

Building a Resilient Local Economy: The Influence of Global Crises on Deglobalization of the Tourism Supply System

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Abstract: In the context of current deglobalization trends this research aims to investigate the need for changes in tourism supply system by analysing perception and expectations of procurement managers and suppliers of goods and services related to growing inflationary pressure on business costs and raising concerns about vulnerability and instability of the global supply chains. Based on survey and semi-structured interviews conducted among hotel procurement managers and local suppliers in popular seaside tourism destinations in Croatia, this research provides empirical evidences of the necessity to strengthen local capacities for the production of goods and service delivery using local resources in accordance to the principles of sustainable tourism development. The greatest concern respondents showed regarding the rising prices of energy, which was expected due to actual political situation in Europe. Study also provides some policy recommendations for ‘reinventing’ local production of goods and services for tourism-related purposes.

Keywords: Tourism; Crises; Deglobalization; Resilience; Croatia

JEL Classification: L83, Z31

Introduction

In its essence, globalization is a well-conceived concept in which resources are integrated on a global level in order to facilitate the production and distribution of goods and services, but also to create conditions for the economic prosperity of basically all countries regardless of their level of development. Apart from goods and services, globalization also enabled the integration of capital, labour, knowledge and technology, which further led to the development of international trade, increase of

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foreign investments and strengthening of the global supply chains. Such widespread integration processes have weakened the influence of state structures on the economic growth and development, especially when it comes to market interventions of national governments of highly developed countries. Consequently, essential processes such as production, distribution, investments, employment, pricing and many others, came 'under control' of the global demand. Although there were many criticisms on the concept before, the fundamental shift in paradigm of the globalization process started with the outbreak of the Global economic crisis in 2008, when at that time a new cycle of deglobalization of world economy began. In the aftermath of the consequences of each international or global crisis on the progress of globalization processes, scientists provided many evidences of the weaknesses and consequently the harmful effects of the concept, particularly on developing countries. One of the main weaknesses of globalization has been that it has failed to establish global independent control over vital productive resources, especially food and energy, while the adverse effects relate to the overuse of cheap resources in developing countries by multinational corporations originating from developed countries.

The concept of this study revolves around the issue in which global crises make global supply system fragile, unstable and unreliable, causing adverse chain effects to local economies, such as profit losses, layoffs, increasing debts, and finally, company closures. So, the main idea of doing this research is to investigate how hotel procurement managers and their local suppliers of goods and services perceive current inflationary trends and the need for 'reinvention' of local supply system within tourism destinations. Such reinvention is grounded in strengthening the local capacities for the sufficient production of goods and service delivery using predominantly local resources that goes along the principles of sustainability and tourism destination resilience framework.

The main objectives of this research are to investigate the need for changes in tourism supply system, analyze expectations of local business managers concerning the interruptions and distortions in global supply chains, and provide some policy recommendations for strengthening local production of goods and services for tourism-related purposes.

Theoretical background

The power of globalisation

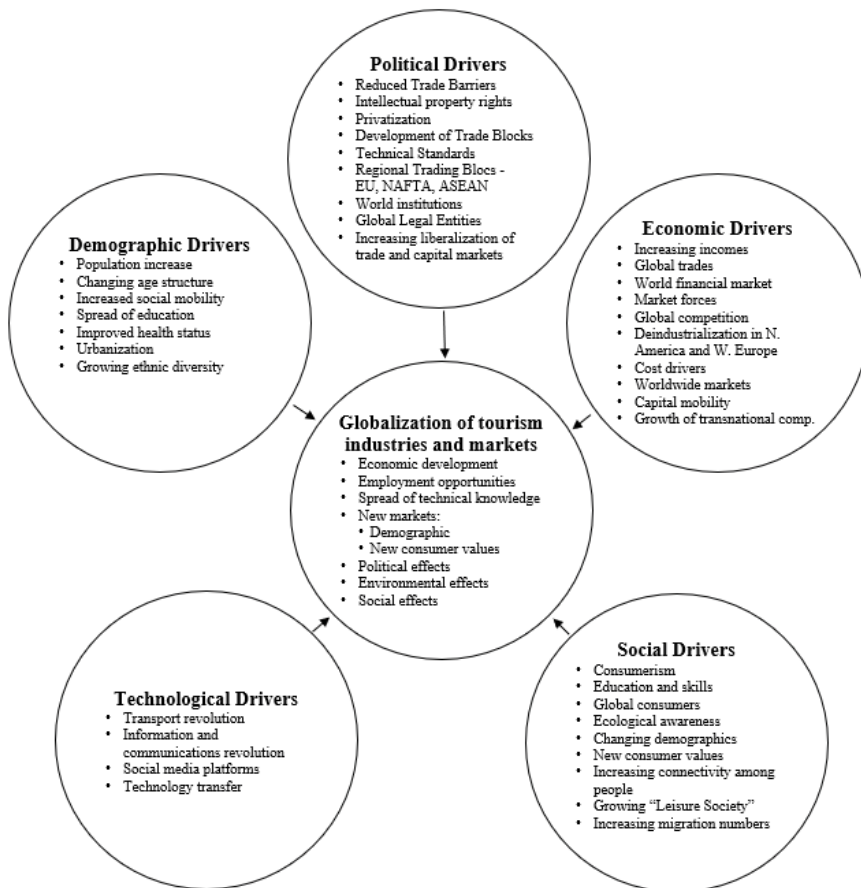
Globalization is one the most popular, but also highly criticized and controversial concepts in the social sciences. The body of literature related to the concept of globalization and its outcomes continues to grow rapidly, despite many divergent and contradictory opinions among scientists and practitioners on its historical roots, in-

fluence and efficiency. Due to a variety of complex historical, social, economic and political circumstances, occurrences, processes and cause-consequence relationships among nations, which actually shaped the evolution path of the globalization, from today's standpoint it is difficult to define the time of its onset and first outcomes. While some authors trace the history of globalization from the Ancient and Silk Road times (e.g. Jennings, 2011), so-called Eurocentric researchers tie the beginning of globalization to the Age of Discovery and European expansion to the New World (e.g. Zinkina et al., 2019). There is also a group of authors who claim that the globalization began with the First Industrial Revolution (e.g. Marsh, 2012), while other group of researchers share the opinion that the true globalization was introduced when first global supply chains and global outsourcing system were established (e.g. Gereffi & Lee, 2012). Newer studies follow development patterns of the modern 'globalization 4.0', associated with the evolution of the global network of e-distribution channels of goods and services (e.g. Kumari & Goel, 2020).

Observed from the dawn of the First Industrial Revolution (1800 AD) until present days, globalization has brought many benefits to both developing and developed economies, but also caused systematic problems, such as socio-cultural-economic unrest and friction between nations (Reddy & Vyas, 2004). According to Brown (1999), the positive consequences of the globalization processes are rapid technological development, the diminishing role of the nation states, the rearrangement of industrial production away from the western economies to the newly industrializing economies, and the corresponding growth of service industries. Besides that, globalization created an extensive network of economic, cultural, social and political interconnections and processes (Moore, 2004) that goes beyond national boundaries, makes goods and services available and affordable to everybody, consolidates global society (Kühnhardt, 2017), and helps alleviate poverty to a certain extent (Goldin & Reinert, 2012). Along with all of its benefits, globalization also raised global awareness about the global issues and challenges (James & Steger, 2016).

The globalization processes do not affect only the market, but practically all aspects of everyday life, including travel and tourism. In that context, Lewellen (2002: 7) observes contemporary globalisation as "the increasing flow of trade, finance, culture, ideas and people brought about by the sophisticated technology of communications and travel, and by the worldwide spread of neoliberal capitalism". According to Zhao and Li (2006), tourism and its associated economic activities are not immune to a wider context of the world economy, since they are directly shaped by global trends and competition. The impact of globalization on tourism is particularly evident in developing countries largely because of their abundant and preserved resources, inexpensive goods and services, and cheap labour. In order to highlight the main driving forces that shape globalization processes in tourism, Dwyer (2015) systemized them into groups, using the PEST approach (Figure 1).

Figure 1: Drivers of globalization in tourism



Source: Dwyer (2015)

Although the illustration shows unidirectional influence of various groups of drivers on the globalization of tourism industries and markets, it must be emphasized that the influence between them is always mutual and complementary. Therefore, it can be concluded that evolution and growth of globalization and international travel and tourism are intertwined.

Since the focus of this research is on a tourism supply system, the outcomes of globalisation processes in tourism can be basically divided into two groups – positive (e.g. increase of employment, income and standard of living on tourism receiving areas, as well as providing new travel, trade and investment opportunities for tourism generating markets), and negative (e.g. dependency on foreign markets, leakages from local economies, and economic vulnerability of tourism receiving areas, etc.).

Over the past three decades, an increasingly liberalised and deregulated international environment enabled the significant growth of international tourist arrivals from 434 million in 1990 to 1,460 million in 2019, while revenues from international tourism in the same period showed an even greater growth from 262 billion to 1,481 billion USD (UNWTO, 2014; UNWTO, 2021). Such rapid internationalization of tourist flows during the past three decades has intensified the global movement of goods, knowledge, labour and capital, ensuring tourism the title of world's third largest export category after fuels and chemicals, and ahead of automotive products and food (UNWTO, 2021). However, the continuous growth of international tourism and related economic activity was suddenly interrupted by the outbreak of the Covid-19 pandemic causing widespread and disastrous socio-economic consequences. The crisis has prompted a series of analyses and discussions in academic discourse about the fragility of the concept of globalization and vulnerability of tourism as a highly globalized economic system.

The impacts of global crises on globalization and tourism

During the annual meeting of the World Economic Forum held back in 1999 in Davos, Switzerland, in his address to the world business leaders the UN Secretary-General Kofi Annan pointed out that the „globalization is a fact of life, but we have underestimated its fragility” (Schwab & Pollis, 2000). Although at that time it was unbelievable that such a powerful concept would show its vulnerability and internal weaknesses, this especially began to manifest with the occurrence of various types of crises affecting different parts of the world. Since then, several cross-national and global crises have put the globalization as well as international tourism into a somewhat different perspective.

With the onset of each large-scale crisis, globalization has been brought to discussion regarding the impact of the crisis on its processes (Tuca, 2013), and vice versa or how globalization contributes to the emergence of crises (Peterson, 2010). According to Acocella (2021), the consequences of global crises are mainly related to the inflation, reduction of employment, increasing poverty, and the imbalances in the supply and demand of goods. Such trends threaten global value chains, inducing firms to re-nationalise at least some segments of these chains.

Due to economic (and other) inequalities among countries, it must be emphasized that crises do not affect all countries equally. Developing countries are more vulnerable to the impact of global crises than developed ones, while the consequences of crisis last longer than crisis itself. Nixon (2020) argues that developing countries that rely upon large external economies, essential supply chains, inflows of capital and visitors, including labour markets, are particularly vulnerable and less likely to establish an effective nationalism-based crises response. It is necessary to realize that processes of crisis management are crucial to the protection and safety of the public

and state (Tej et al., 2014), while the key aspect of this endeavour is to raise the public awareness of the nature, scope and the foci of a crisis.

Despite its power to bring large benefits to communities, tourism is vulnerable and susceptible to externalities such as natural disasters, economic crises, infectious diseases and man-made crises like wars and terrorist attacks (Ritchie, 2004; Li, Blake & Cooper, 2010). The outbreak of Severe Acute Respiratory Syndrome (SARS) epidemic, first appeared in 2002 in China's Guangdong Province before emerging in neighbouring countries, had a negatively profound impact on tourism around the world, with particularly strong impacts on countries in South-East Asia (Pine & McKercher, 2004). In their study on the impacts of economic crises on tourism, Styliadis and Terzidou (2014: 210) pointed out that the Global financial and economic crises in 2008 has "increased unemployment rates, job insecurity, loss of income, the evaporation of wealth, cuts in private and public investments and a feeling of uncertainty and pessimism about the future" in the South Europe. The ongoing Covid-19 pandemics, started in late 2019, has had devastating impacts on international tourism flows and tourism-related economic system. As stated by Gowreesunkar et al. (2021), 2020 has left an indelible mark on the history of travel and tourism worldwide leaving tourism destinations with long-term lessons to learn from the impacts of Covid-19 crises. The pandemic did not only cause a severe drop in number of tourist arrivals and tourist consumption, which led to sharp decline in tourism-related investments and large-scale job losses, but has changed the way tourist will behave in years ahead. The research conducted by Škare, Soriano and Porada-Rochon (2021) confirmed that pandemic crises have long-lasting negative effects on the tourism industry and economy. The outburst of armed conflict between Russia and Ukraine in winter 2022, have dramatically changed the vision of how the global economy will evolve in the upcoming decades. This is particularly evident when such large deteriorating events interrupt and distort global supply chains and paralyze economic activities at the local level, causing adverse chain effects such as inflation, layoffs, company closures, and accumulating debts to the public sector and financial institutions.

According to Zhang et al. (2021: 7), global crises "severely hinder the development of the tourism", since tourism has been recognized as "one of the most vulnerable economic activities in times of crisis and disaster". Having in mind that Europe significantly relies on benefits from tourism, the impacts of the global crises were particularly evident in the Mediterranean region challenging business leaders and development planners to find appropriate adaptation, mitigation, and communication strategies not only towards demand, but also towards their business partners.

When it comes to global supply chains, the external crises turned out to be one of the main causes of their interruptions and distortions. Disruptions caused by 2008 Global Economic Crises led international trade to a new trend called "slowbalization" (Kandil, Battaïa & Hammami, 2020) characterized by a slower pace of economic growth, focus on local supply chains, and restrictions for foreign investment.

Despite the expectations that global production network will be fully restored by the end of 2010s, the spread of Covid-19 pandemics has reopened well-worn issues related to vulnerability of the global supply system and its non-resilience to global crises. These circumstances forced political and business leaders to focus inward and reshore at least a part of their production from low-cost countries in order to maintain a stable supply at national level. So, instead of smooth and incremental process of slowbalization, the global economy entered into an accelerated process of deglobalization.

Deglobalization initiatives

A currently running deglobalization process is not a new phenomenon, but rather a cyclical occurrence that has manifested itself before. Jones (2005) indicated that the First World War and the Great Depression (1929-1939) caused the first deglobalization from 1929 to 1979. During this period, the world suffered the Second World War and 1973 Oil Crisis spurred by the Fourth Middle East War, western nations worked to eliminate trade barriers, and many countries became WTO members. From 1979 onwards, a 30-years long cycle of globalization brought many benefits to the world driven mostly by the increase in foreign investments, growth of international trade and a rise of global value chains, which can be considered as the main pillars of global economic integration process.

However, in 2008, when western countries-imposed trade barriers on imported products that led to the Global economic crisis, those three pillars began to show signs of weaknesses and non-resilience to disintegration forces. Among them, an increased geopolitical competition and growing economic nationalism have gradually started to slow the trend of liberalization of international trade (Mihaylov & Sitek, 2021), which paved the way for hyperconnected but vulnerable global economy to enter the stage of deglobalization. While some authors see the main cause of advanced deglobalization trends in trade protectionism supported by political changes (Trumpism and Brexit) in economically the most powerful countries of the world, like USA and UK (e.g. James, 2018), others see it in the increase in the level of income and wages of the developing countries (Vargas-Hernández, 2022) or more likely in deep and serious structural changes in international trade (Stanojević, 2020). The findings of analysis done by Hillebrand (2010) suggests that if globalization halts or recedes the results will be profoundly negative for most countries and most income groups.

According to Kim, Li and Lee (2020), deglobalization is the process of diminishing interdependence and integration between nation states, driven by trade imbalance, political pressure, populism, high unemployment rate and trade tensions between countries. Pakulski (2009) argued that globalization led to the concentration of wealth in the elites accompanied with deepening inequalities and uneven wealth distribution, while Wilson (2012) pointed out that increasing dependence on exter-

nal markets resulted in local economies' vulnerability, which led to a rethinking of strengthening national sources of goods and services. Such approach supports preservation of traditional craft products and services that need to be preserved from, as Lucio-Villegas (2017) claims, colonization by globalised industrial mass production. Another reason for moving towards deglobalization is that globalized society disrespects cultural diversity and aims to create a mainstream monoculture that is driving local cultures underground. And finally, Covid-19 pandemics with its adverse impacts forced many governments to unilaterally protect their economies from the total collapse of value chains, and imposed barriers to international exchange of goods and services, including foreign investments. Hence, it can be determined that the ongoing cycle of deglobalization is driven by many forces, but one that is rapidly gaining momentum is the need for building resilient local economies.

Challenges of building a resilient local economy

The variety of crises, ranging from natural disasters to human-induced incidents and global health crises, created different approaches and strategies for building local capacities to adapt and cope with negative impacts of crisis situations. According to Young et al. (2006), studies of resilience, vulnerability and adaptability have evolved from a single-aspect to multi-layer analysis of coupled systems embracing local social, natural and economic environments in the context of their capability to respond to various crises. In discussion on supply system response to the emergence of a crisis, Kähkönen and Patrucco (2022) highlighted three supply resilience capabilities – absorbing, responding and capitalizing, that should be prioritized in supply chains for responding to and recovering from global crises and disruptions. This was particularly evident during the Covid-19 crisis in which supply chains were not ready for the occurrence of several simultaneous reasons originated from the place of production (factory closure and production input shortages), over the transit area (distribution and freight forwarding malfunctions), to the place of consumption (sudden drop of demand for some goods and rapid increase of other, particularly health protection and hygiene products).

A similar fate of collapsing supply system befell the service industries as well, which capacities to adapt to a global crisis situation were limited since their customers had to either shift their requests online (accelerating end-to-end digital transformation) or while visiting the service providers' premises had to keep the physical distance (including periods of complete absence of physical contacts). The situation in tourism was even worse due to its nature and fragmented economic structure. The inability of tourism system to respond to crisis situation was governed by rigorous restrictions and rules, from travel bans and obligatory vaccination to the collapse of the tourism intermediary system and imposed complete lockdowns of tourism destinations. Some tourism market segments, like meetings and cruise industries, experienced a complete absence of revenues and profit.

Given that micro and small enterprises comprise the majority of the tourism businesses globally and contribute heavily to the economic livelihood of many communities (Pham et al., 2021), building a resilient local economy is nowadays a focal point of policy makers and business leaders. According to Sharma, Thomas and Paul (2021), the building of resilient tourism system should include four key aspects: government response, technology innovation, local belongingness, and consumer and employee confidence. In times of deglobalization and creation of a new world order in which global supply chains are losing their ground while inflation is rapidly spreading throughout the world, the importance of local community's adaptability and resilience to external shocks is going to be immensely critical also for the sustainability of tourism development in all its aspects. Given that tourism develops in different environments, from small rural or island destinations to large cities, its dependence on external sources (e.g. food and energy) can vary from self-sufficiency to total dependence. In both cases, the resilience of supply system is the key to crisis response and recovery (Kähkönen and Patrucco, 2022).

Research approach and methodology

This research aims to investigate the need for changes in tourism supply system, analyze expectations of local business managers concerning the interruptions and distortions in global supply chains, and provide some policy recommendations for 'reinventing' local production of goods and services for tourism-related purposes. This study takes a qualitative thematic research approach with a descriptive analysis and microregional case study approach. In order to achieve the aims of the research, desk and primary researches were carried out.

The two main sources of secondary data used for desk research are the World Bank and the Croatian Bureau of Statistics databases.

The collection of primary data took place during April and May 2022, using survey and semi-structured interview methods. Since tourism development in Croatia is predominantly focused on the Adriatic coast, the sample of this research consists of respondents from large hotel companies and local suppliers of goods and services situated in Croatia's seaside tourism destinations and associated microregions. The target group of respondents are procurement and general managers. Study locations included in this research are highly popular and well-developed tourism destinations, namely Poreč, Rovinj, Opatija, Zadar, Split and Dubrovnik.

The empirical data collection was divided into two steps. In the first step, an online survey was performed to assess the influence of increasing input costs on hotel and local suppliers' revenues. In the second step, a semi-structured interview was performed to highlight the most influential procurement trends perceived by hotel procurement/general managers and local suppliers. A description of survey and link

on online questionnaire was distributed by email to 50 largest hotel companies in Croatia according to number of hotels beds.

The final survey sample consists of 17 hotel procurement managers from 17 large hotel companies in Croatia holding a portfolio of 13,279 beds in 88 premises, which represents a share of 10.5% of all permanent hotel beds in Croatia (CBS, 2022). Regarding the source of ownership, 30% of the companies are owned by foreign investors and 70% by domestic. From the perspective of the suppliers' side of these hotel companies, a total of 31 local suppliers' representatives were participating in filling the questionnaire, consisting of 58% food and beverage suppliers, 23% maintenance and facility management services, 10% IT services and 10% auxiliary services. The suppliers from public sector were not included in this research.

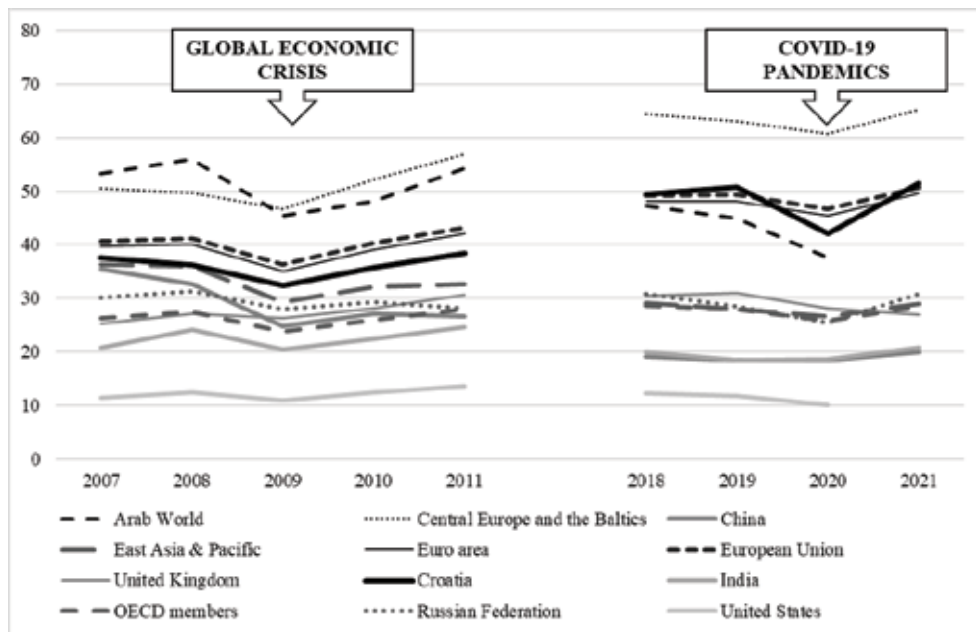
The final interview sample consists of 8 hotel procurement managers and 11 local suppliers' managers, depending on their availability in a period of conducting interviews. Among suppliers who were ready to participate in interviews, seven of them deliver goods and four of them provide services. Ten out of 11 interviewed suppliers have signed 1- or 2-years procurement contracts with a hotel company.

Research results

The available literature suggests that global crises cause significant and adverse changes in international trade relations making global supply chains less predictable and less reliable, particularly when it comes to serious shortages in the supply of food, energy, and other vital goods and services at the local level. This particularly refers to Global economic crisis and Covid-19 pandemics that revealed the fragility, vulnerability and low resilience of global supply chains towards external shocks (Fonseca & Azevedo, 2020).

The key development indicators by country show that during global crises the external demand for goods and services is decreasing which lead to the conclusion that international supply chains were disrupted to certain extent. In this study, a share of exports in GDP was used as a proxy to measure the contribution of external demand to the economies of selected countries and group of countries (Figure 2).

Figure 2: Share of exports in GDP (in %) in selected countries, 2007-2011; 2018-2021



Source: The World bank (2022)

Such negative encounters have initiated deglobalization trends and reconsidering the value of using local supply systems and locally available resources. The imperative of continuous cost reduction in running a business and simultaneously maintaining price competitiveness imply a heavy reliance on global supply chains, which makes the local economy weak, dependent, and vulnerable. The frequent outbreaks of the crises force local businesses to rethink the market opportunities and reshape their supply and development strategies. Based on available data, it is clearly evident that tourism is particularly affected by the occurrence of global crises, causing both supply and demand distortions which lead to market imbalance and development uncertainty.

In the first part of empirical research a survey was conducted aiming at investigating how hotel procurement managers perceive inflationary pressure related to influence of increasing input costs on hotel revenues (Table 1). Respondents rated their perception using 5-point rating scale where 'Not at all' (coded as '1') was the lowest perceived influence, while 'Extremely' (coded as '5') was the highest perceived influence.

Table 1: Influence of increasing input costs on hotel revenues (n=17)

Input	Not at all	Slightly	Moderately	Very	Extremely	Mean
1) Energy costs	0%	0%	11.8%	23.5%	64.7%	4,53
2) Food and beverage costs	0%	11.8%	47.1%	41.2%	0%	3,29
3) Labour costs	0%	0%	29.4%	52.9%	17.7%	3,88
4) Capital costs	0%	5.9%	58.8%	23.5%	11.8%	3,41
5) Technology costs	0%	17.7%	41.2%	29.4%	11.8%	3,35
6) Maintenance costs	0%	23.5%	35.3%	35.3%	5.9%	3,24

Source: Survey

As shown in Table 1, the results indicate that managers were mostly concerned with increasing energy and labour costs, while they were least concerned with a growth of maintenance and food and beverage costs. When it comes to local suppliers of goods and services, their expectations were slightly different (Table 2).

Table 2: Influence of increasing input costs on local supply businesses (n=31)

Input	Not at all	Slightly	Moderately	Very	Extremely	Mean
1) Energy costs	0%	0%	19.4%	61.3%	19.4%	4,00
2) Labour costs	0%	12.9%	48.4%	32.3%	6.5%	3,32
3) Capital costs	0%	0%	19.4%	54.8%	25.8%	4,06
4) Technology costs	0%	9.7%	35.5%	25.8%	29.0%	3,74
5) Maintenance costs	0%	16.1%	61.3%	12.9%	9.7%	3,16

Source: survey

As shown in Table 2, responses from local suppliers reveal that managers were mostly concerned with the increase of capital and energy costs, while they shown least concern with growing maintenance and labour costs.

The second part of empirical research was dedicated to semi-structured interviews with available respondents aiming at their expectations related to actual market trends with special emphasis on procurement trends. Two groups of interviews were carried out: 8 with hotel procurement managers (Figure 3) and 11 with local suppliers of goods and services (Figure 4).

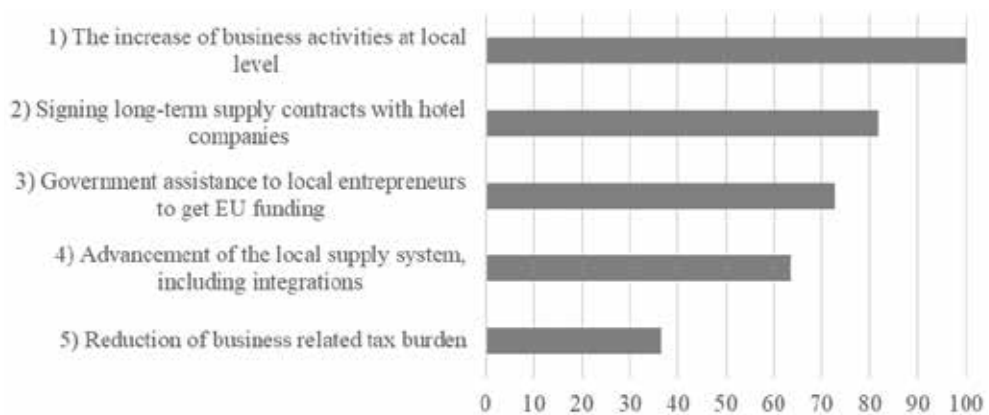
Figure 3: Hotel procurement managers top five expectations related to actual procurement trends (n=8):



Source: interview

Based upon the interviews held with hotel procurement managers it was noted that they mostly expect that their demand of goods and services from local suppliers will grow, the same as reduction of business operations related to tax burden. The third highest rated expectation was related to long-term interruptions and distortions in global supply chains, while the fourth expectations is related to the increase of the quality of the local supply system.

Figure 4: Local suppliers top five expectations related to actual procurement trends (n=11):



Source: interview

During the interviews with local suppliers, a discussion was revolved around their concern regarding their capacities to satisfy increasing demand from large hotel companies, given that global supply chains are coping with long-term issues. So, they are expecting that hotel companies will redirect their needs towards local and regional suppliers that will increase the need for new storage facilities and additional personnel. The suppliers also expect that signing long-term procurement contracts with hotel companies will ensure more accurate planning and scheduling. Local suppliers also expect from public sector to assist them in getting EU funding for their improvement and development projects. Seven out of 11 suppliers expect that the growth of their business will require increased cooperation among suppliers at local and regional levels, which might lead to business integrations among them in order to reduce costs and be able to cover all orders for goods and services.

Discussion and policy recommendations

In the last decades the world economy has tended to be structured around global value chains, they being responsible for a very high percentage of global trade, production and employment (Pla-Barber & Villar, 2019). However, large crises such as 2008 Global economic crisis and Covid-19 pandemics, imposed significant challenges to political and business leaders on creating efficient response from local economies and communities towards the upcoming crisis, inflation, recession, and potentially economic depression.

This study takes a local approach in highlighting some key variables for assessing the scope and volume of a crisis and its impacts on the vulnerability and adaptability of production and service delivery capacities that drive economic sufficiency of tourism destination, opposed to those which make local economy dependent on international supply chains and cause money outflow. So far, there were many attempts in developing tourism destination resilience models and frameworks. For instance, the Economic Resilience Model (ERM) was initiated after 2008 Global economic crisis (Zhang, Y. et al., 2021), providing local governments an opportunity to evaluate and monitor the destination's economic resilience to external shocks caused by a shortage in the supply of international goods and services intended for tourism consumption. Among other attempts there are 'Regional Tourism Adaptation Framework' (RTAF) (Basurto-Cedeño and Pennington-Gray, 2018), 'Scale, Change and Resilience' (SCR) model (Lew et al., 2017), 'Destination Resilience Framework' (DRF) (Cahyanto and Pennington-Gray, 2017), while Cochrane (2010) proposed 'a Sphere of tourism resilience' (STR) model.

Ongoing deglobalization processes, strongly initiated by mentioned two global crises, are also important aspects of building resilient local economic environment for sustainable tourism development. As Niewiadomski (2020) stated, "since all the

important factors that made international travel easy and allowed the tourism industry to spread globally have now been stopped, the processes of de-globalization have engulfed tourism almost entirely”.

The findings of empirical research on perception and expectations of hotel procurement managers and suppliers from Croatia’s coastal tourism destinations, revealed that tourism-related businesses are heavily exposed to external supply system and external shocks. According to Calgaro, Lloyd and Dominey-Howes (2013), it is surprisingly little known about the complex drivers of destination vulnerability, leading to emergence of ineffective resilience-building solutions. Therefore, more research and discussions should be done on which crisis predictors, which actions to take during the crisis and which variables to use in developing tourism destinations resilience model as an answer to external shocks, particularly when it comes to differences in local settings.

Based on both the existing body of knowledge and the empirical evidences from Croatia presented in this study, several policy recommendations can be suggested to improve the supply system within the framework of tourism destination resilience:

- Shortage in global supply chains should be perceived as an opportunity to develop and strengthen local suppliers’ capacities.
- Integration of national/regional supply resources into supply clusters lead to decrease in country’s dependence on external markets of goods and services, and makes it easier for local economies to access the necessary resources.
- Development of local production and service delivery shorten supply chains which increase local economy’s resilience to external events such as supply shortages or disruptions.
- Long-term procurement contracts between hotel companies and local suppliers lead to an increase of overall economic activity and diversification of the local economy.
- Policy of ‘importing only what is really necessary’ increases domestic production of goods and services, and improves employment and competitiveness.
- Tourism destination resilience assessment model needs to be developed according to local peculiarities and implemented in order to timely predict, adapt to and react on external market shocks.

Conclusion

The globalization is a process that influence literally every aspect of life. Among many other benefits, it enabled the transnational integration of capital, labour, knowledge and technology making vital resources, products and services affordable and available in practically every country. Nevertheless, globalization creates winners and losers among countries in terms of unequal income distribution, wages and em-

ployment. For that reason, globalization has been considered as a cyclical occurrence that creates economic expansions and crises, which makes this concept rather fuzzy. The outbreak of the Global economic crisis and the Covid-19 pandemics revealed the vulnerability and serious instability of the global supply system, which triggered the initiatives that favour deglobalization processes. Such trends raised global awareness of the need to re-build locally oriented production capacities in order to make local economy resilient to external shocks. This is particularly important when it comes to managing supply shortages and tourism development in a sustainable way.

Based on literature and empirical evidence from Croatia, findings of this study converge with findings of other studies that support the idea of creating tourism destination resilience on powerful local supply system, but also highlight some peculiarities of hotel procurement in times of crises. Due to large volumes and a diversity of goods and services necessary to run a large hotel company, procurement rely predominantly on global supply chains which ensure lowest prices and constant product/service quality. However, due to occasional shortages and disruptions in global supply chains, hotel companies in Croatia are increasingly interested in 'reinventing' local supply system. Local suppliers of goods and services cannot compete with multinational corporations in quantity, but it can in authenticity and originality, and in quality to certain extent.

Hotel procurement managers and local suppliers in Croatia highlighted their expectations regarding the increasing costs of running business during deglobalization processes and some critical aspects that support the idea of reshoring production and service capacities to the local environment. Based on the findings obtained during the interviews, tourism system is increasingly interested in local solutions related to local supply system, because it can be managed timely and according to actual circumstances. Respondents commonly agreed that only powerful and sustainable local supply system can build a resilient local economy, while resilience of the supply system is the key to crisis response and recovery.

This study has certain limitations. Firstly, it was not a hypothesis driven research, rather an exploratory and conceptual one discussing only limited number of topics. Secondly, this study was limited to one country and therefore its results and interpretations cannot be generalized and used in other contexts without further research. Thirdly, the sample used for analysis and interpretation consists of a limited group of respondents, namely procurement managers in large hotel companies, while other tourism companies remained outside the scope of this research. Therefore, the scope for further research is immense considering different countries and a variety of local settings to which tourism destinations resilience models and frameworks should be adjusted.

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