) comment about politics; who gets what, where, how and why. Power can be considered a function of dependence; the more dependent the organization is on the stakeholder, the greater the power (Savage, Nix, Whitehead & Blair, 1991). Mitchell, Agle and Wood (1997) combine the concepts of power, urgency, and legitimacy in their model of stakeholder salience. The most salient stakeholder would have an urgent claim against the organization, would have the power to enforce its will on the organization, and would be perceived as legitimate in exercising that power.

Destination research has primarily focused on identifying and classifying relevant stakeholders, while less emphasis has been placed on stakeholders' behavioural patterns and actual influence (e.g. Araujo & Bramwell, 1999; Bramwell & Sharman, 1999; Currie, Seaton & Wesley, 2009; Sautter & Leisen, 1999; Selin & Chavez, 1995). Recent research has broadened the perspectives by focusing on salience (Sheehan & Ritchie, 2005; Cooper, Scott & Baggio, 2009) and interpretations of the influence and power of key stakeholders (Beritelli & Laesser, 2011). By differentiating stakeholders based on their potential to threaten and to cooperate, Sheehan and Ritchie (2005) found that criticality for funding was the most common reason for salience. Hotels and hotel associations were considered the most salient, followed by local and regional government. Cooper et al. (2009) found that destination management is controlled by a limited number of stakeholders, based on perceived salience, as key stakeholders form an elite at the core of its network. Beritelli and Laesser (2011) found that the interpretation of power in tourist destinations must be regarded as both a perceptual and structural concept, as it varies across stakeholder groups, including the public sector. Knowledge was found to be the dominant power dimension, though public sector representatives also emphasize power over processes.

Mintzberg (1983) claimed that governments in various forms have a special power over all organizations, since they represent the highest legitimate authority of the society and establish the laws and regulations under which every formal organization must function. The corporate governance systems reflect public policy choices (Gourevitch & Shinn, 2005). A legalistic perspective on corporate governance emphasizes the power established by law but nonetheless represents only a small step toward understanding public sector power in tourist organizations. To fully understand the many mechanisms and structures involved in corporate governance, Daily et al. (2003) and Stiles and Taylor (2001) call for studies utilizing multiple theoretical perspectives. Combining the legalistic perspective with two common theories of corporate governance - namely, agency theory and resource dependence theory - we explore the research questions. Finally, a historical perspective has been included in order to discuss recent

changes. A case study was performed in Norway, studying tourist organizations at a macro level, by means of multiple sources of evidence.

Public sector involvement in tourist organizations

The tourism product is complex. Since the tourist industry does not control all of those factors that make up the attractiveness of a destination, “the essence of successful tourism development is the creation of a ‘partnership’ that is incentive compatible for the various stakeholders in the activity of tourism,” including central and local government (Wanhill, 2001: 225). The rationales for government intervention in tourism can be categorized in terms of the complexity of the tourist product, institutional structure, guardianship of the resource base, and market failure (Wanhill, 2001). The market failure argument follows from the others; due to the heterogeneous nature of the product, with common goods and services, it is difficult to establish appropriate institutional structures. Furthermore, environmental protection and community ownership of the development process are not guaranteed by the free market. Hall (2008) identified eight areas of public sector involvement in tourism, several of which also apply to tourist organizations: coordination, planning, legislation and regulation, entrepreneurship, stimulation, promotion, social tourism, and a broader role of public interests protection.

In most countries, the tendency to privatize and commercialize functions once performed by government has also affected governments’ involvement in tourism (Hall, 2008; Hall, Müller & Saarinen, 2009). Hall (1999; 2005) recognized this shift in the role of government as emphasis on governance through public-private partnerships began to grow in the 1980s, replacing the traditional public administrative model. Bramwell and Lane (2000) call for research on the legal, financial, and influential power of government in such collaborative partnerships. In Zapata and Hall’s (2012) study of partnerships in Spanish tourism, the pursuit of legitimacy could partly explain the processes of public-private collaboration and organizational evolution (which was also affected by a general dependence on public funding), eventually resulting in structurally similar organizations.

Corporate governance perspective: Public policy and legitimacy

In Norway, recent decades have been characterized by wide variance in government policies regarding the organization of tourism (see Table 1).

In contrast to the 1980s’ lack of public policy for the organizational structure of tourism, the 90s, however, was a period of policies with strong implications on how tourism should be organized. The organizational model proposed by government included five regional cross-county companies with marketing, development, and sales-promoting tasks for their respective areas, complemented with a number of destination management organizations at a local scale. These were founded as limited liability companies (LLCs), owned by both industry and public authorities, in line with the common tendency to privatize and com-

mercialize functions through public-private partnerships (Hall, 1999; 2008; Hall et al., 2009). The government supported implementation of the new model through special grants to gradually enable the companies to become self-financing by selling activities and services.

Table 1: National strategies and reports to the Norwegian Parliament concerning the organization of tourism

	Title [English]	Ministry	The organization of tourism
1986	Om reiselivet – St.meld. nr. 14 [About Tourism]	Ministry of Transport	Industry initiated structure: The industry must have a special responsibility for corporate development: product, organization and marketing. The government's role is to adapt... (p. 22)
1989	Regjeringens nasjonale reiselivsstrategi [National Government Strategy for Tourism]	Ministry of Industry	Politically stated structure: Development towards a model, which consists of destination companies, regional companies for parts of the country, and NORTRA. The government supports this trend and the Industry Fund contributes to the establishment ... (Chapter 3)
1999	Lønnsomme og konkurransedyktige reiselivsnæringer – St.meld. nr. 15 [Profitable and Competitive Tourist Industries]	Ministry of Industry and Trade	Industry initiated structure: Businesses and industries must find appropriate forms of cooperation that ensure long-term commitment by the industry. (p. 79)
2005	Handlingsplan for reiselivsnæringene [Plan of Actions for the Tourist Industries]	Ministry of Industry and Trade	Politically initiated structure: ... develop a project statement to identify success criteria for cooperation in tourism industries. [...] Success criteria should be communicated to the tourism industries and relevant stakeholders, and serve as inspiration in their work. (p. 36)
2007	Verdifulle opplevelser. Nasjonal strategi for reiselivsnæringen [Valuable Experiences. National Strategy for Tourism]	Ministry of Industry and Trade	Politically initiated structure: The government is positive to processes that allow for more flexible and powerful regional, county, destination, and local tourism companies. (p.74)
2012	Destinasjon Norge. Nasjonal strategi for reiselivsnæringen [Destination Norway. National Strategy for Tourism]	Ministry of Industry and Trade	Politically stated structure: There is a need for an organizational model for the future of tourism that provides a more efficient use of private and public resources. The purpose of an adjustment of the destination company structure is to enhance the tourism industry and achieve more for the public funds allotted to the industry... (p.45)

In 1999, public policy changed again. White papers provided few guidelines; it was the industry's responsibility to find appropriate forms of cooperation. National, regional, and local authorities should neither influence nor prioritize special organizational solutions; instead, tourist organizations were expected to evolve from the industry based on local and regional differences. The next government coalition, on the other hand, promoted processes that allow for a more flexible and powerful structure for tourist organizations (Nærings- og handelsdepartementet, 2007), and in their policies attention was again drawn towards politically stated structures with fewer and larger organizations (Nærings- og handelsdepartementet, 2012).

Today, there are more than 150 tourist organizations in the small country of Norway (Nærings- og handelsdepartementet, 2007), which has as many foreign guest nights as citizens – about five million. Marketing is these organizations' main activity, though coordination, visitor information, destination and product development, booking and sale are also prioritized. The present structure of tourist organizations is not politically stated; each destination is free to establish any appropriate organization. Hence, structures are diverse and demonstrate geographical differences. In most destinations, public authorities either collaborate with or join the tourist organization, though the nature of their involvement varies.

It is important to note that this study emphasizes public sector power in tourist organizations at the macro level, while still acknowledging the influence of a number of factors at the micro level. Given the importance of local and regional government in tourism development and promotion, the public sector should not be seen as a unitary structure (Hall, 2005). The municipalities (430 in Norway) are independent agencies at the local level, while the counties (19) are responsible for policies within cultural affairs, communications, economic development, and regional planning. The municipalities and counties are governed by elected councils and their powers for self-government have been delegated by the State and are set out in legislation. It can be difficult to distinguish the activities of elected officials from those of the public administration and authorities (Hall, 2005). Thus, this study uses 'public sector' as a collective term that embraces public authorities on all levels as well as bureaucracies or agencies that enact and implement the decision of politicians.

Due to public policies emphasize on tourist organizations structured as companies, and the increasing number of LLCs, corporate governance is an interesting subject of study. Tourist organizations structured as LLCs are placed under The Norwegian Company Legislation (Aksjeloven) of 1997. Shareholders exercise their supreme power in a general assembly (§ 5). The manager executes day-to-day management of the organization based on instructions given by the board (§ 6). The board of directors employs the manager, has the ultimate responsibility for company management, and supervises day-to-day management and activities (§ 6). Thus, for tourist organizations, legislation determines aspects of public power including public versus private majority among shareholders, and the proportion of directors from the public sector.

Agency perspective: Public sector as shareholder and director

Agency theory is among the most recognized perspectives in research on corporate governance (Zahra & Pearce, 1989). The unit of analysis within agency theory is the relationship between one party (one or more principals) that delegates work to another (an agent), who performs that work (Jensen & Mecklin, 1976). Organizations, in which owners delegate some decision-making authority to managers, can be seen to contain such relationships. Agency theory explains the organization as a nexus of contracts among many individuals, each with the aim of maximizing their own utility (Clarke, 2004). If all parties are utility maximizers, there is good reason to believe that the agent will not always act in the interests of the principal (Jensen & Mecklin, 1976). In addition, principals are not necessarily a homogeneous group; they may be composed of different subgroups with different motives. Agency problems may occur when the desires or goals of the principal and agent conflict, and when it is difficult or expensive for the principal to verify what the agent is actually doing (Eisenhardt, 1989).

Some characteristics of tourist destinations and tourist organizations make a principal-agent perspective appropriate. Multiple stakeholders involved in tourism at a destination, with various interests, introduce a high level of complexity and may cause challenges (Sautter & Leisen, 1999). Accordingly, multiple public and private shareholders in a tourist organization may encounter conflicts, including potentially agency conflicts. What are their common goals, and in whose interests should the management act? For example, protection of public interests can lead to public sector involvement in tourism and can motivate formal involvement in a tourist organization. However, public interests are not necessarily equivalent to tourism interests, and developing an area as a tourist destination is not necessarily equivalent to developing a local society. This contradiction between types of utility may cause agency conflicts, which can be influenced by public sector ownership and public sector majority. In whose interest should the public sector act? How shall tourist organizations balance various interests? Who gets what, where, how and why (Lasswell, 1936; Hall, 2007; 2010; 2011)?

Agency theory offers shareholders a pre-eminent position in the organization; shareholders are the principals in whose interest the organization should be run even though they rely on others to run it (Clarke, 2004). The basis of agency theory is the self-interested utility-maximizing individual; thus, the relationship between shareholders and managers is assumed to be problematic, as the principals attempt to prevent their agents from maximizing their own utility (Clarke, 2004). Agency theory highlights the controlling role of the board in monitoring and rewarding the activities and performance of managers (agents) on behalf of their shareholders (principals) (Eisenhardt, 1989; Fama & Jensen, 1983), in order to minimize agency costs and thereby protect shareholder interests (Stiles & Tylor, 2001). However, other interrelated board roles have been identified in addition to the control role (Zahra & Pearce, 1989), such as representing the organization's interests in society, linking the organization with its external

environment, securing critical resources (service tasks), paying attention to elements of the strategic process, and affecting formulation and dissemination of policies (strategic tasks). When considering these, one should also consider in whose interests the directors act. Boards of directors are important and influential decision-making groups. The agency perspective provides a useful framework to discuss the formal power of the public sector in tourist organizations; in terms of both ownership/membership and the formal position as directors.

Resource dependence perspective: Public sector as provider of funding

Resource dependence theory is based on the idea that all organizations depend, often reciprocally, on other organizations for the provision of vital resources (Drees & Heugens, 2013). Power occurs when others have one-sided control over the resources an organization needs badly, the organization does not have many alternative sources, and the organization does not have countervailing power (Emerson, 1962; Pfeffer & Salancik, 2003). In such cases, organizations must interact with those who control vital resources, in order to survive (Pfeffer & Salancik, 2003).

Tourist organizations in general are dependent on public funding. In an international comparative study of tourist organizations in seven different countries and areas, organizations were found to rely on the public sector for at least half, and in many cases up to 80%, of their income (Pearce, 1992). A recent study by Zapata and Hall (2012) found a general dependence on public funding in Spain. The same pattern can be found for Norwegian tourist organizations (Jakobsen, 1998; NHO Reiseliv, 2011).

Finding appropriate finance programs for tourist organizations has long been a challenge for both the public and private sectors in Norway, entailing a number of public reports (Farstad, Skalpe & Troye, 2001; Jakobsen, 1994; 1998), industry-initiated models (Jakobsen, 2005), and pilot projects (Innovasjon Norge, 2008) concerning funding of tourist organizations activities. Both sectors appear to be in constant search for the optimal funding solution. Currently, Norway has a multitude of different funding models for various tourist organizations throughout the country, though in general they are dependent on public funding.

The resource dependence perspective focuses on the external challenges of corporate governance in terms of building relationships and securing resources. The key to organizational survival is the ability to acquire and maintain resources (Pfeffer & Salancik, 2003), including through such actions as board interlocks, alliances, joint ventures, in-sourcing, and mergers and acquisitions (Drees & Heugens, 2013; Hillman, Withers & Collins, 2009; Pfeffer & Salancik, 2003). Interorganizational interdependencies, like those in tourism, explain why formally independent organizations engage in such interorganizational arrangements (Drees & Heugens, 2013). Thus, tourist organizations and destinations may be able to gain competitive advantages by bringing together the knowledge, expertise, capital and other resources of several stakeholders (Bramwell & Lane, 2000; Bramwell & Sharman, 1999; Silkoset, 2004).

From a resource dependence perspective, boards of directors act as links to the external environment (Pfeffer & Salancik, 2003). Directors connect the organization with external factors, which may generate uncertainty and external dependencies (Hillman, Cannella & Paetzold, 2000). The resource dependence role also entails bringing resources to the organization, such as information, skills, access (e.g., to public policy decision-makers), and legitimacy (Drees & Heugens, 2013). Hillman et al. (2000) developed a categorization of the resource dependence roles of directors, labelling them as insiders, business experts, support specialists, and community influencers. The category of community influencers may also be used to describe public sector representative on tourist organizations boards.

Method

Design

Table 2 Data sources, characteristics, and analysis

Sources	Characteristics	Analysis
Surveys	1996: archival records (Jakobsen, 1998)	Structural characteristics Descriptive analysis with SPSS
	2008: by the author	
	2010: archival records (NHO Reiseliv, 2011)	
Interviews	Focus group interviews	Recorded and transcribed Analyzed board composition and structural characteristics Registration and categorization of statements
	Managers	
Archival data	Tourist organizations	Content analysis Categorization and classification of relevant statements Chronologies Background information
	Newspaper clippings and other media material	
	National public policies	

This article is based on a case study of Norway. There are many similarities among the Nordic countries regarding the public sector (Baldersheim & Ståhl-

berg, 2003; Hall et al., 2009), the structure of tourism (Gibson, 2006; Grängsjö, 2006; Hall et al., 2009), and the structure of corporate governance (Huse, 2007). Norway provides a good example of the Nordic model of public-private collaboration in tourism, and the Nordic countries have experienced many of the same restructurings of tourism in recent years. The issues examined, the nature of the case (a country), and the historical dimension required broad coverage; thus, survey data were supplemented with interviews and archival data. Table 2 summarizes samples and data sources.

Samples and data sources

Surveys

The main data source was survey data obtained in 1996 and 2008. Applying data from two points in time allowed for a discussion of recent changes in public sector power, which is not only contingently situational but also historically formed (Clegg et al., 2006). Several researchers call for organization studies with an explicit historical dimension (Kieser, 1994; Scott, 2008), an approach also noted as important in understanding collaborative arrangements in tourism (Caffyn, 2000; Grängsjö 2006; Pearce, 1992; Selin & Chavez, 1995; Zapata & Hall, 2012). However, these are not panel data; that is, the same respondents and organizations cannot be connected to each other across the data sets. The 1996 data are archival records collected in connection with doctoral research concerning tourist organizations and funding (Jakobsen, 1998). Managers of 240 organizations from public records received a questionnaire, which 122 answered. Jakobsen (1998) adjusted the population to 168-180 organizations due to many inactive and discontinued organizations; thus, large and highly active organizations were overrepresented in the final sample. In 2008, no national database of tourist organizations existed; thus, the author established a database of 223 organizations using information from numerous public and private sources; contacting them by phone to exclude inactive organizations reduced the database to 153 organizations, from which 97 managers (63%) responded to an electronic questionnaire.

This 2008 questionnaire was a large survey using a mix of open- and closed-ended questions, expressed in much the same manner as in 1996, to gather data on leadership and governance. This present study uses 13 questions on structure, ownership, governance, funding, and functions. The Consumer Price Index (www.ssb.no/kpi/) was used to convert economic data from 2008 to 1996 values. The mainly descriptive data analyzes were performed with SPSS 18 for Windows.

Focus groups interviews

Seven semi-structured focus group interviews were conducted with 37 directors of seven tourist organizations, who were considered key informants with first-hand knowledge of tourist organizations and possible public sector influence. The seven organizations varied regarding geographic location, scale, and forms

of structure, ownership, and management; they included one private organization, three public-private partnerships with public majority, and three partnerships with private majority. Three were structured as LLCs. The directors typified several common structural dimensions: public and private sector, business owners, managers and employees, different sectors of the tourism industry and the wider business community, and multiple municipalities (Lathrop, 2005).

The focus group approach provided the opportunity to collect a large amount of information in a limited period, to concentrate on specific topics, and to consider unexpected information. Each focus group interview began with a short presentation of the directors (name, background, current position, and tenure), followed by a number of questions on both general topics and issues specific to their organization. Minor changes were made to the wording and order of the questions after two trial interviews. The author facilitated the interviews, which were conducted as part of regular board meetings, lasted for about one hour, and were recorded and transcribed before analysis. Data from the focus group interviews were analyzed in terms of board composition and structural characteristic, in addition to registration and categorisation of statements reflecting aspects of public sector power, following Morgan (1997).

To supplement the directors' interviews, the author talked to a number of managers, both personally and by phone. These conversations were open-ended efforts to acquire facts and opinions regarding public influence on the tourist organization they were managing and in general. A few of these consultations were used to elaborate on opinions previously expressed by directors in the focus group interviews.

Archival data

A sample of 12 tourist organizations was systematically examined by means of by-laws, annual reports, strategic plans, and market plans that gave detailed information. The selected organizations varied according to size, scale, function, structure, and location, providing a selection of 'typical cases' (Miles & Huberman, 1994) to illustrate aspects of public sector power. Five of these organizations were LLCs. Specific incidents of public sector influence were exemplified through 69 newspaper clippings and other media materials collected over a three-year period. Finally, action plans, public strategies, official white papers and public reports concerning national public policies for tourism were selected and analyzed to capture aspects of public sector influence on a more superior level.

Documents supplying relevant background information were exposed for content analysis which involved categorizing and classifying statements about public sector power in tourist organizations. Public policies and expected implementations (as they appear in empirical evidence from documents and archival records) were placed into one chronology (Yin, 2003). Rich and insightful knowledge of the case and its historical dimensions was attained by combining the survey data from two points in time, interviews, and archival data into one case description.

Results

For clarity of presentation, results are reported on the basis of data sources, starting with the survey data, followed by results from the interviews. Where appropriate, these are supplemented with additional findings from the archival data.

Survey

Key figures for Norwegian tourist organizations in 1996 and 2008 (see Table 3) indicate recent development in structural characteristics. Figures from 1996 and 2008 are supplemented by general results from 2010 from The Norwegian Hospitality Association (NHO Reiseliv, 2011). To facilitate comparison, averages are included and economic figures are recalculated to 1996 values. Regional refers to organizations that cover two or more counties, and DMO refers to organizations that cover two or more municipalities.

Table 3: Key figures for Norwegian Tourist Organizations 1996, 2008, and 2010

1996	#	Revenues (mill.)	Revenues (average, mill.)	Man- labor- year	Man-labor- year (average)	# own- ers/ members	# owners/ members (average)
Regional	4	40	10	23	5,8	573	143
County	9	34	3,8	42	4,7	1070	119
DMO	45	105	2,3	184	4,1	3373	75
Municipality	62	70	1,1	152	2,5	3325	54
Total	120	249	2,0	404	3,4	8341	70

Numbers based on Jacobsen (1998)

2008	#	Revenues (mill.)	Revenues <i>1996</i> <i>value</i> (average, mill.)	Revenues <i>1996</i> <i>value</i> (average, mill.)	Man- labor- year	Man-labor- year (average)	# own- ers/ members	# owners/ members (average)	
Regional	7	49	38	7	5,4	23	3,3	542	77
County	9	112	87	12	9,6	55	6,1	592	66
DMO	44	198	154	4,5	3,5	169	3,8	2991	68
Municipality	37	166	129	4,5	3,4	119	3,2	2264	61
Total	97	525	407	5,4	4,2	365	3,8	6389	66

Numbers based on survey conducted by the author in 2008

2010	#	Revenues (mill.)	Revenues <i>1996</i> <i>value</i> (average, mill.)	Revenues <i>1996</i> <i>value</i> (average, mill.)	Man- labor- year	Man-labor- year (aver- age)	# own- ers/ members	# owners/ members (average)	
Total	100	550	407	5,5	4,1	401	4	7500	75

Numbers based on report from NHO Reiseliv (2011)

The first column in Table 3 reports the number and distribution of tourist organizations at different geographical levels. The major change is found at the municipality level which accounted for 52% of the organizations in 1996, but only 38% in 2008. DMOs have remained stable but in 2008 were the largest category, accounting for 45%. The same organizational structure, partly with the same characteristics, persisted even when national public policy shifted. The county level, which national policies proposed to exclude from the organizational model of the 90s, remains stable. In many areas, DMOs were formed in addi-

tion to local organizations, adding an extra level to the structure. Many areas still have tourist organizations at four levels.

In the studied period, tourist organizations experienced a 63 % increase in revenues (1996 values). Regional organizations reduced their revenues, while organizations at all other levels experienced an increase. Organizations at the county level experienced a total 156% increase in income.

The next columns in Table 3 describe size, in terms of number of man-labor-years, and owners/members. In general, there are small changes in numbers of man-labor-years. The average number of employees was 3.8 in 2008, compared to 3.4 in 1996. This number has increased in organizations at the county and municipal levels but decreased in regional organizations and DMOs. Organizations generally remained stable in terms of owners/members. The average number of owners/members per organization dropped from 70 in 1996 to 66 in 2008. Regional organizations, together with county organizations, experienced a major reduction in the number of owners/members. NHO Reiseliv (2011) reports approximately 75 owners/members in each organization in 2010.

According to the 2008 data, the average date on which Norwegian tourist organizations were established was in 1990. A large proportion of the organizations (62%) participating in this survey reported restructurings after their founding year. 9 of 12 tourist organizations that were more systematically investigated reported structural changes, although restructurings seem limited; annual reports refer to changes of names and logos, new departments, and changes in funding models. The same stakeholders remain attached to the organization.

In 1996, 56% of organizations were cooperatives or member organizations, 36% were LLCs (of which the public sector had a majority of 8%), and 8 % were municipal offices (Jakobsen, 1998). In the 2008 survey, 50% of organizations were still cooperatives or member organizations. The proportion of LLCs increased to 45%, though companies with public majority remained stable at 9%. LLCs in which the industry has the majority appeared particularly at the regional level and among the DMOs. The county (44%) and municipal (62%) levels were still dominated by cooperatives and member-based organizations. The county level has a high proportion of LLCs with a public majority (44%). Overall, NHO Reiseliv (2011) reports a public majority in 29% of organizations.

The 2008 survey shows that Norwegian tourist organizations had on average six board members, and 50 of the 97 organizations had one or more public sector representatives on their board of directors (mean = 1, max = 7). NHO Reiseliv (2011) reports the following allocation of board seats: employees in tourism, 47%; employees in other industries, 21%; politicians, 14%; public employees, 10%, employees in tourist organizations, 4%; and external independent, 4%; giving the public sector one quarter of directors on average.

The above findings indicate that the public sector's formal role in Norwegian tourist organizations declined to some extent between 1996 and 2008, resulting in fewer public offices and more LLCs with business majorities. The legitimacy of the public sector is, in that respect, somewhat reduced; organizations are less formally controlled by the public sector. However, the majority of

organizations, both membership and LLCs, have public members or owners with varying levels of influence in the organizations. In terms of governance, the findings show that the public sector plays an important role as directors, with, especially in LLCs, an executive position with influence on strategic decision-making.

Table 4: Funding for Norwegian tourist organizations by sources

	1996	2008	2011
Public funds	42 %	46%	49%
Industry funds:	34%	28%	39%
-Annual payments	(15%)	(17%)	(24%)
-Sales of services	(19%)	(11%)	(15%)
Sales to market	14%	19%	
Other income	10%	7%	12%

Table 4 shows that the public share of revenues (public grants, sale of services and project funding) has increased and now accounts for about 50% of the average income. Revenue from industry comes either as annual payments or as sales of services, and the distribution between them varies in this period. On average, each owner/member contributed 14 000 NOK in 2008 compared to 4 500 NOK in 1996. This means that in 2008, although the industry as a whole accounted for a lower proportion of the total budget, each owner/member on average contributed more.

Focus groups interviews

In the focus group interviews, all boards had public sector representatives (min = 1, max = 3). These were elected representatives from the local democratic bodies, public representatives responsible for local industrial and commercial development, or other public employees from public administration. Three mayors were also directors, holding both public decision-making authority and executive power on the board. Seven of the more systematically examined organizations had public sector directors (min = 0, max = 6).

Only a few boards in the focus group interviews reflected on how they and their tourist organization were influenced by both the public and private sectors. A private sector director in Organization A said:

That means a number of other issues come up than you have on a regular board in a shareholder company. Among other things, that we represent both the business and... and political interests. So... that means it is much more like a social commitment expected of a board like us, than one would expect from a typical business board.

Organization A is the largest in this sample, with both politicians and public employees among the directors. A public sector director from Organization A said:

Disqualification issues are something that has meaning for me, coming from the administration - public administration. Right before I

agreed to join this board I went out from another board because I got impartiality issues, or could get it. So ... and it's clear... in other words... it's easier to be involved in such an organization - a non-profit organization - than a more commercial organization or company. However, there will be issues here affecting what you... that is part of your employment with the municipality, so you must be absolutely clear and accurate in... in how you handle it.

Organization C is a smaller organization on the municipality level; the mayor is one of the directors. The tourism industry is of great importance in this area, and the local tourist organization acts as consultative body:

The municipality would like businesses to report their point of view to us, and we will be listened to by the municipality. The municipality has stated that they look at the tourist organization as a body entitled to comment, which shall speak on behalf of the business community in the municipality. So they said that they want to use us as such a channel, yes.

Difficulties in funding activities were stressed by directors in focus group interviews. Organization G: 'I would say that we have had to struggle and work too much with financial issues of the company. At the expense of what we really should do ... At the sacrifice of the things we really should put work into'. This is not a newly emerging challenge, as illustrated by this short dialogue between two directors in Organization F, starting: 'I attended in the 80s and 90s too, you know. And then there were the same talk', going on: 'one thing – it is all about economy'. A director from Organization A explained a drop in income by the general economic downturn at that time (2008):

One of the dangers of organizations like ours is that... if it goes really badly, everyone asks, 'Why should I be a member?' And suddenly, only municipalities say 'for a common good,' while the others look at the bottom line and say 'we must save money – money must be saved'.

The organizational model from the 90s proposed by national public policy was evaluated in retrospect; one of the major findings was related to difficulties faced by many of the organizations in funding their activities without public grants (Jacobsen, Dybedal & Skalpe, 1996; Nesheim & Mjør, 1994). What tourist organizations produce is difficult to make the object of purchase and sale, and the relationship between market income and annual contributions from the public and the business was 1:1 in 1996 (Jakobsen, 1998). Hence, in connection with the evaluations, managers reported that they had had to change structure, priorities, and activities in accordance with public claims in order to provide funding (Jacobsen et al., 1996; Nesheim & Mjør, 1994). This tendency was also expressed by the directors of today's organizations in the 2008 interviews.

Large shares of income from the public sector are given as project funding, to fulfill specific commitments and goals. Project funding accounted for nearly 20% of the income of tourist organizations in 2008 and could strongly influence

strategies, priorities, and activities for tourist organizations if they change course of action in accordance with current project portfolios. This tendency was emphasized in interviews, exemplified by the following quote from Organization F:

Everything else is reasonably certain; the projects are what make it a little scary and a bit unknown and a bit difficult. And the time horizon of the various projects varies. And sometimes we find that we suddenly become just like a hostage of a project.

In interviews with both boards and managers, unpredictability in financing activities was highlighted as one of the most challenging aspects of running the organizations. As a direct result of this tendency, a few of the interviewed boards had created workgroups to demonstrate the effects of the organization's efforts towards both public and private contributors, in order to secure long-term funding. Difficulties with long-term funding and public sector grants were illustrated in many newspaper clippings concerning tourist organizations. Based on the stated desire to highlight financial issues, it is reasonable to ask whether this visibility in the media about these issues is not random, but rather part of a deliberate strategy.

Discussion

This study found that the public sector has power within Norwegian tourist organizations, that this power seems strongly associated with aspects of corporate governance, and that public resource dependence plays a decisive role.

Regardless of formal structure, public-private partnerships with public ownership/membership are common among Norwegian tourist organizations, giving the public sector legitimate rights. An increased number of LLCs (45 %) place more tourist organizations under Company legislation, with specific rights and responsibilities for the actors in the corporate governance system. Organizations based on memberships are not within this jurisdiction; nonetheless, more or less the same practices for member organizations entail at least the same moral rights. Shareholders can exercise their supreme power in a general assembly. Consequently, the share of public versus private owners affects power. A public sector majority has been reported for 29 % of Norwegian tourist organizations (NHO Reiseliv, 2011), giving the public sector majority and power in the general assembly. In addition, legislation emphasizes the board's responsibility for the management of the company. Public sector representatives on the boards give the public sector power in this important decision-making setting. How this power is manifested is yet to be studied.

Structural characteristics reveal a slight tendency in the studied period towards less public sector ownership, resulting in less formal public sector control and governance of the organizations. However, powerful stakeholders can gain influence, possibly at the sacrifice of traditional democratic mechanisms (Hall, 1999; 2008). There is reason to ask whether the public sector has disproportionate power to influence due to the tourist organizations' reliance on public funds. The organizations ability to structure and finance collaborate activities merely on

industry initiative is limited. In the absence of a suitable and sustainable financing program for tourist organizations, the public sector will be able to influence structure, operations, and activities through public means at both a macro and a micro level. The agency theory offers shareholders a pre-eminent position in the organization (Clarke, 2004). However, this study's findings give reason to ask whether the public sector is instead given preference in tourist organizations due to their importance as providers of funding. This resource dependence can be classified as one-sided and thus entails power; the public sector has control over resources that are badly needed by tourist organizations, which have neither many alternative sources nor countervailing power (Pfeffer & Salancik, 2003). Hence, it is reasonable to ask whether the private sector is willing to accept that the public sector possesses a certain level of power in these public-private partnerships for such reasons.

The historical dimension incorporated in this study proved useful to broaden perspectives. The questions of legitimacy and power matter when it comes to implementing national policies and strategies, as revealed through the review of national policies. The desired public policies have been difficult to fully implement, and strategies have shown to neither give the intended effects nor be sustainable.

Two main issues seem to complicate the implementation of national public policy for tourism at the regional and local levels. First, the county and municipal councils have self-governing power set out by legislation and delegated by the state. For this reason, the means of interpretation and implementation of aspects of the superior national public policies at the regional and local levels can vary according to local conditions and policies. Local authorities have to improve and implement chosen national strategies. One can find examples in the analyzed data (e.g., regional or local policy, newspaper clippings, and annual reports) in which local authorities support their local organizations and seek the best solutions for their specific areas regardless of the national policy, as well as examples in which official national strategies, to a minimal extent, affect regional and local priorities.

Second, organizing tourist organizations as LLCs leaves decision-making authority to the owners; thus, they must follow with the current national policy and change their structure and activities accordingly. The increased number of LLCs with a private sector majority further reduces the public sector's power to change the organizational structure of tourism. Mergers, dissolutions and discontinuations of activities must, according to Norwegian Company Legislation (1997), be decided by majority vote in the general assembly. Consequently, private shareholders may possibly choose to close down their own tourist organization to meet the government's overall policy.

Organizational changes in the 90's were implemented partly by economic incentives, though the structure turned out to be short-lived for many organizations when incentive funds ended. The new organizational changes for the future are also followed by incentive funds. Public sector power cannot necessarily

explain organizational structure, though public sector power through resource dependence could explain many recent reorganizations, priorities and strategies.

The two theoretical perspectives applied turned out to be interrelated. The principal-agent relationship can be described as a contract between two parties, in this case primarily between the shareholders as principals and the manager as agent. However, there are other contractual arrangements in tourist organizations that contain important elements of agency. Findings show that the public share of revenues accounts for about 50% of the average income for tourist organizations. Revenue from industry varies but accounted for between 28% and 39% in the studied period, as a combination of annual payments and sales of services. The underlying membership/ownership of both public and private sectors is one factor to consider; another is the annual payments from both sectors. Annual payments can also be considered contractual relationships, wherein the contributors expect the tourist organization to act in their interests to increase their utility.

The role of boards of directors in an agency perspective is related to control (Zahra & Pearce, 1989); directors act to ensure that the actions of managers serve the interests of shareholders (Fama & Jensen, 1983; Jensen & Mecklin, 1976). The resource dependence perspective also entails considering public sector directors as control of public means. From the resource dependence perspective, directors connect the organization to important external factors (Hillman et al., 2000). The resource dependence role also entails bringing resources to the organization, such as information, skills, access (e.g., to public policy decision-makers), and legitimacy (Drees & Heugens, 2013). These lessons have both managerial and theoretical implications, and should be considered in the development of future policies and future research.

This research has some limitations, which are related to common concerns associated with case studies. First, case study investigators can allow equivocal evidence and biased views to influence the direction of the findings and conclusions. In a case study of a whole country, where the phenomena are studied both contemporarily and historically, enormous amounts of evidence are involved. Selection biases could possibly over- or understate relationships, in which case essential evidence could be overlooked and disregarded. Moreover, case studies provide little basis for scientific generalization, in the sense that common conclusions cannot be drawn. The research strategy and the sample both condition generalization of the results, which for this research is restricted to a single case study in one country. While recognizing these limitations, this study still contributes and provides new knowledge of the public sector as a stakeholder in tourism, as well as the relationships between public and private sectors in collaborative tourist organizations.

Conclusions and future research

In terms of theory building, the findings confirm that the public sector is an important stakeholder in tourism and that the public sector's power to influence as shareholder and director is a factor to consider when studying or managing

tourist organizations. Nevertheless, actual power to affect outcomes varies in several ways: in terms of geographical differences, between different levels of public authorities, between various tourist organizations, and in a historical perspective. This study was done on the macro level, discussing public sector power through a case study investigating tourist organizations in Norway. Further research in other countries and regions is needed to determine whether findings remain valid within other jurisdictions and structures for tourism. The many similarities between the Nordic countries regarding governance and tourism give reason to believe that results are applicable within the Nordic model for public-private partnerships in tourism. Future research may consider investigating this phenomenon on a micro level, for one or a few organizations, focusing on regional and local governmental power and actual use of public power. Findings also provide grounds for suggesting further research addressing corporate governance and internal affairs in tourist organizations; more precisely, by investigating how public sector representatives among the boards of directors influence those boards and their strategic decision-making processes.

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