

## **INCREASING THE COMPETITIVENESS AND INTERDEPENDENCE OF AGRICULTURE AND TOURISM BY USING LEARNING ORGANIZATIONS**

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### **SUMMARY**

#### **Purpose**

The purpose of this doctoral thesis is to find optimal ways of improving relations between agricultural and tourist organizations in order to create market synergy and enhance the image of the tourist destination, whose main resource are agricultural development and potentials in the development of tourism, in the form of tourism programs and facilities. The main goal of the research is to demonstrate that the learning organization can, in a more competitive way, shape a market-recognized model of tourist offer based on the cooperation of agricultural and tourism organizations and stakeholders from the surrounding business environment, which results in the enhanced organizational competitiveness and performance.

Contemporary business conditions, largely reflected in frequent and rapid changes in needs and motives of tourists (consumers), with increasingly powerful competition on the international market and striking technological progress, impose exploring new methods and tools for achieving business success, i.e. achieving competitive advantage on the market. They are primarily related to present leadership and human resources, which are focused on successful adjustment and management of changes in the environment (general and business).

In other words, it is assumed that companies that are unable to adjust their management to modern trends will not have ability to maintain on the market. The key factor, on which ability of the company to cope with environmental impact is depending on, is the company's inner potential. This perspective is in accordance to resource-based theory of enterprises which claims that human resources are the key source of competitive

advantage (they are valuable, scarce and hard replaceable) (Barney 1991) and the development area of human resources within which they are considered as the foundation of business success (Bratton and Gold 2007).

Human capital, or knowledge, becomes the foundation of organizational performance. In other words, the organization's ability to deal with real organizational learning, faster and more sustainable than their competitors, is increasingly perceived as a key component of success (Kirwan, 2016). However, to create, develop and adequately apply knowledge within a particular organization, requires management that is able to develop and implement system of an organization which learns or carries out learning organization activities. This kind of organizational action, which puts particular emphasis on learning and knowledge from which competitive advantage arises, represents a modern form of organization called "learning organization".

Learning organization as a business philosophy has since its appearance in the 90s of the last century, brought significant attention to scientific circles to date (Serrat, 2017). Therefore, it is defined in different ways, but what is common to all conceptualizations is the emphasis on the each member's actions in identifying and solving problems. This allows continuous improvement of the organization, with the ultimate goal of achieving the vision and purpose of the organization, or improving business performance.

Peter M. Senge, author of *The Fifth Discipline: The Art & Practice of the Learning Organization* (1990), is considered the founder of the theory of the learning organization. Senge (1990; 2014) emphasizes that although the organization learns through its individuals, individual learning does not ensure the establishment of organizational learning. It is, therefore, the responsibility of the leaders to encourage and establish appropriate ways of organizational learning. Given the extremely turbulent economic situation on a global scale, which results in the loss of unruly industrial giants, with an emphasis on those in the agricultural and tourism industry, it can be concluded that survival and achievement of market success is no longer possible with the application of tools and business systems that provided optimal results in past, stable economic conditions. Today, knowledge is a strong and leading competitive advantage. In other words, the concept of a learning organization that has been a vision of the far future 20 years ago is now considered a central construct in organizational research, and as a key issue, i.e. the future area of research, links the organization's learning organization and organizational performance (Watkins and Kim, 2018).

One of the open questions in the relevant scientific literature is also the relationship between the size of a company and the development of the learning organization. Finger and Brand (1999) state that most research and theories of learning organizations were based on public sector application. Such organizations operate in complex environments with more hierarchical and bureaucratic levels. On the other hand, authors claim that models of learning organizations have the ability to apply equally to organizations in the private sector regardless of their size. Sweringa et al. (1992) advocate the ability of small and medium-sized companies to become a learning organization because their structures are mostly organic and flexible and have a minimum level of hierarchy, formalization and standardization of behaviour. Jyothibabu et al. (2010) conclude that organizations with a large number of employees naturally have greater problems in exchanging

knowledge between individuals and groups than those with a small number of employees. Although empirical research on this topic is scarce, Birdthistle and Limericka (2004) are significant, whose results confirm the thesis that small and medium-sized enterprises have a significant tendency to develop a learning organization.

The subject of the research is to explore the influence of new technologies and modern functions and management activities on possible models of linking agricultural and tourism business entities, in order to stimulate regional development. Thereby the aim is to examine the economic dependence and interdependence of regional recognition and branding of the tourist region on the system of linking tourist services and agricultural products. It is also desirable to analyze the possibility of placement of agricultural and food products on the internal market on the example of Međugorje (religious tourism). In this way, the quality and distinctiveness of agricultural products of the region is seen as an additional motive for the arrival or extension of the stay in the destination, but also as an incentive for achieving higher tourist spending in the destination. Research facilities are small and medium-sized entrepreneurship businesses in tourism and agriculture within a market and tourism-defined region, where recognition of tourism products and regional recognition are linked to the motivation of religiously-motivated (religious) tourism.

The starting point in the creation of tourist destination offers is the need for rapid adaptation to changes in tourist motives and needs as well as the accentuated segmentation of tourist demand. The learning organization enables rapid and continuous adaptation to changes through new technologies and contemporary forms of leadership. It is possible to form a new tourism destination management model, which implies the integration of several forms of tourism offer based on agricultural products and services, which are linked to the local environment based on religious, traditional and cultural contents and facilities. The linkage between agricultural products and traditional content (experiences) and facilities contribute, with the help of modern information technology, to easier implementation of learning organizations, thereby increasing the competitiveness of the tourist destination.

Considering the previously elaborated problem, object and subject of research, the purpose and the objective of the research were determined. The aim of the research is to find optimal ways to improve the relationship between agricultural and tourism enterprises, in order to create market synergies and to highlight the image of tourist destination, which is the basic resource of agriculture and potentials in the development of tourism i.e. tourist programs and contents.

The objectives of the work are contained in the following:

The objectives of the conceptual part of the research are oriented towards acquiring new insight into the defined organizational problem. They are, therefore, primarily focused on identifying and analyzing key factors affecting the development of learning organizations, the level of development, the interdependence of learning organizations and the incentives for competitiveness of agriculture and tourism.

The objectives of the empirical part of the research are aimed at identifying the factors that influence the development of the learning organization, and thus the achieved business performance of small and medium enterprises in the agriculture and tourism sector. They are derived from an effort to prove the economic legitimacy that governs the system of linking the interests and market constraints between companies that are market segmentation of agriculture and tourism.

The application objectives are included in proving that the linkage of agricultural and tourist enterprises leads to the increase of the quality of a particular destination, i.e. to the increase of the market shares in terms of total tourist demand. It is considered that the research results are largely used by theoreticians and practitioners dealing with organization and management issues. The application objectives are therefore also expressed as a suggestion of the need for modern management trends and skills to improve the business performance of small and medium enterprises in agriculture and tourism as an important factor for forming a functioning destination management organization (DMO) and destination a management company (DMC).

### **Methodology**

The problem and the subject of scientific research have imposed the application of a highly demanding, interactive and multi-market model of research based on agricultural and tourism subjects, while respecting the environment in which they operate-with an emphasis on religion, culture, traditional lifestyle and historical legacy. Based on the defined goals, research methods have been selected to confirm or reject the hypotheses, i.e. achieve the research goal. The content of the doctoral dissertation is based on conceptual and empirical analysis of the problem of research. Methods of analysis and synthesis, induction and deduction methods, descriptive methods, comparative methods, analysis methods, detection and mitigation methods and selected statistical methods were used.

The conceptual part of the paper implies searching for relevant domestic and foreign scientific literature related to the subject matter of the research. Secondary sources are used for the purpose of exploring and proving the hypothesis set up to establish benchmarking systems with comparable regions of the world. Secondary data, which are disposable from official statistics management systems, is used for researching the characteristics of agricultural and tourism companies.

In the empirical part of the research the primary data is collected by the survey method. For this purpose, a structured questionnaire (measuring instrument) was used. Claims (particles) are largely taken from relevant scientific literature and adapted to the observed business context within which the study was conducted.

Primary data were processed through qualitative and quantitative data processing methods using the SPSS statistical analysis and data processing suite. The analysis and presentation of secondary data, primarily related to the characteristics of tourist and agricultural companies, was done using the method of descriptive statistics.

All the literature used in the development of the model, the hypothesis, discussions and deductions were collected from works referenced in the scientific databases, namely the most ranked journals according to the SSCI index.

### **Findings**

Based on the theoretical part of doctoral thesis, i.e. the presentation of theoretical considerations of the organization's participation and competitiveness, as well as characteristics of the tourism and agricultural sector of the Federation Bosnia and Herzegovina, the main research question was posed: "*Do small and medium-sized enterprises in tourism and agriculture have the characteristics of the learning organization?*" or "*Can the system learn organizations increase the competitiveness of agricultural and tourism entities?*". Namely, the 21st century was marked by dramatic changes that brought intense competition in all markets among economic subjects. The changing, turbulent, dynamic and uncertain environment imposes the need to constantly create new ideas and new knowledge. In such business conditions, the fact that knowledge management is an integral part of a strategy that organizations around the world use to adapt and manage knowledge in the organization as a basis for achieving a competitive advantage has been confirmed. In order to answer the fundamental research issue, an empirically tested conceptual model of the learning organization was developed, which is in the service of increasing the competitiveness of agricultural and tourism entities.

The results of the research have confirmed the hypothesis about the positive relationship between the learning organization and organizational effectiveness, with the company's size - determined by the number of employees, being a significant factor affecting the degree of development of the learning organization.

The scientific contribution of doctoral thesis is reflected in the examination and measurement of the impact of the organization's learning system on the efficiency of the business of small and medium-sized enterprises. In theory, the work contributes to the existing literature through the deepening of scientific knowledge about the learning organization and the connection with organizational competitiveness. By carrying out empirical research in the field of tourism and agriculture, and based on the developed conceptual model and research instrument, the work contributes to a scientifically based consideration of the effects of the organization's participation on competitiveness and interconnection between business entities of tourism and agriculture.

### **Originality of the research**

By establishing the link between the development of the organization's learning and business performance, this paper shows that reflection on learning organization is not just scientific and theoretical predictions, but it is about successful organizations on the market. It is therefore expected that the outcome of this research will be of benefit to everyone involved in organizational learning and organization issues, since relatively little research has been conducted in practice that could confirm the prospects and justification of the principles of the organization's participation. As for large Croatian companies, it can be said that there is openness to new ideas and trends in management,

and that, although carefully, everyday work introduces theory and practice from larger and more advanced centers of knowledge and capital. Here it is necessary to emphasize the top management of domestic large enterprises as important, but in this case the unsatisfactory developed link, more so since the successful transformation of an organization in the direction of participation depends very much on the work of the top management, that is, on its initiative for change, the role in acquiring characteristics of the learning organization and ensuring the conditions for continuous learning.

There are several limitations in the paper that are mostly related to the methodology used in the research carried out. In the first place, the data on the state of development of the organization's system of organization and the competitiveness of the entities monitored, as well as the links between the subjects of agriculture and tourism, are based on self-assessment and perceptive character. The obtained grades are at best the proxy measures for the actual performance of the company. It should also be remembered that the current perception of competitiveness and interdependence between agriculture and tourism can reflect the consequences of past actions or initiatives that are not necessarily related to the learning organization's activities. As is known in the evaluation theory, there is often a "delay", or a time lag between the activities of organizational learning and its effects. Likewise, the cross-sectional design of the conducted research can't "isolate" the effect of alternative organizational procedures, as well as influential factors from the environment, that is, attributed the business success of the company exclusively to the organization's learning initiatives. Therefore, as a recommendation for future research, primarily in the field of management, which will deal with knowledge within the organization, and especially the learning organization, it suggests that the research of the influence of the development of the organization's learning is expanding to the non-financial performance of the business, primarily focusing on the satisfaction of customers and employees, as well as a wider organizational environment. In order to determine cause-effect links, it is also recommended to conduct longitudinal studies, with the subject links being examined several times over a longer period of time.

Given the relatively small number of existing research on the topic, it is expected that the research results will be of greatest interest to practitioners involved in organizational learning - in particular to managers who play a key role in the development of learning organizations; as well as scholars in the field of organization and management.

**Keywords:** organizations, learning organization, competitiveness, agriculture, tourism

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