

NETWORKING OF HOSPITALITY ENTERPRISES AND FARMERS IN IMPROVING GASTRONOMY

Zorica Krželj - Čolović¹

UDC / UDK: 640.4+631:641.568](497.5)

JEL classification / JEL klasifikacija: L83, Q1, O18

Review / Pregledni rad

Received / Priljeno: November 28, 2015 / 28. studenoga 2015.

Accepted for publishing / Prihvaćeno za tisak: May 30, 2016 / 30. svibnja 2016.

Summary

The purpose of this paper is to highlight the status and capabilities of networking between small and medium hospitality enterprises and agricultural producers on the sample of selected hospitality enterprises in Croatia, and to provide guidelines for the future development of gastronomic offer of hospitality enterprises. The first part of the study includes a literature review dealing with the essence of networking of small and medium hospitality enterprises and farmers. The second part of the study covers empirical issues of the analysed problem. This paper uses the results of a comprehensive empirical study conducted in the summer of 2012. The study used a questionnaire which was adapted to small and medium hospitality enterprises (72 enterprises in the sample). The case study approach was adopted to illustrate the differences from previous research. Business cooperation of small and medium hospitality enterprises and farmers can achieve numerous benefits that could eventually contribute to their better business results. According to the results, the majority of food purchased from local farmers is put on the menu as a matter of priority and the majority of wine is offered exclusively from domestic farmers. Since there has not been any systematic research conducted on networking of small and medium hospitality enterprises and farmers, this research leaves enough space for further theoretical and applicative improvements.

Key words: *networking; small and medium hospitality enterprises; farmers; gastronomic offer; organically produced foods.*

¹ Zorica Krželj-Čolović, Ph. D., Postdoctoral fellow, Department of Economics and Business Economics, University of Dubrovnik, E-mail: zkrzelj@unidu.hr

1. INTRODUCTION

In the era of the so-called “global village“ where many products have become standardized and individuality increasingly squeezed out, there are, in terms of tourism, rapidly developing consumer markets, where holiday decisions are being made on the basis of quality, variety and environmental sustainability. It is increasingly difficult for individual enterprises to grow organically in the global area without seeking partners and allies to develop their strategies. Quite simply, alliances are better suited to control the market. With an increase in equity participation between enterprises, alliances can result in concentration and growth on a global scale.

The pressure of globalisation has a major impact on the small and medium enterprises (SMEs) of the European tourism industry. Globally acting suppliers, decreasing transportation costs and emerging new destinations have put pressure on the European SMEs in traditional destinations. Since many European countries are economically very dependent on tourism, a need for effective policy support arises. Because hospitality enterprises are exposed to strategic risks related to increased uncertainty in their economic, technological, political, competitive, and market environments (Olsen, West and Tse, 1998), organisational survival becomes an evermore pressing issue. Enterprises have realised, especially small and medium hospitality enterprises (SMHEs), that value-adding resources are becoming increasingly scarce, and are using different measures to address this issue. SMHEs that have used collaborative ventures to address this issue have realised that entering into networks with competitors, suppliers, customers and enterprises in other industries such as agriculture, is an opportunity for building strengths. It has become important for hospitality professionals to delve into the concept underlying networks theory to be able to assess this business strategy as a source of competitive advantage in order to improve and sustain the growth and competitiveness of SMHEs. Networks allow SMHEs to achieve synergies and economies of scale.

The influence of tourism on other economic activities is widely known. The changes in the tourist demand have resulted in a changed concept of mass tourism – to include a much more demanding offer of entire regional and national resources (natural, traditional and nutritional). Such trends have influenced the emergence of specialised producers and offer of typical regional products (wine, olive oil, smoked ham etc.). The change in nutritional habits and the structure of foodstuff consumption in tourism has influenced changes in the structure of agricultural production in tourist regions. Agricultural farms adapt their production to consumption trends in tourism, especially within characteristic tourist regions. Due to consumers’ concerns about their health and a rise in their ecological consciousness, there is increasing demand for organic food. There is an increase in total agricultural land surface used for organic farming and it is estimated that it accounts for about 10% of total agricultural land surface. The market for organic products in Croatia is developing. High quality food is essential to SMHEs. Networking between SMHEs and farmers would greatly improve the gastronomic offer. SMEs are networking in order to be able to offer high quality products. This paper attempts to explore the possibility of strategic networking between SMHEs and farmers in order to develop the future gastronomic offer. The starting point of the survey

conducted in 2012 in selected hotels, was one of the goals of managers to test the use of organically produced food in the gastronomic offer of their hotels. It is also necessary to mention that this survey continues where the previous survey left off and which included less hotel enterprises.

2. LITERATURE REVIEW

Literature gives an inconsistent definition of strategic networks of SMEs. Jarillo (1998., p. 32), for example, defines the term strategic networks as arrangements between distinct but related organisations that gain or sustain competitive advantage with regard to their competitors outside the network based on some mutual cooperation. Human and Provan (1997., p. 372) suggest that strategic SME networks could be defined as intentionally formed groups of small and medium sized enterprises in which the enterprises are geographically proximate, operate within the same industry, potentially sharing inputs and outputs, and undertake direct interactions with each other for specific business outcomes (Human and Provan, 1997., p. 374). The purpose of networks is to create a forum for direct and joint business activity among membership firms as well as indirect services such as lobbying. Enterprises in these networks share competence and resources so that each enterprise can reach goals through participation. Therefore, cooperation and relations are fundamental for value creation, i.e. competitiveness.

Failure by hotel and restaurant chefs, farmers, food suppliers, and tourism officials to develop „strategic networks“ (Telfer, 2000., p. 71) to promote consumption of, and thereby create demand for, locally grown and processed foods has also constrained the development of linkages to regional agriculture. The majority of studies investigating networks in tourism have focused on the agricultural sector. This has for obvious reasons given enormous importance to on-going food supply sourcing by resorts. Several writers have estimated that approximately 30% of tourist expenditure is on foodstuffs (Torres, 2003., p. 546).

Agriculture is rightly seen as promising particularly good opportunities for networks. If hotels use local products, this may imply a more sustainable path for development. One successful and often quoted example is the village of Waltensburg in south-eastern Switzerland where a local co-operative has built and operates the 72-bed Hotel Ucliva according to the principles of sustainable tourism. Food is obtained locally as much as possible, and traditional and regional recipes are used in the restaurant. Fruits and vegetables in season are preferred to preserved foods, and menus using organic foods have been introduced slowly so that farmers and suppliers can adapt their techniques to respond to the demand. Assistance in new growing methods has been provided by the hotels to the local farmers. By 1989, all eggs, butter, milk, and meat were purchased locally, as well as 70% of the vegetables (Telfer, 1996., p. 637).

The lack of networking between stakeholders (e.g. hotel and restaurant chefs, farmers, food suppliers) to promote the consumption of local foods was reported in several studies (Telfer, 2001., p. 26). Torres (2003., p. 553) found in her study on Cancun

that although tourists showed an interest in experimenting with locally grown food, its use was not encouraged sufficiently by the hotels.

Organic farming can be defined as a “farming system that makes ethically acceptable, environmentally clean, economically and socially equitable agricultural production worthwhile” (Ružić, 2009). Organic agriculture is mentioned in the Croatian Tourism Development Strategy (2003) which sets out the Croatian tourism potential for linking agriculture, tourism and ecology. The market for organic products in Croatia is developing. Institute for Agriculture and Tourism from Poreč carried out research in 2002 and 2007 on the role of traditional cuisine in the gastronomic offer of the rural area. The study also found that the gastronomic offer of restaurants in Istria gained significance if prepared according to old recipes and using ingredients produced on small family farms without the use of chemicals (Ružić and Dropulić, 2009., p. 67). Another study conducted in 2007 had the objective of examining the attitudes of tourists and their preferences toward organically produced food. The study showed the double benefit of connecting tourism and eco-agriculture. By offering organic food, the tourist offer became enriched in the field of gastronomy primarily intended for tourists. Sale of organic food on the tourist market would encourage the development of organic farming in Istria (Težak, Bošković and Luk, 2008., p. 310). The study conducted on the sample of 42 small and medium hospitality enterprises in Croatia showed that SMHEs did purchase food from farmers that used organic farming, but insufficiently so. It also showed that most foods purchased from local farmers had priority when it came to putting local food on the menu (Krželj-Čolović, Cerović and Milić, 2012, p. 28). The previous survey is continued by this survey and its results are presented in this paper, which shows the changes that occurred between the two surveys.

Increased public awareness, market opportunities and incentives for organic farming can significantly accelerate the growth and development of ecological agriculture. Given the vast resources (total area of arable land in Croatia is 3.148 million ha), the long-term development strategy of Croatian agriculture should be based on the fact that about 5% of total agricultural production is organic production.

Enterprises are facing highly sophisticated and demanding consumers, and there is a growing need to create close links and partnerships between the travel industry, namely, hotels, tour operators, travel agencies, airlines, transportation, banking, telecommunications, agriculture and national tourism organisation (Dogan et al., 2012, p. 1220).

Guests at SMHEs are now looking for a different kind of hotel services. Modern lifestyle and growing health concerns require a quality hotel offer that will give tourists the opportunity to feel the authenticity of the tourist destination in which an SMHE is located. In order to create such a hotel offer, it is necessary to differentiate the hotel offer in terms of value, quality and guest satisfaction. Enjoying food and drinks becomes all the more important because food is a “culinary and gastronomic experience more or less integrated into the system of values established culture of food each tourist consumer” (Kim, Eves, 2012, p. 1461). Local gastronomy and its traditions can be seen as an integrated part of the local identity of destinations. Enjoying the complete offer of „how it used to be in the old days“, and of the „home atmosphere“ increasingly attracts tourists to an SMHE, but also calls for a different approach by the developer of the tourist

offer. Nowadays, agriculture and tourism are connected only to rural tourism (Philips, Moutinho, 2014, p. 99), linking SMHEs and farmers, and have become an integral part of hotel offers in cities and seaside villages. SMHEs need to connect with farmers to develop their hotel offers, and promote numerous unused resources from natural to human resources, including agriculture, livestock production, wine growing, the possibility of opening new production facilities, and even the use of hydropower, solar energy, wind and so on (Pillay, Rogerson, 2013, p. 52).

3. RESEARCH METHODOLOGY AND RESEARCH RESULTS

The previous research that served as the basis of this paper was conducted as a survey on a sample of 42 SMHEs in all counties in Croatia in the summer period. The results of this research were presented by the authors Krželj-Colovic, Cerovic, and Milic-Beran in their previously mentioned work, and those results were compared with the results obtained in this paper. Research was carried out because the topic of linking agriculture with the hospitality industry is very in vogue, and especially because this topic has had practically no empirical research in Croatia.

Our research was conducted in all Croatian counties on a random sample of 250 small and medium hospitality enterprises. The survey was conducted in the period from June to September 2012. The data obtained in the research were processed by May 2013. The elementary unit of the survey, which was selected in the sample, is defined as a business unit that specializes in providing accommodation services. The characteristics of the analysed sample are provided in the following table, which contains detailed data on small and medium-sized hotel companies that participated in the survey (sample of 72, or 28.8%).

Table 1: Characteristics of small and medium hospitality enterprises

Total		N	%
		72	100
Shape of organisation	Stock enterprise	32	44.4
	Limited enterprise	38	52.8
	crafts	2	2.8
Stars of hospitality enterprises	5*	29	40.3
	4*	18	25.0
	3*	25	34.7
Hotel association	Croatian Association of Employers in Hospitality	38	52.8
	National Association of Small and Family hotels	13	18.1
	Croatian Association of Small and Family Hotels	21	29.1

Source: Data processed by the author

* Note: A few years ago, the National Association of Small and Family Hotels and the Croatian Association of Small and Family Hotels were a single association, but because of disagreements of opinion on the definition of small hotels they divided into two associations that still operate separately.

More than half (52.8%) of SMHEs in the sample are limited enterprises that are in the category of 5 star hotels (40.3%) while most hospitality enterprises are members of the Croatian association of employers in hospitality (52,8%).

The following table provides an overview of the features of the examinees who participated in the survey.

Table 2: Features of examinees

Total		N	%
Function	Manager	43	59.7
	Deputy manager	9	12.5
	Owner	12	16.7
	Chairman of the board	2	2.8
	Sales and marketing manager	5	6.9
Sex	Male	57	79.2
	Female	15	20.8
Age	- 40 years old	24	33.4
	41-50	28	38.9
	51-60	17	23.6
	60+	3	4.1
Level of education	High school education	8	11.1
	College education	30	41.7
	University degree	28	38.9
	Other	6	8.3
Years of service	Less than 11 years	10	13.9
	11-20	24	33.3
	21-30	22	30.6
	More than 30	16	22.2

Source: Data processed by the author

Table 2 shows that the majority of respondents are managers, and among them the majority are male (79.2%). Managerial skills as a combination of professional competence and qualifications (38.9% of respondents are with higher education and 41.7% of respondents are with college degrees), and knowledge and skills acquired through experience (30.6% of respondents who have 21-30 years of work experience), speak in favour of their competence in evaluating the importance of certain elements for research purposes, and their answers can therefore be considered relevant.

Considering current tourist trends there was a need to analyse how small and medium-sized hotel companies offer products from (local) farmers and organic farming. Industrial products are well represented in everyday life and tourist resorts should use more organically farmed products and those produced by (local) farmers.

As already stated, this research on the networking of small and medium hospitality enterprises with agricultural producers is based on a sample of 72 SMHEs collect-

ed in 2012. The survey was to collect data on the current state of networking of SMHEs with farmers. The obtained data were used to explore the possibilities for improving gastronomy in SMHEs. Networks would allow a better gastronomic offer and high-quality products in SMHEs. The study of networks is divided into four groups (cluster, strategic partnership, strategic alliance and other). Of the total number of hotels that were included in this study, 35% exist in strategic partnerships. 51% of hotels are associated in clusters, while 6% of the hotels are united in a strategic alliance.

One of the most important factors contributing to a high-quality product is food security at the hotel. The following table shows the level of food security in SMHEs.

Table 3: The level of food security in SMHEs

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	34	47.2	47.2	47.2
1	37	51.4	51.4	98.6
2	1	1.4	1.4	100.0
Total	72	100.0	100.0	

Source: Data processed by the author

Value of 0 in Table 3 represents an extremely high level of food security in hotels, while value of 1 signifies a high level of food security. Data presented in the table are opinions of managers about the level of food security in their hotels. None of the respondents thought that food safety in their hotel was very low. As shown in the table, the cumulative percentage of 98.6% of respondents said that food security in their hotels was extremely high or high. This proves that the level of food security is extremely high, and is a good indicator for the improvement of the gastronomic offer in SMHEs. Traditional food is in line with the current trends, as millions of people are very careful about what they eat. New psychological understanding of healthy meals is based on three elements: nutritional value, organic composition and gastronomic delights (Di Domenico, Miller, 2012, p. 288). When ordering food, more and more tourists insist on a healthy diet that consists of functional foods, vegetarian products, environmentally friendly food and beverages, cooking products without preservatives, no GMO products, and food free of impurities. Given the above trends in the design of the gastronomic offer and levels of food safety in SMHEs, it can be said that a healthy diet is present in these hotels to some extent.

Croatia has a lot of environmentally clean and preserved food, no major air, soil or water pollutants. Therefore, productive resources should be directed to organic food and beverages. Increased public awareness, market opportunities and incentives for organic farming can significantly accelerate the growth and development of ecological agriculture. Now we come to the data showing where the food consumed in SMHEs comes from. The obtained data show that most hotels purchase their food supplies in shopping

mall (68.06 %). However, the supply of food from agricultural producers is increasing, while only 13.89% of the hotels have 5.33% of ingredients from self-cultivated supplies. 46.10 % of SMHEs use food products from organic farming – it seems almost a half of the hotels who were involved in the study. Chen (2006, p. 363) examines the factors that influenced the selection of healthy meals in Germany. According to him, the order of the elements of healthy meals is as follows: low-fat, no genetically modified ingredients, low calories, high in fibre, fish from the natural environment, little sugar, beef from natural breeding, pork from natural breeding, vegetables labelled organic, salt, poultry, organic products with fresh ingredients, delicatessen, good flavour, nice arrangement and pleasant scent. If the above research was applied to this study, it could be confirmed by partial matches.

To make the test characteristics of independence, a contingency table and under it shall test the chi-square test.

Table 4: Crosstabulation

NAMIRIZA * NAMIRZD Crosstabulation

Count		NAMIRZD		Total
		0	1	
NAMIRIZA	0	24	6	30
	1	15	27	42
Total		39	33	72

This table presents a two-dimensional analysis of responses to the question of whether most of the food products were purchased from local agricultural growers, as well as the question of whether organically grown food was used. The value of 0 in the table represents a negative response, while the value of 1 represents a confirmatory response. Table 2 shows that respondents who do not purchase ingredients from local farmers also do not purchase ingredients from organic producers. Thus 24 respondents said that the food was obtained neither from organic farming, nor from any agricultural cultivation. From this it follows:

H1: Supply of local farm products is not affected by the supply of organic agricultural products.

Since the empirical chi-square is 13.825, which is larger than the theoretical 1 degree of freedom and $p=0.05$ is 3.8415, it can be concluded that the variable local food growers and agricultural ingredients from organic farming are not independent.

Table 5: Chi-Square Test

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	13,825 ^b	1	,000		
Continuity Correction ^a	12,098	1	,001		
Likelihood Ratio	14,541	1	,000		
Fisher's Exact Test				,000	,000
Linear-by-Linear Association	13,633	1	,000		
N of Valid Cases	72				

a. Computed only for a 2x2 table

b. 0 cells (,0%) have expected count less than 5. The minimum expected count is 13,75.

Of the total number of those who answered ‘do not purchase foods from local agricultural growers, 70% responded that the largest part comes from organic farming. Respondents who answered that most of the foods come from local growers, 76,20% of them responded that the biggest part comes from organic farming.

In order to examine the association of independent and organic farming, contingency tables have been made.

Table 6: Crosstabulation

NAMIRIZC * NAMIRZD Crosstabulation

Count		NAMIRZD		Total
		0	1	
NAMIRIZC	0	36	26	62
	1	3	7	10
Total		39	33	72

In the table, NAMIRIZIC refers to the independent variable growing and NAMIRZD refers to organic farming. 86.11% of respondents answered ‘do not use ingredients from independent farming, while 54.17% responded that they did not use organically farmed products.

Table 7: Chi-Square Test

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	2,732 ^b	1	,098		
Continuity Correction ^a	1,718	1	,190		
Likelihood Ratio	2,765	1	,096		
Fisher's Exact Test				,170	,095
Linear-by-Linear Association	2,694	1	,101		
N of Valid Cases	72				

a. Computed only for a 2x2 table

b. 1 cells (25,0%) have expected count less than 5. The minimum expected count is 4,58.

Chi-square test in the table shows that the variables independent farming are not related to organic farming. Theoretical and empirical chi-square is 3.8415 and 2.732 are independent variables.

The survey of managers in SMHEs also aimed at getting information about hotels which are associated in networks and whose priority is to offer a range of national dishes. Analysis of the obtained data shows that hotels whose priority is offering local dishes are combined in clusters or strategic partnerships. Respondents who answered that they rather offered local food than other foods were combined in clusters, while there were 34.21 % and 30.56 % of those who were united in strategic partnerships. Therefore, it is important to note that 64.77% of SMHEs offering mostly local dishes are accompanied by or exist in clusters or strategic partnerships. The survey analysed the local dishes using ingredients produced by local farmers that were offered at hotels. From this it follows:

H2: SMHEs that offer locally farmed produce give higher priority to local dishes on their menus.

Responses used to test whether the hotels that purchase a large portion of their food from local agricultural growers give higher priority to local dishes on the menu, are presented in the two-dimensional Table 6.

Table 8: Crosstabulation

RAZPRIOR * NAMIRIZA Crosstabulation

Count		NAMIRIZA		Total
		0	1	
RAZPRIOR	0	1	14	15
	1	8	17	25
	2	11	9	20
	3	10	2	12
Total		30	42	72

The data from the table were used to test the hypothesis H2 and the results are shown in Table 7. The table shows that the hypothesis can be accepted as the theoretical value for 3 degrees of freedom and $p=0.05$ is 7.81 lower than the empirical value of chi-squared 18.555.

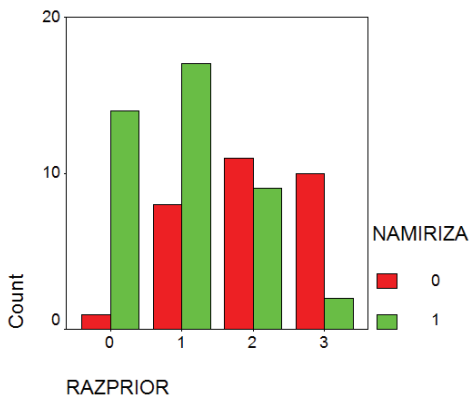
Table 9: Chi-Square Test

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18,555 ^a	3	,000
Likelihood Ratio	20,773	3	,000
Linear-by-Linear Association	18,261	1	,000
N of Valid Cases	72		

It can be concluded that those hotels which purchased most of their food from local growers give greater priority to domestic dishes on their menus. The problem is that only 55.56 % of small and medium hospitality enterprises give priority to domestic food.

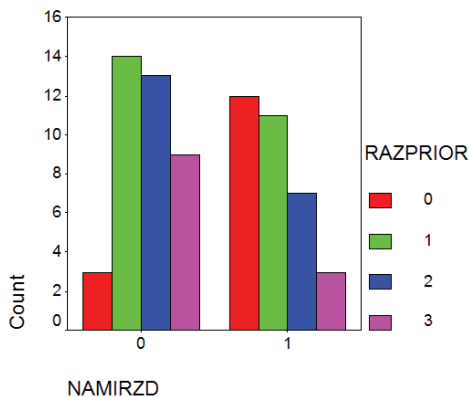
Figure 1: Participation of local food farmers in small and medium hospitality enterprises



Source: Data processed by the author

In Figure 1, the x-axis represents the priority levels of local dishes on the menu, 0 represents the highest priority and 3 the lowest. The y-axis represents the frequencies, the red bar referring to responses indicating that food purchased from local agricultural growers is not consumed and the green bar referring to responses indicating that food from local agricultural growers is consumed. As it is shown in Figure 1, the chart indicates higher priority given to local dishes in hotels which uses food from local agricultural growers.

Figure 2: Food from organic farming and the priority of local dishes on the menu of small and medium hospitality enterprises



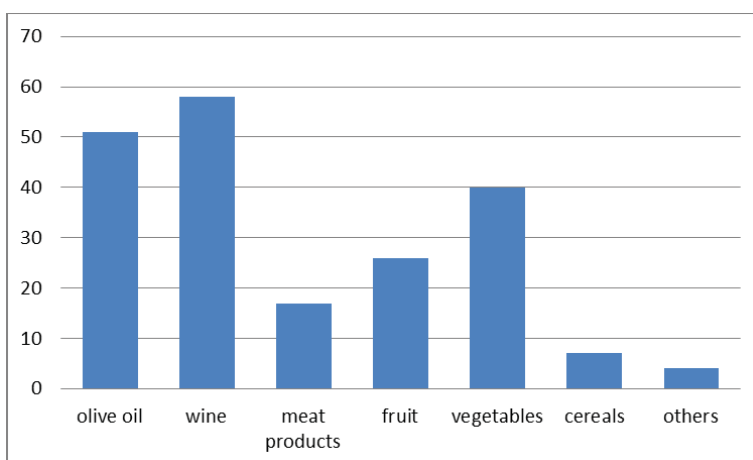
Source: Data processed by the author

This paper also explores the connection between the use of food from organic farming and the priority level of local dishes on the menu. Distribution of answers to this issue is presented graphically in Figure 2.

In Figure 2, 0 on the x-axis indicates a negative response to the question of whether the food that is consumed in small and medium hospitality enterprises comes from organic farming. The priority of local dishes on the menu is marked by values 0-3, where 0 represents the highest priority. As can be inferred from the figure, a higher level of priority is given to domestic food at hotels which use ingredients from organic cultivation.

Figure 3 shows the frequency of use of certain food from organic farming. Products from organic farming used the most include local wines in 80.56% of the cases, olive oil in 70.83%, vegetables in 55.56 %, fruits in 36.11 %, and cereals in 9.72% of the cases.

Figure 3: Representation of individual products from organic farming



Source: Data processed by the author

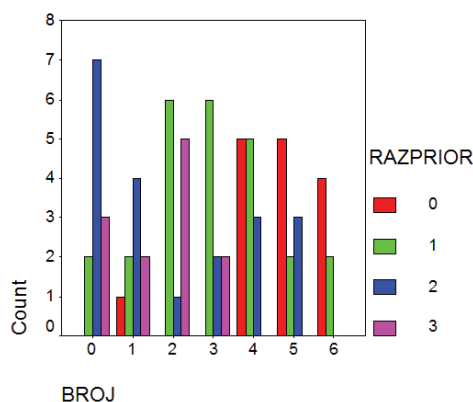
The paper also examines the link between the number of organically grown food products that is used and the priority level of local dishes on the menu. The purpose of this set is the following hypothesis:

H3: Hotels that use organically grown food give higher priority to local dishes on their menu.

Figure 4 shows the distribution of products from organic farming and the priority level of local dishes. The x-axis shows the number of products from organic farming used (from none to 6 products), and the y-axis represents the number of hotels. The level of priority is indicated by the numeric value 0-3, where 0 represents the highest priority

level. As can be inferred from the figure, those hotels that use the largest number of products from organic farming give highest priority to local dishes on their menus.

Figure 4: Number of products from organic farming and the priority level of local dishes on the menu



Source: Data processed by the author

Results of testing hypothesis H3 are shown in Table 8, and they indicate that the hypothesis should be accepted.

Table 10: Chi-Square Tests

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	43,062 ^a	18	,001
Likelihood Ratio	51,055	18	,000
Linear-by-Linear Association	22,102	1	,000
N of Valid Cases	72		

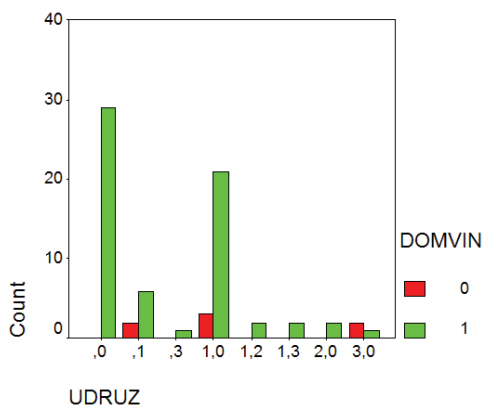
a. 28 cells (100,0%) have expected count less than 5. The minimum expected count is 1,00.

When examining where wines that are offered by hotels were purchased, it was concluded that 90.27 % of the hotels purchased wines from local vintners, while 27.78 % of wines were imported and 16.67 % of wine came from their own production.

Linkage of networks and acquisition of domestic wine is shown in Figure 5. Forms of networking are shown on the x-axis and explained in the previous table. On

the y-axis is the number of small and medium hospitality enterprises. Confirmed the answer to the question of wine purchased from local winemakers is marked with 1, a negative response from the second.

Figure 5: Form of networks and acquisition of domestic wine producers



Source: Data processed by the author

By analysing the relationship of networking and the “place of origin-procurement“ of wine, we came to the following conclusions. All small and medium hospitality enterprises existing in clusters are supplied wine by local vintners. They do not purchase wine from imports and only 16.67% have their own production. Hotels that exist in business clusters and strategic partnerships purchase wine from local vintners, while 25% comes from their own production. They also purchase wine from imports in 50% of the cases. Hotels that exist in strategic partnerships purchase wine from local vintners in 65.63 % of the cases. Only 3.13 % of wine comes from their own production.

4. DISCUSSION AND STUDY LIMITATIONS

When SMHEs purchase agricultural products from local farmers, this has the potential of strengthening the competitiveness of the farmers on the market, and in turn it strengthens the competitiveness of SMHEs on the tourist market. From international experience, there is no simple formula for increasing the use of local agricultural products in SMHEs. According to Rylance, Spenceley, Mitchell and Leturque (2009, p. 16) strengthening the links between agriculture and SMHEs is important, but it is not easy to achieve. Despite the recognized benefits of creating networks of small and medium hotel enterprises and local farmers, most of the research done in the world so far reveals that food products from local agricultural producers are not sufficiently used. In order to improve the competitiveness and development of SMHEs and agricultural pro-

ducers, their networking should aim for increasing the placement of domestic agricultural products. Through contacts with the managers of SMHEs in the Republic of Croatia, it became evident that they were interested in increasing the placement of domestic agricultural products in order to improve their competitiveness on the tourist market.

Through participation in business cooperation activities, numerous benefits can be achieved which ultimately contribute to the improvement of business performance. However, partly due to their seasonal character, and partly because of the lack of awareness of hotel chefs and managers about the food preferences of hotel guests, increased use of local agricultural products is not easy to apply. Through business cooperation, SMHEs and farmers are more able to complement each other when it comes to various specific competencies. Business cooperation enables a synergy that can have a positive effect on business and offer food of better quality to be consumed by the hotel guests.

Through their business cooperation, SMHEs and farmers commit themselves to a certain level of attachment that is expected of each of them. SMHEs and farmers are prepared to invest their time and resources to develop long-term business cooperation, the benefits of which are expected in the future. However, it is possible that business cooperation could perish before they obtain any results. There is a lack of business cooperation when one of the partners refuses to respect certain principles underlining its management, which is particularly true of small hotel enterprises which find the principle of reciprocity very important. The main disadvantages are distrust among members of the networks as well as the seasonal character of the business. Farmers can have additional problems because the oscillations in the operation of SMHEs could have an adverse effect on the business cooperation of SMHEs and farmers.

However, the major problem lies in the fact that this topic has not been researched much in Croatia. Therefore, the analysis of this topic should not stop at this work, but should be continued in the future. The study limitations lie in the fact that not a great number of respondents was analysed, simply because most of them do not even realize that the future of SMHEs and agricultural producers and their competitiveness lies in networking. This problem is still not recognized, and this is evident because there is no data on networking SMHEs and agricultural producers other than the processed results of this survey.

Directions for future research: the results presented in this paper should be elaborated on and further guidance for networking of SMEs and agricultural producers should be developed in order to increase their competitiveness in the tourism market. In addition, future research should work on increasing the research sample from current 72 respondents. Research done elsewhere in the world on this topic should be included and comparisons of concerns and experiences should be provided.

5. CONCLUSION

Linking small and medium hospitality enterprises with agriculture could have a double benefit. Food offered by agricultural producers on the tourist market helps to enrich the tourist offer in the field of gastronomy. By placing their food on the tourist

market, farmers enrich the tourist offer. By encouraging the development of agriculture, as well as ecological agriculture, small and medium hospitality enterprises enrich the gastronomic offer of the tourist market..

This paper is based on the research on the segment of networking of small and medium hospitality enterprises and farmers in 72 selected hotels in Croatia. It is also linked to a previous research conducted on a sample of 42 selected small and medium hospitality enterprises in Croatia. The conclusion is that there is a need for networking of small and medium hospitality enterprises with farmers in order to lay the foundation for high-quality gastronomic products. This paper presents the status of small and medium hospitality enterprises that are networked with farmers. The following conclusions can be made:

- The level of food security in small and medium hospitality enterprises is high. In the previous research, the level of food security in 42 selected hotels is also high;
- Small and medium hospitality enterprises purchase food from farmers, from organic farming, but insufficiently so in the previous research. This paper shows that the number of SMHEs that purchase food from farmers and from organic farming has increased. It should be noted that SMHEs purchase less groceries in shopping malls (68.06%) compared to the previous research (73.8%);
- Small and medium hospitality enterprises that purchase most food from local farmers have a priority of placing local food on the menu. Compared to the previous research, there were only small changes in percentage;
- Small and medium hospitality enterprises that offer organic food have a high priority of offering local dishes. Compared to the previous research, local dishes are even more present than before;
- Small and medium hospitality enterprises that are involved in strategic networks offer wines exclusively from domestic agricultural producers.

The networking of SMHEs and farmers is the only possible solution to surviving on the tourist market in today's turbulent business environment. Advantages and disadvantages of networking are sometimes not clearly understood, and thus networking is very difficult to achieve. Sometimes networks can occur very rapidly, and create various benefits, but they can also create many problems that can sometimes take several years to resolve. In spite of many problems that may result from networking SMHEs and farmers, the fact that there are many more advantages than disadvantages can provide encouragement to be continuously involved in different forms of association.

REFERENCES:

1. Chen, S.J., Legrad, W. and Sloan, P. (2006), „Činitelji koji utječu na odabir zdravog obroka u Njemačkoj“, *Turizam*. Vol. 54 No. 2, pp. 359-366.
2. Di Domenico, M.L. Miller, G. (2012), „Farming and tourism enterprises: Experiential authenticity in the diversification of independent small-scale family farming“, *Tourism Management*, Vol. 33 No. 2, pp. 285-294.

3. Dogan, H. et al. (2012), „Perceptions of hotel top managers for opportunities and strategic collaboration with a foreign partner in oturism sector: An applied research in Alanya destination“, *Procedia-Social and Behavioral Sciences*, Vol. 58, pp. 1218-1227.
4. Human, S.E. and Provan, K.G. (1997), „An Emerging Theory of Structure and Outcome in Small-firm Strategic Manufacturing Networks“, *Academy of Management Journal*. Vol. 40, pp. 368-403.
5. Jarillo, J.C. (1988), „On Strategic Networks“, *Strategic Management Journal*, Vol. 9 No. 1, pp. 31-41.
6. Kim, Y.G., Eves, A. (2012), „Construction and validation of a scale to measure tourist motivation to consume local food“, *Tourism Management*. Vol. 33 No. 6, pp. 1458-1467.
7. Krželj-Čolović, Z. Cerović, Z. and Milić Beran, I. (2012), „Strategic Networking in Improving Gastronomy in Small and Medium Hospitality Enterprises“, 21th Biennial International Congress *Tourism & Hospitality Industry 2012* „New Trends in Tourism and Hospitality Management“, May 03-05, 2012, Opatija, Croatia.
8. Phillips, P. Moutinho, L. (2014), „Critical review of strategic planning research in hospitality and tourism“, *Annals of Tourism Research*, Vol. 48, pp. 96-120.
9. Pillay, M. Rogerson, C.M. (2013), „Agriculture-tourism linkages and pro-poor impacts: The accomodation sector of urban coastal KwaZulu-Natal, South Africa“, *Applied Geography*, Vol. 36, pp. 49-58.
10. Rylance, A. et al. (2009), *Tourism-led poverty programme: Training module for agriculture*, Geneva: International Trade Center.
11. Ružić, P. (2009), *Ruralni turizam*. Institut za poljoprivredu i turizam, Poreč.
12. Ružić, P. And Dropulić, M. (2009), „Uloga tradicijske prehrane u gastronomskoj ponudi ruralne Istre“, *Sociologija i prostor*, Vol. 47 No. 1, pp.57-68.
13. „Strategija razvoja hrvatskog turizma“, (2003), Ministarstvo turizma Republike Hrvatske.
14. Telfer, J.D. and Wall, G. (1996), „Linkages between Tourism and Food Production“, *Annals of Tourism Research*, Vol. 23, pp. 635-653.
15. Telfer, D. (2000), „Tastes of Niagara: Building Strategic Alliances Between Tourism and Agriculture“, *International Journal of Hospitality and Tourism Administration*, Vol. 1, pp. 71-88.
16. Telfer, J.D. (2001), „Strategic Alliances along the Niagara Wine Route“, *Tourism Management*, Vol. 22, pp. 21-30.
17. Težak, A., Bošković, D., and Luk, N. (2008), „Mogućnosti distribucije ekološki proizvedenih poljoprivrednih proizvoda na turističko tržište Istre“, VIII. Međunarodni znanstveni skup „Poslovna logistika u suvremenom menadžmentu. Ekonomski fakultet u Osijeku. pp. 297-312.
18. Torres, R. (2003), „Linkages between Tourism and Agriculture in Mexico“, *Annals of Tourism Research*, Vol. 30 No. 3, pp. 546-566.

UMREŽAVANJE HOTELIJERSKIH PODUZEĆA I POLJOPRIVREDNIKA U POBOLJŠANJU GASTRONOMSKE PONUDE

Zorica Krželj-Čolović²

Sažetak

Svrha ovog rada je opisati trenutno stanje i mogućnosti za umrežavanje malih i srednjih hotelijerskih poduzeća i poljoprivrednih proizvođača, i to na primjeru odabranih hotelskih poduzeća u Hrvatskoj, te dati smjernice za budući razvoj gastronomske ponude hotelijerskih poduzeća. Prvi dio rada uključuje pregled postojeće literature o glavnim svojstvima umrežavanja malih i srednjih hotelijerskih poduzeća i poljoprivrednika. Drugi dio studije predstavlja empirijska pitanja analiziranog problema. Ovaj rad upotrebljava rezultate sveobuhvatne empirijske studije provedene u ljeto 2012. Studija je upotrijebila upitnik koji je prilagođen za mala i srednja hotelijerska poduzeća (72 poduzeća u uzorku). Korištena je studija slučaja kako bi se pokazale razlike od prijašnjeg istraživanja. Poslovna suradnja malih i srednjih hotelijerskih poduzeća i poljoprivrednika može donijeti mnoge koristi koje s vremenom mogu doprinijeti boljim poslovnim rezultatima. Prema rezultatima, većina hrane koja se kupuje od lokalnih poljoprivrednika prioritetno se stavlja na menije, a većina vina u ponudi dolazi isključivo od domaćih vinogradara. S obzirom da umrežavanje malih i srednjih hotelijerskih poduzeća i poljoprivrednika nije do sada sustavno istraživano, ova studija ostavlja dovoljno prostora za daljnje teoretska i praktična poboljšanja.

Ključne riječi: *umrežavanje; mala i srednja hotelijerska poduzeća; poljoprivrednici; gastronomska ponuda; organska hrana.*

JEL klasifikacija: *L83, Q1, O18*

² Dr. sc. Zorica Krželj-Čolović, poslijedoktorand, Odjel za ekonomiju i poslovnu ekonomiju Sveučilišta u Dubrovniku, E-mail:zkrzelj@unidu.hr