

CLUSTER AS THE DEVELOPMENT TOOL OF RURAL TOURISM IN CONTINENTAL CROATIA

Dejan Tubić, univ.spec.oec.¹, Josip Britvić, univ.spec.oec.², Božidar Jaković, B.Sc.³

¹College for Management in Tourism and Informatics in Virovitica,
Republic of Croatia, dejan.tubic@vsmti.hr

²College for Management in Tourism and Informatics in Virovitica,
Republic of Croatia, josip.britvic@vsmti.hr

³College for Management in Tourism and Informatics in Virovitica,
Republic of Croatia, bozidar.jakovic@vsmti.hr

Abstract

Over the past few decades, in accordance with modern global economic trends as preferences of modern tourist spenders, there has been a rising interest in rural tourism detected in the world, as its emergent forms. However, overviewing the current situation in Croatian tourist market, rural tourism is on a low development branch regardless to the existing, rich resource basis of Croatian rural area as the fact that rural area occupies 91,6% of total territory. By that, it definitely needs to point out that there is territory fragmentation present and that the tourist development of continental region is in big and even enormous development fall behind in regards to the Adriatic region. For example, according to some statistic evaluations and measurements in Continental region of Croatia there has been achieved only 5% overnight stays of the total number. The main reason of the current condition in the tourist sector of Croatia in domain of rural tourism is the previous focus of national tourist politics exclusively on development and promotion of the tourist product *Sun, Sea and Sand*. Building on the presented, there is absence of common cooperation culture among small economic subjects, in this case with other tourist shares, which are geographically concentrated, and have potential effects in the segment of rural tourism. Therefore the primary goal of this work is to identify and show basic, development determinants in forming interest grouping, that is, cluster. Besides, focus of the research work will be contained in the display, as in analysis reason of unrecognizing cluster as a tool for more successful and efficient

bussiness between rural tourist stakeholders. In order of getting relevant information and cognition, there will be a empirical research on holders of rural tourism offers in selected units of local (regional) government, that is, continental region counties of Croatia.

JEL Classification: L83, R58

Keywords: cluster, rural tourism, development tool, continental Croatia

1. Introduction

Tourism is one of the greatest world industries. According to UNWTO (2012, 2.) there is a continuous growth ahead in international tourist bookings (average of 3,3% per year) in the interval between year 2010. and 2030. Further to, you can conclude that in the past two decades one of the constants is a continuous growth/development and resistance of tourism on economic and other changes. You can note for tourism that it is an aggregate activity with a continuous and a very dynamic development which comes out of the ways using free time of individuals and his more complex needs and interests.

In support of the spoken, although tourism is predicted to further grow, it should be noted that many contemporary global trends create a new behaviour on the international market. Magaš (2003) illustrationaly notes how this global trends results by „erasing of world borders“ or precisely speaking to „merging“ of local, regional and national market. Therefore, in that kind of a market environment the market game is heating up. Also, intensive and permanent competition is present and new market challenges between tourism destinations, whether in holding on existing or in attracting the new.

Therefore, tourism destinations, independently which kind of tourism product and service they provide, are constantly forced to make up new or innovate existing market strategies in the field of tourism arrangements and packages and market activities so they could insure uniqueness and universality on the more saturated and competitive tourism market. In other words, authors Chan Chen et al. (2013) speak of how tourism destinations have to be managed in that kind of market (tourism) politics so they could satisfy preferences of more demanding contemporary tourism spenders in terms of keeping the existing and attracting new. Analyzing the available secondary literature sources (books, magazines, anthologies), according to notes of Vrtiprah (2006); Blažević (2007); Krešić et al., (2010) Krajnović et

al., (2011); Čavlek et al. (2011) you can conclude how contemporary (modern or new) tourism spenders are becoming more demanding, they are well informed, unpredictable, spontaneous, sensitive on quality of service, traveling more often and shorter, seeking the value of money for the value of offered tourism service. In final, it is not enough to offer them just a tourism product “sun, sand and sea”, but they want meaningfully spent their active vacation, as they want to live up new tourism experiences in a chosen tourism destination.

On the basis of noted characteristics of the modern tourism spenders, all present global trends impose creating of specific products and developing new, specific shape of tourism, that highlights rural tourism. Essentially, traditional motives and products are substituted with motives and contents of tourism spenders in 21. century.

2. Terminological definition of rural tourism

Terminological definition of rural tourism should be approached very carefully. Dimitrovski, Todorović and Valjarević (2012) mention that the same expression is hard conceptually to determine. In accordance with the noted, the conclusion is that there is no universal, and therefore generally accepted, definition of rural tourism. The reason to that surely lies in the fact that in the terminological definition of rural tourism first you should define the rural area which is different from country to country. For a more detail show of criterion defining rural areas see more in publication OECD-a (1994) “Tourism strategies and rural development”. Further below this work there will be shown the definitions of rural tourism given by recent tourism authors.

One of the leading croatian tourism theorists in the field of rural tourism Pavlo Ružić (2009, 15) quotes a definition of rural tourism by Council of Europe from 1986. which says: “rural tourism is a tourism that includes all activities in rural area, and not just the ones that can be determined as farm or agrotourism”. Croatian chamber of economy (in further text HGK) in publication “Tourism on rural family economies” defines rural tourism family economy as a smaller economic whole centered in a tourism attractive area which provides a original product or service of economy, in which in work is included every family member (HGK; 2002, 5.).

2.1. Rural tourism in continental region in Republic of Croatia

In the beginning of this chapter, it should be noted that the government of Republic of Croatia agreed with Eurostat, in 2012. divides Croatia on two statistic regions: Continental and Adriatic region (Ministry of regional development and funds of European Union; 2012), as it is show on picture 1., Relevant pointers of rural tourism development will be the data of HGK from 2007. which are related on the real condition of agrotourism economies.

Picture 1. Statistical classification of Croatian



Source: Official pages Jutarnji list, available on

<http://www.jutarnji.hr/hrvatska-u-dvije-regije--kontinentalna-i-jadranska/1050208/> (2.3.2014.)

According to picture 1., it can be concluded tha continental region is made of 13 counties and Zagreb city, and the adriatic region of 7 counties. By reaserch of HGK – tourism sector (2007), territorial fragmentation is visible. Therefore the tourist development of continental region is in a great, even „enormous“ development deficit. Corroborating the spoken there should be noted that of 352 registered tourist country family economies (in further text TCFE) in continental region are registered 35,5% economies, and in adriatic 64,5%. It is good to note that

in 7 continental counties there is less than 10 registered TCFE, and in 4 counties there is none registered TCFE (HGK; 2007).

The main reason of the existing condition in the tourist sector of Croatia in the area of rural tourism is because the recent focus of national tourist politics was exclusively on the product „sun, sea and sand“. Adding to spoken, culture of common cooperation between small economic subject does not exist.

3. Clusters

„In entrepreneurial Economy, cluster is determined as a common cooperation between related groups in some social activity. The term itself marks a process in which something is gathered in a group, which from an economic point of view means common economic business or other subject who seek to realize common goals“ (Škrtić, 2005, 113). So, they arise as a result of innovations which are defined as groups of competitive, cooperating and mutual dependent companies which are in the same industrial environment and are focused in one geographical region.

The term cluster marks, inter alia crowd or mass, so from those things comes out clustering, as a process in which comes accumulation of something on a mass by the determined principles that are used in a organization form of a cluster. Practical conduction of clustering is achieved by applying a system approach and its principles, while respecting a certain hierarchical procedure. Result of that kind of system approach are clusters which represent decentralized form of organization like the one described by Brezničar in 2006.

Clusters are actually concentrated, geographically, mutually connected economic subject like specialized suppliers, service providers and connected institutions which in certain area, by creating a common product, represent region or a state. Inside each cluster some organizational units can act, as an independent profit centers, or independent business units. They have to bear responsibility for every business success or failure, which can be applied very successfully on small and medium company (Škrtić, 2005).

Besides that, Horvat (2004) notes how clusters can be described as production arrangements between participants, which are on small or big ways characterized by a strong cooperation between all subjects inside the grid, social – culture identity, institutional weapon, industrial atmosphere, support of local institutions, the existence of coordinating institutions, high index of survival, dynamic weapon

and industrial competition, suitable local factors (natural and human resources, logistic, infrastructure) and strong economic connection between all subjects that belong to clusters. Also notes that common areas to all who are concluded in a cluster are promotion and marketing, procurement of raw materials, distribution, maintenance, education and development of professional human potential, organized structure connection, development of techniques and information about the competition.

In the practical act system of clusters has appliance in business systems which in act form more different strategic market acts. That is how business subjects are connected to merchants, raw material developers and all kind of parts. It can all be copied to many small or medium companies and all kind of entrepreneurship. Other form of a successful application of the mentioned system refers to achieving important business and profit success, and greater ability to compete on the market. Entrepreneurs inside clusters can plan more accurate production processes, lower costs of production, computerize whole processes and quickly response to environmental changes (Škrtić, 2005).

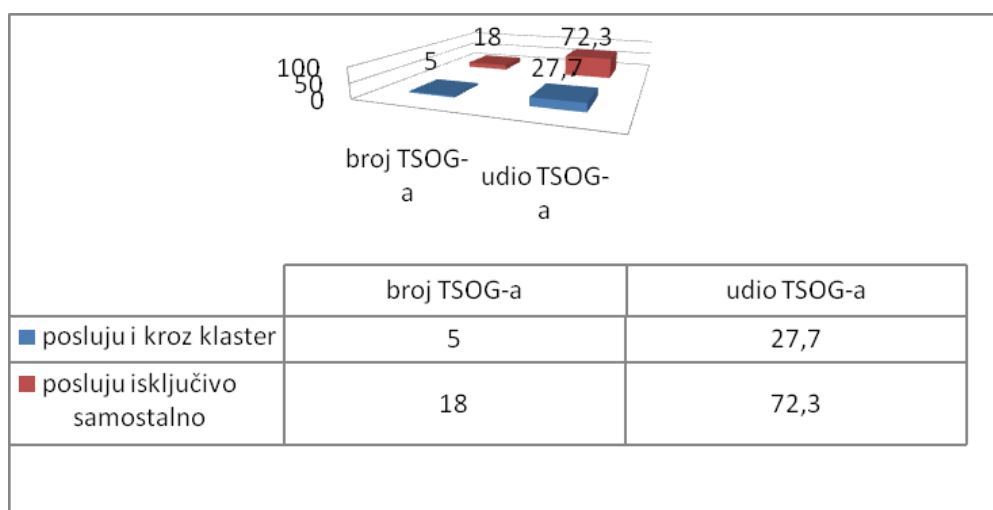
4. Work methodology

For needs of work besides secondary research the data given by primary research is also being used, which is carried out by a questionnaire with the closed type questions. Primary research is carried out in the beginning of 2014. In continental region in Republic of Croatia on sample of TCFE owner, as the main holders of tourism offer in rural area. Research carried out on 23 TCFE owners, which is 18,4 % of all TCFE, only 5 TCFE on the tourism market are independent but are cluster members also, and 18 TCFE which due to certain reasons conduct their business only independently. Primary research was centered on determining development possibilities and cluster activity which is used for more effective business and development of tourist activities of TCFE on a rural area and determining interests which prevail in merging. There is also determined why clusters are not recognized as a tool for making more efficient business and development of rural tourist activity from a TCFE owner point of view. This research can be a starting point for further researches in the field of rural tourism or interest merging of rural tourism offer holder.

4.1. Research results

Analyzing the data gathered by questioning TCFE owners, first of all an interest level is determined for integrating the holder of rural tourism offer in a interest merging the cluster. From total of questioned TCFE owners, only 27,7 % recognized cluster as an ideal chance for more competitive business and development of their activities on the tourist market, while the remaining 72,3 % TCFE, sees cluster as a obstacle in development, perceives only negative sides of interest merging (picture 2).

Picture 2.: Inclusion of TCFE in their own activity development trough cluster

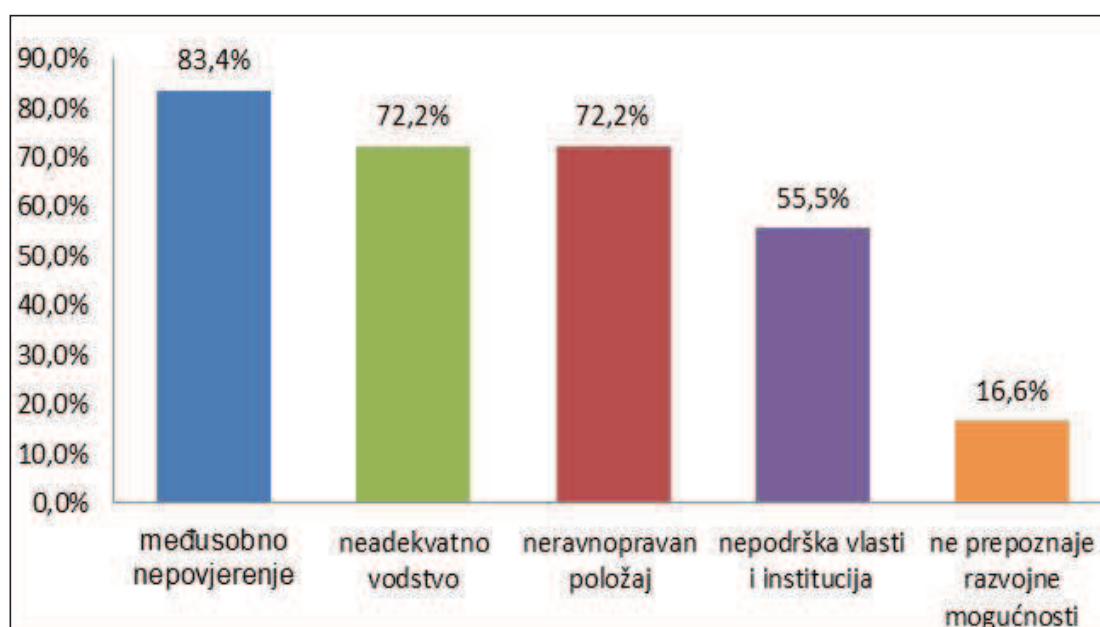


Source: calculate of author

Interests for merging which are carried out from TCFE owners point of view are not different one from another. From the total number of questioners who work trough cluster 60% of them said that they joined cluster because of making an common tourism product, brand, offer standardization, more effective promotion and promotion in all shapes and more intensive implementation of common projects. Other 40% included all of above and also said that trough cluster they can make a better position on the whole tourism market with making a bigger economic use from agrotourism activity and equally set up a necessary formal and non formal education of TCFE workers. Those who didn't recognized the cluster benefits, think that the interest of joining is not a tool in strengthening competitiveness of their business. They see it as an obstacle of further development of agrotourist activity. As the biggest negative sides they note the disbelief between cluster members, inadequate leadership (political eligibility), unequal position in cluster

and not support of local and regional governments and institutions. From the total number of questioners who do their business outside of cluster, 83,4% highlights high level of mutual disbelief to the interest association. 72,2% notes as significant negative side inadequate leadership inside the cluster which is based on political eligibility as an unequal position of members in making decisions, 55,5% thinks cluster does not have the support of local and regional governments and institutions, what also decreases interest TCFE in joining in cluster. At the end 16,6% does not recognize development opportunities of cluster and thinks that there is no use of joining in a cluster.

Picture 3.: Main reasons of TCFE owners not joining the cluster



Source: Calculate of author

5. Conclusion

The literature processed in work notes how clusters in tourism provide tourist spenders a lot more than an individual economic subject from rural tourism sector. The role of clusters is especially evident on small farms where only merging clusters can form a sufficiently broad and highly competitive Tourist offer. The research conducted by the authors shows that awareness of TCFE owners about the advantages of joining into the clusters are at very low level. Only 27,7% TCFE owners recognizes cluster as a chance to increase competitiveness while 72,3% sees clusters as a threat to their further development. On the basis of the study authors

concluded that it takes a lot of work to build mutual trust between the TCFE owners. Also, the point of action should be on preventing the impact of politics on cluster members, developing management mechanisms and procedures that will contribute to mutual equality between cluster members. At last there should be an increased involvement and support of local and regional authorities and institutions. Promoting clusters through presentations of successful examples of cluster members, work on rising the awareness of advantages membership in clusters and, in final, pointing to the fact that merging in clusters is one of the crucial competitive advantages of TCFE should be a key activity to ensure further clustering but also the growth and development of rural tourism in Croatia.

References:

1. Baćac, R. (2011). Priručnik za bavljenje seoskim turizmom - korak po korak od ideje do uspješnog poslovanja, Zagreb: Ministarstvo turizma Republike Hrvatske.
2. Blažević, B. (2007). Turizam u gospodarskom sustavu, Opatija: Fakultet za turistički i hotelski menadžment.
3. Chen, L. C., Lin, S. P., Kuo, C. M. (2013). Rural tourism: Marketing strategies for the bed and breakfast industry in Taiwan, *International Journal of Hospitality Management*, Vol. 32: 278–286.
4. Čavlek, N., Bartoluci, M., Prebežac, P., Kesar, O. i sur. (2011). Turizam: ekonomske osnove i organizacijski sustav, Zagreb: Školska knjiga.
5. Dimitrovski, D.D, Todorović, A.T., Valjarević, Dj. (2012). Rural tourism and regional development: Case study of development of rural tourism in the region of Gruža, Serbia. *Procedia Environmental Sciences* Vol. 14: 288-297.
6. Horvat, Đ., Kovačević, V. (2004). Clusteri: put do konkurentnosti. Zagreb: Cera Prom d.o.o.
7. Krajnović, A., Čičin – Šain, D., Predovan, M. (2011). Strateško upravljanje razvojem ruralnog turizma – problemi i smjernice, *Oeconomia Jadertina*, Vol. 1., No. 1: 30-45.
8. Krešić, D., Miličević, K., Boranić Živoder, S. (2011). Utjecaj informacijskih i komunikacijskih tehnologija na marketing turističkih destinacija, Zagreb: Znanstvena edicija Instituta za turizma – Izazovi upravljanja turizmom, str. 69-86.
9. Magaš, D. (2003). Management turističke organizacije i destinacije, Opatija: Fakultet za turistički i hotelski menadžment.
10. Ministarstvo regionalnoga razvoja i fondova Europske unije (2012). Nova statistička klasifikacija prostornih jedinica RH - NUTS 2.

11. Mišćin, L. Mader, B. (HGK) (2008). Aktualno stanje turizma u ruralnom prostoru Hrvatske 2008. Godine, Zagreb: Sektor za turizam HGK.
12. Organisation for Economic Cooperation and Development (1994). Tourism Strategies and Rural Development Organisation - General Distribution, Paris.
13. Porter, M.E. (1998). Clusters and the New Economics of Competition. SAD: Harvard Business Review.
14. Službene stranice Jutarnjeg lista, dostupno na <http://www.jutarnji.hr/hrvatska-u-dvije-regije--kontinentalna-i-jadranska/1050208/> (2.3.2014.)
15. Škrtić, M. (2011). Poduzetništvo. Zagreb: Singerija nakladništvo
16. Vrtiprah, V. (2006). Kulturni resursi kao činitelji ponude u 21. stoljeću, Ekonomska misao i praksa, Vol. 15., No.2.: 279 – 296.
17. World Tourism Organization, UNWTO (2012). UNWTO Tourism Highlights 2012.Edition.