

SPECIAL FEATURES OF ENTREPRENEURSHIP IN RURAL TOURISM IN CROATIA: AN EXPLORATIVE STUDY

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Abstract

The importance of developing entrepreneurship in tourism in rural areas is reflected in the conservation of traditional customs, culture and gastronomy; in encouraging residents not to leave rural areas; and in raising quality of life in the countryside. Developing entrepreneurship in rural areas, particularly entrepreneurship in tourism, is an excellent way to enhance the quality of living standards of rural residents, on the one hand, while providing urban dwellers with more opportunities for staying in rural areas. Entrepreneurship in rural tourism is poorly developed as a result of a long process of neglecting rural areas and focusing efforts on coastal tourism in Croatia. Consequently, the thematic offering of family farms is insufficiently developed and there is a no systematic approach to promoting family farms.

The purpose and aim of this paper is to highlight the special features of entrepreneurship in tourism in rural regions. Accordingly, research was conducted, and entrepreneurship in tourism in rural areas of Croatia was analysed, with the aim of helping to generate new jobs. This research is also a vital step in helping stakeholders to reach the right conclusions and take concrete action, considering that rural areas account for most of the territory of the Republic of Croatia. Characteristic of these rural regions is a lack of steady income, a high average age of residents, low educational background, neglected architectural heritage, an inadequate level of basic services and infrastructure, and unresolved property issues that result in the disrepair of rural settlements and the loss of the younger and working-age population. Hence, the results of research provide a well-conceived platform for designing future guidelines and devising development strategies for rural areas.

The research's target group consists of entrepreneurs who run their businesses in the rural region of two Croatian counties (Istria County and Primorje-Gorski Kotar County). Two hundred entrepreneurs in these counties were surveyed. For the needs of research, a structured questionnaire was designed, comprising seven groups of questions.

The key results of research conducted indicate that the majority of entrepreneurs have secondary school qualifications and are aged 41 – 50, suggesting that middle-aged persons with great experience in business and life, and many business contacts and acquaintances, are usually the ones to engage in entrepreneurial ventures. Their businesses are linked to small family homesteads with a small number of employees (one to five), indicating that they are micro entrepreneurs in tourism (81%). It is also evident that the working-age population in rural regions aspires towards self-employment as a solution to ensuring a livelihood.

An analysis of the products/services offering of entrepreneurs in rural areas shows that accommodation services (60%) are dominant, followed by the production and selling of food products (9%), in particular, wine, oil, figs, milk and dairy products, and fruit and vegetables. Entrepreneurs are engaged to a very small extent in intermediary

services in tourism (3%), health-care services (3%) and other services (2%), which include sports facilities and services, selling souvenirs, providing IT solutions, etc.

A small number of respondents have continued the entrepreneurial tradition of their parents (19%). They have inherited a rural life style which has become attractive to tourists, and on these bases they have set up and maintain their entrepreneurial activities. Entrepreneurial ventures are seen as a necessity and a matter of survival rather than a risk-taking propensity, or a desire to develop new products/services, etc. Entrepreneurial ventures are linked to self-employment on family property, which is in accordance with the inception of most entrepreneurial ventures of family micro entrepreneurs, particularly in rural regions.

Results show that the greatest interest of entrepreneurs is in further education concerning how to use new forms of marketing (social networks, e-marketing), draw from European and national funds, reach out to new markets, and create networks with other entrepreneurs and design joint offerings. They are also interested in acquiring specific knowledge, about accounting and tax regulations in agriculture for example, knowledge about the customs and habits of foreign guests, as well as knowledge about special forms of tourism.

Family micro entrepreneurship in tourism has a vital role as a “social shock absorber”. A part of the working age population is losing jobs in all industries for a variety of reasons, ranging from a poorly-conceived privatization model to the consequences of economic crisis and outsourcing production to the Far East.

This research contributes considerably to fostering cooperation and integration among existing and new tourism projects aimed at developing entrepreneurship, competitive ability, knowledge transfer and the sustainable development of frontier regions. Research conducted indicates the need to provide further education through workshops for micro and small entrepreneurs in the following thematic areas:

- *Accessing and using EU funds for micro and small entrepreneurs*
- *New forms of marketing (social networks, e-marketing)*
- *Entering new markets and gathering information about those markets*
- *Networking with other entrepreneurs and designing a joint offering*
- *Developing guidelines for the joint marketing of tourism products and service providers in rural regions.*

The applicative conclusion resulting from the literature review and research conducted suggests the need of making the outcome of this and similar research available to all levels of destination management. The greatest benefits of the research results are associated with the proactive development of micro entrepreneurship with the aim of ensuring the quality of entrepreneurial programmes and taking into consideration the sustainable development of rural regions to improve the wellbeing of local residents and enhance market competitiveness. The results of the research advocate the continuation of future research, especially in monitoring the development of entrepreneurs in tourism in rural areas, as well as the quality of entrepreneurial products and services to help boost competitive ability. Finally, these researches should be extended to other tourist destinations, and an analysis made with private accommodations in rural regions of Mediterranean tourist countries. The limitations of the research include the size of the sample, as well as the fact that research did not include the opinions of guests who chose services and facilities in rural areas. Future research would also need to study that segment by continuously surveying the attitudes of both guests and destination managers, taking into account all stakeholders in a destination.

Keywords: entrepreneurship, rural tourism, micro entrepreneurs, development, EU project