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Strengthening Farmers-hotel Supply Chain Relationships to Facilitate Agriculture and Tourism Linkages with Local Food in Grenada – A Service Management Approach

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Abstract

Inter-sectoral linkages have long been promoted as a viable means of economic development by World Bank affiliated economists (e.g., Konzinets, 1971; Rostow, 1971; Chenery & Syrquin, 1975; Linden & Mahmood, 2007). The belief is that the wider the inter-sector linkages, the greater their scope for spillover benefits in economies (Crespo and Fontoura 2007). It has been found that spillovers from a thriving sector can have positive impacts on others. For instance, research by Gemmell, Lloyd, and Mathew (2000) found that increases in manufacturing and services both impact positively on agriculture production in Malaysia. Inherently, the service sector has the capacity to forge strong inter-sectoral linkages because services are now a common thread through many other sectors (Grönroos 2007).

Over the years, services have become prominent as a sector for economic development. Some of the world's most advanced economies are driven by services with more than 70% of their gross domestic product (GDP) generated by the service sector, reaching more than 80% of GDP (Stauss 2008) in some advanced economies. Even in predominantly manufacturing economies, services play an important role (Ostrom et al. 2010). As a component of the service sector, the amalgamation of industries referred to as “tourism” has been and continues to be one of the most dynamic sub-sectors (Crouch and Ritchie 1999).

Tourism presents an innate opportunity to create dynamic service systems that promote sustainable development in both developed and developing countries. In particular, its nature to facilitate linkages with other sectors in the economy such as agriculture and manufacturing presents possible solutions to macroeconomic level challenges such as poverty and unemployment (Rogerson 2003, Meyer 2007). The industry is therefore considered a tool for development (Meyer 2007) and within the sustainable development paradigm, tourism is viewed as a way to enhance opportunities for local people through its integration with broader economic and social developments (Meyer 2007, Hunter 1995).

The World Travel & Tourism Council reported that tourism’s contribution to world GDP grew by 3.0% in 2012 in the face of recessionary conditions. That growth was much faster than the world economy on a whole and also greater than the growth in several other industries, including manufacturing, financial and business services and retail (WTTC 2013). Despite the positive growth indicators, the industry is often critiqued for lack of distribution of economic benefits to locals which is also reflective of a lack of understanding of sustainable tourism development (Harrison, Jayawardena, and Clayton 2003).

The tourism sector is often criticized for the underperformance of other sectors (Harrison, Jayawardena, and Clayton 2003). In particular, as it relates to agriculture, it has been estimated that approximately 30% of tourist expenditures is on food (Belisle 1983, Torres 2003). Despite this significant share, the failure to develop inter-sectoral linkages (Meyer 2007) has resulted in

This paper proposes research on how agriculture and tourism linkages can be established so that local producers can gain greater market access to the tourism sector. Instead of the traditional transactional management of hotel supply chains, a service oriented farmers-hotel supply chain is proposed which places greater value on local food than imported food since local food becomes part of the service experience. This service management approach uses the service dominant logic which implies a service oriented supply chain management strategy that focuses on value co-creation with consumers, stronger relationship and optimal use of intangible resources as means of solving the problem of weak linkages in farmers-hotel local food supply chains. Local producers will therefore be actively involved in creating value with hotels and hotels’ guests. Strengthened agriculture and tourism local food linkages is expected to contribute to solving socio-economic challenges such as; high unemployment among the rural poor, low income of farmers, local food insecurity challenges and poverty.

The objective of the research therefore is to provide a solution to the problem of weak agriculture and tourism linkages in developing tourism destinations when opportunities exist for use of local food by hotels. It is proposed that this should be undertaken through the use of a service management framework; service dominant (SD) logic, which is expected, through abductive reasoning, to generate new ideas to address the phenomenon and eventually foster theoretical contributions that would generate explanation, predictability and provide practical guidance in similar social context.

Specifically, the research posits a shift from the traditionally transactional approach in dealing with the problems of weak agriculture and tourism linkages relating to local food, to a full service oriented supply and value chain strategy. Fredrick Taylor’s (1911) transactional approach for supply chains is commonly practice with emphasis on cost efficiency and operational effectiveness. However, the SD logic promotes the co-creation of value for customers, relationships and optimal use of intangible (Vargo and Lusch 2004, Lambert and Garcia-Dastigue 2006). This shift has not been embarked on before by the researchers who have studied the phenomenon over the past decades. The research is therefore expected to contribute to the literature on supply and value chain management from a service management perspective but also to the literature on sustainable supply chain management in the hospitality industry and also suggesting new implication for management theory when service is associated with products.

It is anticipated that this research should decipher what is necessary to facilitate stronger direct linkage that would increase the demand for local food in the hospitality sector and what hinders the development of agriculture and tourism linkages as it relates to local food. In general, the main research question therefore enquires; How can the local food supply chain relationships of
farmers and hotels be strengthened within a service dominant logic framework? The research would be conducted in a tourism dependent developing country in the Caribbean (Grenada). The anticipated societal outcome from addressing this research problem is the use of tourism as a poverty alleviation tool (Telfer 2000). The research methodology includes an explanatory case study of an existing farmer-hotel local food supply chain which would be used to test the research propositions followed by a survey to a wider population of farmers to test the existing proposition together with others derived from the case study.

References