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**Conference Paper**

## Constraints and possibilities of the rural tourism development with the special stress on the case of Croatia

43rd Congress of the European Regional Science Association: "Peripheries, Centres, and Spatial Development in the New Europe", 27th - 30th August 2003, Jyväskylä, Finland

**Provided in Cooperation with:**

European Regional Science Association (ERSA)

*Suggested Citation:* Petric, Lidija (2003) : Constraints and possibilities of the rural tourism development with the special stress on the case of Croatia, 43rd Congress of the European Regional Science Association: "Peripheries, Centres, and Spatial Development in the New Europe", 27th - 30th August 2003, Jyväskylä, Finland, European Regional Science Association (ERSA), Louvain-la-Neuve

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**ERSA 2003 Congress**  
**University of Jyväskylä**  
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**Constraints and possibilities of the rural tourism development with  
the special stress on the case of Croatia**

**Abstract:**

Global economic restructuring has created a climate in which many local economies have to adjust, in order to maintain or enhance their socio-economic viability. Social and economic forces operating at the global level are determining both the nature and form of the rural landscape and how we value and use it. These changes, coupled with new ideas and approaches to leisure and recreation time are encouraging tourism development in rural areas at an ever increasing pace. The definition of rural tourism has been subject of much debate in the literature without arriving at any firm consensus. Most definitions tend to focus on the types of activities visitors engage with in a rural area, this leads to labelling of different tourism types. For example, forms associated with rural areas are agri tourism, eco tourism, green tourism, cultural tourism, heritage tourism, nature tourism and countryside tourism. All of these forms are closely associated with the basic requirements of sustainable development.

What mustn't be overlooked as the very essence of rural tourism is local cooperation and community involvement through different forms of networking. This is supposed to be one of the most important requirements for the rural tourism to become sustainable in the long term.

The main objective of this paper is to examine the trends of rural tourism development in Europe and to highlight most obvious constraints to its better development in the context of sustainability. In this context some suggestions will be given so as to enhance future development of the rural tourist destinations and especially in the Republic of Croatia where this form of tourism is still underdeveloped.

**Key words:** rural tourism destinations, sustainable development, networking, Europe, Croatia

## **1. Introduction**

Global economic restructuring has created a climate in which many local economies have to adjust, in order to maintain or enhance their socio-economic viability. As Butler *et al.* (1998) note economic and social forces operating at the global level are determining both the nature and form of the rural landscape and how we value and use it. These changes, coupled with new ideas and approaches to leisure and recreation time are encouraging tourism development in rural areas at an ever increasing pace (Williams 1998; Reid *et al.* 2000).

In many European countries, rural residents have moved increasingly towards embracing the development of tourism and recreation as a strategy for sustainable local development.

Rural tourism development in areas not traditionally considered tourism destinations *per se* occurs incrementally; either as a result of entrepreneurs developing businesses that attract visitors or as a result of visitors discovering the area and thereby generating a demand for tourism related activities to which local entrepreneurs respond. The development of tourism in a rural area is not simply a matter of matching tourist demands with local product supply but a matter of evaluating local suitability and acceptability.

## **2. Defining rural tourism**

The definition of rural tourism has been the subject of many debates in the literature without arriving at any firm consensus (Pearce 1989; Bramwell 1994; Seaton *et al.* 1994). Why is it so?

First, rural areas where rural tourism occurs are difficult to define since criteria used by different nations vary enormously; second not all tourism which takes place in rural areas is strictly “rural” – it can be urban in form, and merely be located in a rural area; third, different forms of rural tourism have developed in different regions and hence it is hard to find characteristics that are common to all of the countries; fourth rural areas are in a complex process of change due to the impact of global markets, communications and telecommunications that have changed market conditions and orientations for traditional products. Besides, though some rural areas have experienced depopulation there are many of them that are experiencing an inflow of people to retire

or to develop new non-traditional businesses. The once clear distinction between urban and rural is now blurred by suburbanisation, long distance commuting and second home development (OECD 1994).

Besides the term “rural tourism” there is quite a number of other terms in use. They cover a range of contexts giving rise to different concepts, the meaning of which is a source of discord between authors. Most of the existing literature is divided into two main trends:

- in the first, the distinction used is the percentage of tourism revenue that benefits the rural community. From this standpoint, a distinction is made between tourism in the countryside, rural tourism and agri-tourism (each of these categories is a derivative of the subsequent one, like concentric circles), according to percentage of revenue benefiting the population as a whole or, in the third case, farmers in particular
- the second, the distinction is based on the various constituent elements of supply. Therefore tourism is termed rural when the rural culture is a key component of the product on offer. Depending on the primary activity component of this product, the terms used are agri-tourism, green tourism, gastronomic, equestrian, nautical, hunting, adventure, historical/cultural tourism and so on.

Tourism activities revolving around large holiday home developments, big hotels, golf courses or ski pistes are difficult to integrate into the concept of rural tourism. The distinguishing feature of tourism products in rural tourism is the wish to give visitors personalised contact, a taste of the physical and human environment of the countryside and, as far as possible, allow them to participate in the activities, traditions and lifestyles of local people. There is also a strong cultural and educational element in this form of leisure tourism.

Hence a rural tourist destination could be defined as a wider area dominated by the natural and/or farmed/forested environments where specific natural, economic and socio-cultural features, such as tradition, local cooperation, trust and reciprocity are harmoniously embedded and as such create a unique tourist product that is predominantly small scaled, nature friendly, "ethno-coloured", in other words "*sustainable*".

Since tourism is predominantly a consumer activity, most of the studies are demand driven, concentrated on the visitors and their needs and motivation. Hence the motives

attracting people to the countryside are seen as a reflection of a growing interest in the outdoors, and a number of other general trends of tourist motivation. The attractiveness of rural areas for tourism and recreation can first be associated with the image of rurality. Here rurality is closely related to the traditional and romantic idea of the "good old days" pure and simple lifestyle, intact nature and perfect integration of man in his natural environment. Thus nostalgia of the origins, the need for recuperation of the lost link with nature and the basics of life in an increasingly complex, highly organised, anonymous, congested, stressful urban and inhuman surrounding constitutes the principal attraction of rural area. (Kastenholz, Davis, Paul 1999)

The importance of rural tourism as a part of the overall tourism market depends on each country's recreation/tourism resources, infrastructure image, market access and the presence of other types of tourism products. Even if rural tourism may be minor in relation to the overall tourism market of many countries its importance to the development of specific rural areas may be critical. Thus, the multiplier effect is often more impacting in rural areas where the entire rural lifestyle is looked for as a main attraction.

### **3. Rural tourism - a strategy for local/regional development**

Since the 1970s economic restructuring and the farm crisis throughout Europe and the USA have severely reduced rural communities' economic opportunities. Economic restructuring has caused a loss of rural manufacturing plants and many jobs. The farm crisis also led to decline in the numbers of farmers and restructured farm ownership forcing some farm families to augment their incomes with off farm jobs, to depart farming, or rural communities. Local economies of many rural areas have become relatively weak, with an over dependence upon economic decisions made in distant cities.

All these changes limited rural communities' economic development options, making older development strategies such as manufacturing less viable and forcing many to look for nontraditional ways to sustain themselves. One of the most popular rural development strategies has become tourism and its associated entrepreneurs opportunities (Clarke 1981; Witt 1987; Edgell and Harbaugh 1993).

Although the role of tourism as a tool for the economic regeneration of peripheral/rural regions has long been recognised by commentators from many disciplines there are still many open dilemmas on whether tourism as a development strategy brings more advantages or disadvantages to rural communities.

The following list gives arguments in favour of tourism based economic strategies of the rural communities:

- Rural tourism can be developed locally with participation from local government and small businesses and its development is not necessarily dependent on outside firms and companies. This could be considered as an advantage especially when it comes to the image of the rural tourism product which in this way keeps its authenticity.
- Rural tourism can be developed with relatively little investment credit, training and capital. Hence rural tourism can be less costly to develop as compared to other economic development strategies (such as manufacturing); additionally rural tourism need not involve dependency on outside firms and their decisions.
- Rural tourism provides a base for those small businesses that might not otherwise be in rural communities because of their small populations. Tourism particularly helps two types of small businesses in rural areas, those directly involved in tourism (e.g. attractions, accommodation facilities such as boarding houses, motels and catering facilities) and those indirectly involved in tourism (e.g. gas stations, grocery stores etc.) Additionally rural tourism works well with existing rural enterprises such as farms and can generate important secondary incomes for farm households.
- To resume: tourism as a development strategy in the rural community provides an opportunity to support local employment and improve demographic structure of the rural areas, it diversify or expand existing enterprises such as farming to stabilise income levels, improve local environment and infrastructure including the maintenance and appearance of buildings, village green or village pond projects by attracting investment and funding. It also has a very important social role that is to bring back pride and self consciousness to people who, by living in rural areas always felt like being aside of any event (especially in transitional countries such as Croatia where the communist regime intentionally degraded the social role and position of rural communities and their members)

There is however a negative side to tourism based development and the counter arguments can be outlined.

- Firstly, tourism development is inherently uneven and differentiates between regions and localities.
- While it permits rapid economic growth, it may also be subject to equally rapid process of decline. In particular, there is a need to pay greater attention to product cycles, uncertain demand and competition conditions in the tourism industry.
- While it is conducive to small business formation, the quality of such firms may be questionable.
- Because of the small scale economy and fragmented nature of the business within rural tourism there is no growth orientation. Business owners are mostly "lifestyle entrepreneurs or autonomy seeking business owners" who, with the additional source of income try to maintain their lifestyle and keep their family together. (Dunn 1995; Getz & Carlsen 2000; Dewhurst & Horobin 1998). This makes them very hard to control and manage by the local authorities.
- There is frequently lack of cooperation between small businesses themselves and between small businesses and outside agencies which is essential if the challenge of foreign holiday competition, skilfully organised by large tour operators, is to be met.
- Tourism industry employment like many other service sector positions remains among the lowest paid on the wage ladder. Tourism and the jobs associated with it are often seasonal and produce profits for only part of the year.
- Tourism in a rural community may generate wider social or environmental costs. Hence, prejudice against visitor, against change and development is one of the biggest problem. The trends towards counterurbanisation have brought new grips into rural communities many of whom receive incomes from outside, non rural sources and who wish to freeze their picture of the country-side into a bucolic 1950s time warp (Lane 1990). Environmental degradation and pollution of all kinds is one of the most obvious problems of (uncontrolled) rural tourism development.
- It may also generate economic costs such as house and land price inflation.



Unfortunately there is no precise formula by which we can predict whether the balance of advantages will outweigh the disadvantages in any particular community. Although there is still a deep lack of understanding of many fundamental features of tourism, one thing is for sure and that is necessity of integral planning of tourism development within rural areas so as to avoid many problems some established tourist destinations (especially sea-side resorts and cities) have experienced because of the lack of planning (and management in general).

#### **4. Rural tourist destination product**

The central role of location and available resources in developing the rural tourism product and destination, renders a universal model of development difficult (Mathieson & Wall 1982). However, Butler (1980) provided a very useful starting point to developing a framework for understanding the process of tourism destination development. By outlining the various stages in the evolution of a destination and the changes an area passes through as it progresses from one stage to another, Butler proposed a flexible destination life cycle model. Among the critical factors he noted were changes in the preferences and needs of visitors, the deterioration of the natural and man-made environment, and a change or disappearance of those attractions which brought tourists to the area in the first place. A critical factor in the evolution and development of rural tourism destinations is the identification of the potential consumer, the appropriate target market and how to access that market. An understanding of rural tourists *buying behaviour* is essential if tourism related businesses in rural areas are to adequately meet visitor expectations.

To be competitive rural tourism destinations just like all the other ones must possess basic tourist requirements such as accommodation and catering. Besides boarding houses, camp sites and motels, rural tourism is most frequently connected with the farm accommodation. Tourism on the farms enable farmers to diversify their activities while enhancing the value of their products and property. It contributes to the survival and growth of agriculture and stock rearing and to forestry, hunting, fishing, fruit, mushroom growing, olive growing (in Mediterranean countries) and so on. Farm

tourism also helps reconcile farming interests and environmental protection through integrated land management in which farmers continue to play a key role.

Tourists who choose farm accommodation rather than other kinds of accommodation facilities look for genuine rural atmosphere where they can share intimacy of the household they live in, learn traditional crafts and skills with their hosts, make friends, which is a quality modern times have almost forgotten and above all enjoy home made food and drinks. Hence some specific food labels can help consumers establish what is a local produce and can be used as a selling point to tourists who want to taste home grown quality food and drink.

As for heritage and cultural tourism in rural areas it comes in a wide range of forms most of which are unique to an individual locale and a valuable component of the rural tourism product. Most obviously it includes parish churches, rural buildings, but may be extended to local features of interest including war remnants, monuments to famous literary, artistic or scientific persons, historic remains, archeological sites, traditional parkland etc. It is also important to remember local customs such as dialects, place names, local traditions, festivals and celebrations.

Tourist who visit rural areas are very health conscious which implies that they are interested in all the activities that can help them keep fit and healthy such as walking/trekking, cycling (there are approx. 200 million bicycles in use in Europe; the trend is for continued increase; it is predicted that cycle tourism could double or treble in the next 10 years resulting in 6-13 % of all European holidays involving cycling tourism ([http://www.ruraltourism.org.uk/index.php?s=4&p=Informal\\_Tourism\\_Activities](http://www.ruraltourism.org.uk/index.php?s=4&p=Informal_Tourism_Activities)), horse riding, shooting, fishing and some other, more extreme forms of sport activities such as free climbing, canoeing, rafting etc.

Clean and unspoiled nature is one of the most important elements of the rural tourist destination product. Many tourists visit rural areas only for the purpose of bird and animal watching and learning about local flora and fauna. This is why many tourists perceive eco-tourism as a synonymous for rural tourism.

Rural tourist destination as a product is definitely very fragile in ecological, social and cultural sense. Therefore its development requires very specific approach that could help it remain sustainable in the long term.

## 5. Development of rural tourism in Europe

Most of the European countries pay lots of attention to rural tourism development especially to development of agri/farm-tourism. Namely the growth of rural tourism is difficult to quantify because few countries collect statistics in a way which separates purely rural from other forms of tourism. That's why the number of registered farm enterprises involved with tourism is used as an illustration of the rural tourism growth trend. Since the development of this activity in the 80s, the number of participating farms has doubled in countries like Italy, the United Kingdom and France. The number of agri-tourism accommodation units exceeds 600.000. The percentage of farms offering some kind of tourist accommodation stands at 8% in (West) Germany and the Netherlands, 4 % in France and 2 % in Italy. In Great Britain more than 15 % of the entire registered farm households are involved with tourism activities. Spain, undoubtedly one of the main tourist centres in the world, does not yet have a highly developed farm tourism sector; a mere 0,5% of farms is involved. By way of contrast, in certain countries, which are not members of the European Community, the proportion exceeds 10% (i.e. Austria, with more than 30.000 farms and 300.000 accommodation units) and even reaches 20% in Sweden and Switzerland. (<http://www.rural-europe.aeidl.be/rural-en/biblio/touris/art05.htm>)

In the middle of the 90s, 12 European countries (Belgium, Denmark, Greece, Netherlands, Portugal, Spain, Ireland, Great Britain, Italy, Austria, France and Germany) had more than 100.000 farm enterprises involved with different tourism activities.

At the end of the 90s Republic of Slovenia (former socialist country) had more than 2000 beds registered at farms and intended to double this number till the end of 2003.

In 1999 Republic of Croatia had only 80 farms that offered accommodation to tourists while in 2002 there were already 177 which shows the growth of interest in developing rural (or farm) tourism. (Croatian Chamber of Commerce, 2002)

Development of rural tourism with a special stress on agri or farm-tourism is the subject of many European countries' policies aimed at fostering global social and economic development of the rural areas which mostly suffer from the negative trends of deagrarianisation and depopulation. Hence the most frequent kinds of measures aimed at rural tourism development enhancement are as follows:



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|               | and making up feasibility studies;<br>departments, regions and national government subsidise different rural tourism associations with the fixed annual amounts   |
| Greece        | rural tourism projects in the region Petra Kesvos have been subsidised by the government, local authorities and the EU  |
| Ireland       | agency for development of tourism in the rural areas "Ballyhoura Failte Society" is financed by the government, local authorities and the EU<br>( <a href="http://www.dotars.gov.au/regional/summit/program/submissions/warner_sub.reg">http://www.dotars.gov.au/regional/summit/program/submissions/warner_sub.reg</a> )   |
| Italy         | Agriturist Association has been financed by the national government on an annual basis  |
| Netherlands   | some associations (such as "Vereniging Recreatie by de Boer") have been financed by their regional governments  |
| Germany       | incentives aimed at rural tourism development are distributed from different levels; Bayern has been financed by the national government, Niedersachsen by the regional government, Hessen – regional government, Baden Wurtemberg-by the regional government, Rheinland Pfalz-region and other sources, Schleswig-Holstein-regional government and other sources   |
| Portugal      | General tourist office has developed a system of subsidising initial tourist investments in rural areas   |
| Spain         | Galice-investment subsidising (to up to 30% of the total cost of investment), Asturias-30% of the total cost of the investment, Catalogne and Canaries-subventions for the preservation of cultural and etno heritage in the localities that have less than 2.000 inhabitants,<br>Agrotourism Basque Association has been financed by EU (the level of subsidy has reached 25-50% of the total amount subsidised by region) |
| Great Britain | there is a strong involvement of national and regional governments into development of rural areas; under Department for Environment Food and Rural Affairs (DEFRA) so called "Rural white paper" has   |

|          |  |
|----------|--|
|          | been introduced with different development schemes that also include rural tourism development (help includes education, grants and subsidies aimed at different projects (see in more details; <a href="http://www.defra.gov.uk/erdp/erdphome.htm">http://www.defra.gov.uk/erdp/erdphome.htm</a> )  |
| Austria  | government gives subsidies or loans with no interest rates for the new investors; there are also tax allowances  |
| Slovenia | government has subsidised first phase - implementation of the tourist facilities on farms (to up to 50 % of the total amount of project, while in the second phase, when a farm started to deal with tourism activities, two thirds of the necessary amount were given by the government and local communities while the rest has to be secured by an entrepreneur |

**Sources:** Križman-Pavlović, D., Turizam na seoskim gospodarstvima, Marketing, No 3, 2001, pp. 18-25

<http://www.defra.gov.uk/erdp/erdphome.htm>,

[http://www.dotars.gov.au/regional/summit/program/submissions/warner\\_sub.reg](http://www.dotars.gov.au/regional/summit/program/submissions/warner_sub.reg)

It is obvious that most of the European countries have positive attitude towards rural tourism development because of the many advantages this developing strategy has on rural areas and their overall development.

Besides an interest that each European country pays individually to development of its rural areas and especially to tourism development in rural areas, there are also quite a few initiatives to this aim by OECD, European Union, and other institutions.

Thus in 1984 the European Council for Villages and Small Towns (ECOVAST) was founded. It has more than 600 members (institutions, agencies etc.) from more than 36 Eastern and Western European countries (including Croatia). It has consultative status with the Council of Europe and also with the European Commission. In 1994 it has made a document named "A Strategy for Rural Europe" (<http://www.ecovast.org/indexe.htm>).

Among different aspects of rural development special attention has been given to tourism as a tool/strategy for development. Special stress has been put on its role in the process of heritage valorisation and conservation in the rural areas. Besides there was also a warning on the potential danger that uncontrolled development of tourism could bring to rural areas.

In 1987 the OECD Group of the Council on Rural Development also began to probe how tourism strategies could contribute to rural development.

Among initiatives by European Commission aimed at improvement of life and economic prosperity of rural areas, one of the most important is the one named "Leader", that started already in 1993 and will last till 2006 when the third phase is about to be completed. It is financed by EU structural funds. [http://www.financing.co.uk/AZ\\_Directory\\_of\\_European:Grants.htm#Structuralprogram EU](http://www.financing.co.uk/AZ_Directory_of_European:Grants.htm#StructuralprogramEU)). The latest phase of this initiative named Leader + is designed to encourage the implementation of integrated, high quality and original strategies for sustainable development in rural areas. It has a strong focus on partnership and networks between rural areas. A total of EURO 5.046, 5 mil for the period of six years will be spent. Leader + is structured around three actions, in addition to technical assistance:

Action 1; Support for integrated territorial development strategies of a pilot nature based on a bottom-up approach (total 4.377,6 mil EURO)

Action 2; Support for cooperation between rural territories (total 504,8 mil EURO)

Action 3; Networking (total 68,6 mil EURO)

Within the Action 3, 10 rural areas from Spain, Greece, Italy, France and Portugal have created a Mediterranean cultural tourism network known by the name "Via Mediterranea". Their aim is to develop a cultural tourism network specialised in medium and top-range package holidays. (<http://www.rural-europe.aiedl.be/rural-en/biblio/touris/art15.htm>). The names of some of the products offered within this project are as follows:

- in Spanish hinterland/mountainous regions: In search of lost paradise, The olive growing civilisation, Castillian Rural Life Between the Harvests and Grape picking etc.
- in Greece; From Lost Cities to Close Knit Villages, By Mountains Trails and Coastal Paths,
- in Portugal; In the Land of the White Villages, Following the Eagles along the Tagus, The Smuggler's Route, Going Up the Guadiana
- in France; The Lavander and Fragrance Route, Vines and Wines in Cotes-du-Rhone Country,

- in Italy; Garibaldi's Route, Albanian Easter in the Park of Polino etc..  
( [http://europa.eu.int/comm/agriculture/rur/leadership/index\\_en.htm](http://europa.eu.int/comm/agriculture/rur/leadership/index_en.htm))

It is quite obvious that tourism development in rural areas can fulfil the basic requirements of the Leader+ programme, which supports projects based on sustainability principles.

## **6. Rural tourism and local development**

Since rural tourism appeared to be very desirable strategy of rural community development there is ever rising growth of interest of the local operators in its development. They have become very aware of the possibilities offered by the knock-on effects of rural tourism. Unfortunately there are numerous instances, particularly in Mediterranean Europe, where over estimation of the contribution which tourism can make to the process of local development has led to stagnation, regression and even loss of profitability of local tourism and its authenticity. This over estimation leads to excessive creation of tourist accommodation, speculation by local people and outsiders, environmental deterioration and the deadening of the human element and the personal touch which are the features most sought after by real rural tourism enthusiasts. This over estimation of tourism potential is often aggravated by a lack of the appropriate institutions at local level, the reckless and headlong rush to make a profit, a level of vocational training and management well below the requirements of a quality tourism service, on both the individual and collective levels. On top of this there is a lack of planning and of tangible objective. All of these are factors weakening this development model and all are possible causes of failure, even in areas with numerous natural and cultural assets.

What could be done to prevent the above situation happen?

Above all it is necessary to adopt so called “community approach” to tourism development and entrepreneurship (Murphy 1985). As its name implies, the approach argues that tourism is a community product and that along with entrepreneurial skills and the presence of tourist businesses, it is also necessary to have the community and local capabilities e.g. local leadership and formal and informal networks directly involved in tourism development and promotion. While the community approach may be an effective way to develop and promote tourism, creating the necessary



intercommunity cooperation and collaboration is a complex and difficult process. Businesses are asked to share resources while simultaneously competing. Local governments may see collaborating to develop tourism as risky, or they may be worried about losing control over local decision-making (Jamal & Getz 1995).

Because of these problems, research on collaboration and those factors that allow for community development of tourism is needed.

A research (Wilson et al. 2001) made on 6 rural communities in the USA, each of them having important natural and cultural attractions and experience in tourism development for more than 10 years, has shown that there are 10 factors/conditions that are most important for successful tourism development in rural communities. They are as follows:

- **a complete tourism package**; through zoning, other local government activities (such as beautification campaigns, sponsorship of special events that tie in with local tourist attractions) and participation of all businesses in the area, successful communities have worked to make their communities attractive to tourist
- **good community leadership**; successful tourism promotion and development requires good leadership, i.e. open minded and enthusiastic persons from local government, community groups, the business community and non-profit organisations such as chambers of commerce and convention and visitor bureaus
- **support and participation of local government**; the role of local government is especially important in the following areas; funding for tourism development and promotion, the creation and maintenance of infrastructure necessary for tourism, zoning and maintenance of the community so that it looks clean and appealing to tourist and education and occupational support for tourism employees and businesspersons and other persons working in tourism
- **sufficient funds for tourism development**; most of the rural communities depend on public funds that are very often insufficient to cover all the needs of the rural community; private funds are something that most often can't be reached since local people do not have sufficient incomes by themselves to invest: therefore it is very important to look for another sources of funding, for example from a food and /or accomodation tax
- **strategic planning**; planning is fundamental for the efficient and effective use of resources and funds, especially in rural areas that have few funds and resources.

Good planning for tourism development and promotion can help develop and support local businesses connected to tourism. Planning for tourism development should be integrated into a community's overall economic strategy because of the interdependence of the community and key aspects of tourism development and promotion (e.g. the importance of funding, infrastructure, and the appearance of the community for tourism development). Hence, planning for tourism requires the involvement of various stakeholders in the community.

- **coordination and cooperation between businesspersons and local leadership;** for tourism development and planning to work, coordination and cooperation between local government and entrepreneurs is crucial. While strength of rural communities is their strong personnel networks, coordination and cooperation between local government and the business community do not always occur easily, if at all.
- **coordination and cooperation between rural tourism entrepreneurs;** tourism requires different types of businesses to work together because, by its nature, tourism has intertwined relations between different types of businesses such as shops, accommodation facilities, restaurants and tourist attractions. They may create different types of networks, both formal and informal. The informal or soft networks (Franičević & Bartlett, 2001) are comprised of individuals who run their own small business or employees of such firms, and interact with friends, relatives and acquaintances on an informal basis to obtain their support and help. While informal networking in rural communities is embedded in their tradition and culture, the creation of formal networks within rural areas is somewhat harder to achieve. Whilst research into networks by manufacturing businesses is quite old (Porter 1998; Becattini 1979; Pyke & Sengenberger (ed) 1992; Pyke, Becattini, Sengenberger (ed) 1992) the academic inquiry into service networks has started to gain interest only in the mid 1990s. (Alford 1998). Formal networks, known also as “hard networks”, denote business interaction between individual businesses and various private or public organisations or between individual businesses themselves aimed at collaboration in production, marketing, purchasing or product development. When applying the principles of (service) networks into tourism (Petrić, Mrnjavac, 2002) and more specifically into the operations of small tourism enterprises in rural communities various advantages could become apparent. First, increasing gross and

net income through on-line and up-to date financial management based on the network's constantly updated database. Operating a tourism network on the basis of economies of scale can reduce many cost factors. Costs such as insurance, financial interest rates, availability of credit lines, maintenance etc. can all be negotiated better when performed on a centralised basis using the size of the network as a bargaining tool. A (rural) tourism network can much better develop and impose service standards that will raise the competitiveness of the Network and regional/destination tourism brand. Further, tourism network allows for a standardised, yet high quality, business management, which small enterprises lack. Strategic planning and tactical decisions such as pricing, product differentiation and yield management can be handled much better by a qualified management. A tourism network can substantially improve small tourism business performance by transforming their sporadically scattered products into a one-stop-shop selling a wide variety of functionally interrelated tourism products. (Mansfeld 2002)

- **information and technical assistance for tourism development and promotion;** different types of information for tourism development and promotion are especially important to rural tourism development because small communities usually cannot afford to hire experts (to this end the role of the above explained networks is also of the utmost importance)
- **good convention and visitor bureaus;** the responsibilities of convention and visitor bureaus in all the communities are to market local tourism, recruit persons to start tourism businesses, provide technical assistance to start-up businesses, aid with local tourism development, coordinate or sponsor local tourism special events, and provide leadership for tourism development (The question that might be imposed here is whether there is a need for any kind of institutionalised network if a visitor bureau does a good work?!) )
- **widespread community support for tourism;** as widely recognized in the tourism literature community support for tourism development and the attitudes and hospitality of local tourism workers are important for successful tourism.

It is obvious that management and marketing of tourism often require a community effort because of the nature of tourism; the community as a whole and its image must be marketed, not just one attraction.

## 7. Development of rural tourism in the Republic of Croatia

To understand the process of rural tourism development in the Republic of Croatia it is important to know few geographical facts about the country. It consists of several geographical regions, i.e. islands, coastline, Dinara mountain range behind which there is a hinterland, the mountainous area of Lika and Gorski Kotar and up on the north there is a flat Panonian valley, which is predominantly agricultural/rural area with several bigger cities. Each of these regions have rural communities but completely different from each other. According to available statistical data (Statistical yearbook 2002) there are 123 towns (*out of them there are 18 with less than 5 000 inhabitants, 38 have between 5001 and 10 000 inhabitants and the rest is above 10 000*) and 6 767 other settlements in the Republic of Croatia. Out of them there are 105 with no inhabitants, 2 489 of them have less than 100 inhabitants, 1 337 have population between 101 and 200, 1 561 have between 201 and 599 inhabitants, 719 have between 501 and 1000 people, 203 between 1 001-1 500, 112 settlements have between 1 501 and 2 000 people, and 1 115 between 2001 and 5000 people living in. There are also 41 settlements with the number of inhabitants within the range from 5001 to 10 000. Obviously Croatian official statistics has not used only the number of inhabitants for the purpose of distinguishing urban and rural areas but also some other criteria (primarily the main activities and the density of the population in the settlements). If we follow one of the OECD's recommendation (after which communities with fewer than 10 000 inhabitants are mostly rural) (<http://www.oecd.org/pdf/M000014000/M00014900.pdf>) than it seems that Croatia is predominantly rural country. On the other side there is only 5,5% of the total number of Croatian citizens who might be defined as agricultural by their occupation which implies at strong depopulating trends in Croatian rural areas.

Because of the above facts it is not a wonder that Croatian government hasn't been able to develop a unique development policy towards rural tourism since the same measures can not be applied to such rural communities that differ not only in the number and density of their population, but also in terms of topography, climate, surroundings, usual activities, social and cultural heritage, mentality and tradition. On the other hand, this variety is, from the tourism development point of view the most precious value.

However no matter what kind of Croatian rural communities we are talking about, all of them have experienced hard times during the period after Second World War.

Namely communist party in Croatia (as well as in many other former socialist countries) led a policy of deagrarisation which caused depopulation of the rural areas. As a result of this depopulating process most of the Croatian rural areas have experienced hard times in the terms of their economic viability. Many of the rural communities have been completely abandoned by their inhabitants (105 of them).

The process of litoralisation that began at the end of the 1950s (together with deagrarisation) coincided with the beginnings of tourism development in Croatia. As a result Croatia turned towards development of maritime tourism that strongly affected its overall development. Due to this rural tourism developed sporadically in both seaside and continental tourist areas.

It was only at the beginning of the 1970s that some rural households on Dalmatian islands and hinterland began to accommodate tourists in their houses modestly adapted for this purpose and offer them home made food and drinks. On the other side there were very few advantageous foreign tourists eager to discover charms of unspoiled nature and hospitality of the Croatian rural areas, especially in its northern parts that were till recently neglected as a source of Croatian competitive advantages. The only visitors of these regions were domestic tourists who liked mountain climbing, trekking, cycling or visiting thermal spas and religious sites.

Together with the growth of maritime mass tourism, people who lived in rural areas of Croatian islands and the coastline started to neglect traditional agricultural producing and sell their land for the purpose of weekend houses building. This is why many of the rural communities on the Dalmatian coastline and islands have lost their typical Mediterranean appearance because of too many weekend houses built inappropriately, i.e. with no respect for traditional architecture.

Recently a shift in attitudes towards rural tourism development has been noticed. Besides traditional tourism development in small rural Mediterranean settlements that have the elements of both urban and rural life, tourism is knocking on the door of the many typical rural settlements throughout the county. There are some projects (still in their initial phase) aimed at revitalisation of some abandoned villages (unofficially named "Ethno-eco village"; the problem that might arise out of such projects lies in the fact that being artificially created they will have no spirit of the living rural community).

The growth of interest in rural tourism development can be best explained by the ever growing number of farms that offer services to tourists. There are already 177 farms in Croatia involved with different tourist activities. Out of this number there are 68 of them registered in Istrian County (northwest), 39 in Dubrovnik County (out of this number 24 are situated on the islands of Mljet, Korčula and Šipan), 15 in Zadar County, 6 in Šibenik County and 4 in Split County (out of them 3 are located on the islands of Hvar and Brač). It is quite amazing that traditional agricultural areas in the northern parts of Croatia are less engaged in farm/rural tourism than the above-mentioned regions situated on either coastline or islands. Thus, in Zagreb County there are 13 farms engaged with rural tourism, in Krapina-Zagorje County (one of the most picturesque rural areas) there are only 8 of them, in Varaždin County 6 farms are involved with tourism activities etc. (Croatian Chamber of Commerce, 2002). One of the reasons for such a situation may be a tradition of tourism development that northern parts of the country lack compared to the maritime resorts. Another reason may lie in relatively passive attitude of the national and /or regional governments towards fostering rural tourism development. Croatian rural inheritance is amazingly rich but unfortunately Croatian tourist policy makers have still not valorised it appropriately. It is only farm tourism some official documents are dealing with. It is obviously forgotten that farm tourism is just a small part of the wider concept of rural tourism where the role of the rural communities is inevitable in the process of creating comprehensive rural product.

Thus, in 2002 Croatian Chamber of Commerce (Sector for tourism and catering) has introduced a set of rules for the farm households that intend to get involved with tourism. (<http://www.hgk.hr>; [www.biznet.hr](http://www.biznet.hr)). No document that could be used as a guidance for the rural communities has ever been introduced although there are quite a number of the small villages and settlements that still have rural characteristics and as such could be interesting as a potential rural tourist destination. Not to mention that there is no serious attempt to create any kind of cultural tourism networks between different rural communities (except for Vine routes). Each Croatian region/county has lots of opportunities to create such packages that could satisfy most distinguished tastes and that are sustainable in the long term. Such projects require above all involvement of the complete rural communities most of which do not have necessary resources, not just in terms of finances but more in terms of educated and enthusiastic people (both individuals and entrepreneurs), organisation and management. Generally speaking,

social capital in Croatia is not well developed. That's why networks of either formal or informal character do not successfully "grow". Unfortunately in Croatia we can talk about so called "sparse environment" (Franičević, Bartlet, 2001) that lack both the formal institutional infrastructure and provide the most hostile environment to the formation of networks especially in the case of tourism industry.

Therefore it is not a wonder that rural tourism development in Croatia has been looked at exclusively through farm or agri tourism development.

One of the very few researches (Križman Pavlović, 2001) made in Croatia concerning the basic requirements farm households involved with tourism activities would have to fulfil, made on a sample of some 80 Croatian farms has given the following results:

#### **Characteristics of the rural area:**

- 100 % free access to all the resources in the rural areas involved in the research
- 96,15 % of the rural localities has clean and unspoiled natural resources and attractions
- Only 71,15% of the farms have preserved their original architecture
- Only 63,46% of the farmers think that original social and cultural elements of their community and tradition have been preserved
- Communication as a factor of attractiveness is considered to be appropriate; more than 94% of the farms are less than 10 km far from the nearest bus station; an average distance from the nearest seaport is 49,89 km and from the nearest airport is 45,71 km.
- A research tried to find out (among other things) how equipped with different facilities and/or elements of tourist supply is the rural area in the farm surroundings (at a distance not more than 15 km); thus more than 76,9% of the farm households is near the restaurant with the typical regional gastronomic offer, more that 92 % is near some other kinds of catering facilities, 88,5% has the bank in the gravitating area, and 95,2 % is in the short distance from ambulance.
- There is no data on the availability of other elements of tourist supply such as historical sites, festivals and events or hunting/fishing localities etc.; the only exemption is an information on ethnographic museums - more than 46,15% of the farms are situated on an average distance of 9,2 km far from such a museum

- More than 82,69% of the households is at the distance less than 10 km far from the municipality they belong to which means that a community tourism development model ought to be implemented since Croatian farms are usually situated quite near a village or a small town
- Many farms enable tourists to do different sport activities such as; fishing (75%), hunting (60%), horse riding (55%), tennis (65%); some areas have cycling and trekking routes (7,5% and 5% respectively)

#### **Characteristics of the farm households:**

- Access to more than 88,46% of the farms is by the asphalt roads, while telephone is available in all the households covered by the questionnaire
- There is 85,11% of the farms whose main activity is agriculture
- More than 58,15 % of the farms have more than 5 acres of land which is considered to be the lower limit of the sustainable production
- 96,15% traditionally cultivate vineyards, fig and apple orchards which is a very important element of the farm offer
- Some 80,77% of the farms breed cattle, goats (Istria), chicken and pigs
- More than 65% of the farms can include tourists in doing their usual agricultural activities
- Only 17,31 % of all the farm households sell their products (mostly wine and some other alcoholic beverages) under specific labels (i.e. smoked ham from Istrian and Dalmatian rural areas, a special grape alcoholic beverage-rakija, sweet wine - prošek, cheese from Pag etc.)
- Accommodation on the basis of a full board is given by 61,54% of the farm households; out of them 81,25% give their services to tourists throughout the year
- More than 50% of the farm owners have secondary education, which is considered to be very favourable; more than 80% is able to communicate on at least one foreign language (mostly Italian-69, 5%, German-66, 67%, English-64, 29%)

#### **Promotion and Selling:**

- 61,54% of the farm households sell their services through tourist agencies



- 76,92% promote their services by themselves, while 32,69% sell themselves through Croatian Chamber of Commerce or Tourist Association of the community they belong to

Farm owners who took part in this survey have claimed for help in the following matters:

- 91,11 % of the questioned asked for loans with more favourable terms (with no interest rate or with lower interest rate than usual)
- 80 % of the interviewed asked for more help from the local government, Tourist association and scientific/education institutions in the fields of education, promotion and enrichment of their offer -
- 33,33 % of the questioned have asked for government subsidies especially for those owners who produce ecologically clean and healthy food (which is now not the case)
- 13,33 % have said that domestic tourist agencies should have more interest in promoting this kind of tourism
- 8,89 % asks for more transparent laws and easier start-up
- 4,44 % think that public should have more interest for development of the rural areas and their local community should give more support to tourism development especially in the campaigns of beautification and infrastructure maintenance

As the percentage of the farmers who think that the role of the local community is important for the overall development of rural tourism, is rather small, it indicates that the necessity of cooperation in developing tourism is still not understood and widely accepted.

### **Instead of conclusion:**

Development of tourism in Croatian rural areas is still on its beginning although there is quite a long tradition of tourism development in the country. Croatia has perfect opportunities to enhance this kind of tourist offer so more it is one of the very few countries in the world that harmoniously unifies elements of different climates, natural characteristics and socio-cultural entities. At this moment there is no appropriate strategy for rural tourism development although it has unofficially been promoted as a

tool of rural areas development (Croatian Government, 2001). Croatian government should introduce a document that should deal with the strategy of rural areas development and as a part of it development of rural tourism. To this end recommendations of the European Commission should be included in this document and the practice of the European countries with the experiences in rural tourism development should be respected.

If rural tourism in Croatia were developed in the same way as its maritime tourism did, which means mostly unorganised and unplanned, many valuable natural and cultural resources would be lost forever, not only for the tourists but for the people whose very existence depends on them. Hence it can be concluded that rural tourist product is a great competitive advantage of the Croatian tourism on the ever growing and demanding international tourist market.

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