Going Entrepreneurial: Agro-tourism and Rural Development in Northern Montenegro

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Abstract

Background: In Montenegro, there is a growing awareness of the necessity to further develop sustainable forms of tourism and foster economic development of mostly agrarian northern rural areas. However, this is of the utmost importance not only for sustaining local economy, but also for creating more balanced framework for territorial development. Objectives: Paper aims to set a framework for studying the role of innovations and entrepreneurship in developing sustainable agro-tourism in Montenegro through identifying main resources, obstacles, challenges and potentials of the process. Methods/Approach: The analysis is based on both review of the secondary sources and the fieldwork conducted between June and October 2015 in rural areas of Kuci and Durmitor, as well as the number of interviews with farmers and tourism professionals from the country. Results: The results highlighted the low levels of both entrepreneurial culture and hospitality awareness amongst local population, lack of investments, infrastructural backwardness and insufficient government support as the main obstacles to developing successful and sustainable agro-tourism ventures. Conclusions: Public bodies should create a comprehensive strategy for sustainable tourism development, which should focus on providing incentives, training and support to the farmers eager to diversify their agro-activities through entrepreneurial actions.

Keywords: entrepreneurship, rural development, katun activities, agro-tourism, Montenegro
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Introduction

In Montenegro as much as in most parts of Europe, poverty and poor living standards, along with the high unemployment rate instigated severe depopulation of the northern rural areas. It is acknowledged by both scholars and policy planners that in order to reduce rural immigration, it is necessary to optimize the usage of
environmental, agricultural and tourist potentials of rural areas through innovations and entrepreneurship.

Fostering entrepreneurship in agro-tourism sector should not only create value for the local community, but also contribute to preservation of rural heritage (such as katuns, which are the temporary Mountain settlements where rural households stay with their livestock during summer months), while at the same time encouraging sustainable tourism in rural areas. Thus, it is becoming increasingly important to address obstacles, challenges and opportunities for developing entrepreneurial activities in the area related to the agro-tourism. The paper will focus on entrepreneurship as a tool for enhancing sustainable development of Montenegrin northern region, developing agro-tourism and diversifying economic activities in rural areas.

The paper aims at questioning the new patterns of agro-tourist production and consumption which are emerging in the region as rural households seek to diversify their agro-related activities and tourists continue to seek out new experiences, authentic destinations and innovative types of consumption in terms of food, place, leisure and entertainment. It will do so by analysing both existing literature on the topic and the results obtained through the field analysis of the rural households in the areas of Kuci and Durmitor, including number of interviews with relevant stakeholders from the sector.

The main goal of the article is to provide a scholarly contribution to the mostly policy-based discussions on tools and mechanisms for developing sustainable entrepreneurial ventures in agro-tourism. While number of policy papers and strategic documents emphasize importance of fostering agro-tourism and economic development of mountain rural areas, as most resourceful in these terms, there were not many scholarly attempts to address main challenges and mechanisms of the process. The paper should thus represent an original contribution to debates in the field and perhaps inform future research and policy actions in the area.

First part of the paper questions the intersection between tourism and agriculture, its potentials and implications for rural restructuring, sustainable territorial development and empowerment of local communities. The second part discusses entrepreneurial activities in rural areas and various emerging forms of agro-tourism, while the third emphasizes some of the main challenges and obstacles hampering the entrepreneurial development of this sector. In conclusion, we will apply the analysed concepts to Montenegrin case, outlining the current activities and providing several suggestions for overcoming obstacles and fostering entrepreneurial activity in Montenegrin agro-tourism sector.

Literature review

Agro-tourism could be defined as any income-generating activity taking place at the farm in order to create enjoyment or educate the visitors, taking in consideration variety of natural, historical, cultural and environmental assets of the land, as well as the people who cultivate it (George et al., 2008). Number of scholars suggested the importance of agro-tourism in terms of providing supplementary source of income to local communities (Hall, 2004). As such, agro-tourism is often related to the economic growth, rising living standards and enhancement of socio-cultural assets of rural areas (Nunkoo et al., 2012). Thus, rural tourism might be understood as a platform for sustainable territorial development which by fostering productivity in rural zones, enhances the employment rates, distribution of income, preservation of landscape and rural heritage (Mahmoudi et al., 2011).
Noteworthy, in most scholarly work form the discipline, terms such as agro-tourism (agri-tourism), farm tourism, farm-based tourism, and rural tourism are often used interchangeably (Barbieri et al., 2008; Roberts et al., 2001; Wall, 2000; Phillip et al., 2010; Schilling et al., 2012), but some researchers still used it as distinct, yet similar concepts (Iakovidou, 1997; McGehee et al., 2004). For the purpose of this paper, agro-tourism will be addressed as the set of tourism-related activities relying on agriculture, carried out in rural areas either in groups or individually (Fahmi et al., 2013). Merging elements of farming and tourism in order to enhance distribution of farming products and provide travellers unique rural experience (Wicks et al., 2003), it promises substantial benefits for the rural areas, reducing unemployment, rural migration and poverty (Jeczmyk et al., 2015). While it usually refers to tourists staying in rural accommodation for several days for a fee or day trippers immersing in recreational activities and traditional farming life (Fahmi et al., 2013), this paper will be also discussing variety of other agro-related tourism practices characteristic for rural areas. More precisely, in the paper the term agro-tourism will be used more in the sense of “rural tourism” in general, encompassing both the agricultural activities (harvesting crops, milking cows) and those which are farms-based but not necessarily agricultural (horse riding, food processing, etc).

The agro-tourism is undoubtedly recognized as one of the most important tools for promoting the richness of natural and cultural heritage, while at the same time contributing to the economic development of the rural communities (Jaafar et al., 2013). Especially in developing countries, it fosters employment, improves economic structure, increases standard of living, while at the same time ensuring more balanced territorial development. Furthermore, agro-tourism also provides consistent education to people and society related to the agriculture, promotes local products, creates added value through the activities of direct marketing and stimulates economic activities (Zoto et al., 2013). Amongst the other benefits of the agro-tourism, most often cited are contributions in terms of exchanges between rural and urban areas, multiplier effects on direct investment, stimulating the development of physical infrastructure, increasing the value of properties in the area, fostering infrastructural development and creating opportunities for other economic developments.

The importance of developing agro-tourism has been recognized by both scholars and policy makers at the EU level. The Common Agricultural Policy, reformed in 2013, regulating agricultural activities and rural development, is considered to be one of the most challenging EU policies. In order to respond to a number of challenges facing agriculture in Europe (declining farm incomes, price volatility, low productivity growth rates, depopulation, etc.), the reformed CAP invited for reorientation of farming from product-centered towards more entrepreneurial modes of agriculture. In order to improve the competitiveness of the agricultural sector and its sustainability over the long term, it is thus necessary to diversify both agronomic and non-agricultural activities in the rural areas through the assimilation of new entrepreneurial skills. Most studies conducted in this field confirmed that the economic growth and the increase of the living standards in European rural areas are mostly due to the creation of new economic activities and acquisition of entrepreneurial skills for the rural population (Sima, 2016). Agro-tourism is increasingly seen as one of the most significant diversification strategies, promoting sustainable management of natural resources and viable economic development of rural areas.

Tourism in rural areas incorporates both tourism-leisure activities and traditional farming ones (McGehee, 2007). According to Roberts et al. (2001), it makes as much
as up to 10 to 20% of overall tourism activity. Every year 23% of European holidaymakers choose the countryside as a holiday destination and Council decision on Community strategic guidelines for Rural Development (2007-2013) highlighted the growth potential of tourism, crafts and the provision of rural amenities in terms of developing micro-businesses and strengthening the rural economy (Brscic, 2006). Therefore, it is essential to analyse entrepreneurial strategies generating revenues into rural areas and discuss successful entrepreneurial agro-tourist activities, their development and constraints.

Entrepreneurship is considered to be the key determinant of tourism growth (Keller, 2010) and innovations in rural tourism are recognised as a potential solution for counteracting the tendency of abandoning villages in northern regions, the reduction of the agricultural income and the aging population (Pribanu et al., 2014). According to Sonino’s definition, entrepreneurship is in the core of agro-tourist activity, since agro-tourism refers to the “activities of hospitality performed by agricultural entrepreneurs and their family members that must remain connected and complementary to farming activities” (Sonnino, 2004). Phelan et al. (2011), McElwtee (2006) and McElwtee (2008) highlight the increasingly important role of entrepreneurship in developing modern farming, arguing that the farmers are requested to develop entrepreneurial skills and capabilities in order to remain competitive and diversify their activities.

Studying the motivations of the ago-tourist, Phillip et al. (2010) especially emphasized the desire for peace and tranquility, interest in nature, health consciousness, nostalgia for the roots, rural recreation, curiosity about the farming lifestyle, etc. In reference to the rural recreation, he addressed farmers’ traditions, lifestyle, culture, dresses and languages as a valuable source of entertainment for the tourists, along with the agricultural products and processes. Thus, there is a potential to develop agro-tourism products such as culinary tourism, bed and breakfast, hunting, fishing, bullock cart riding, horse riding, boating, collecting herbs and mushrooms, rural games, etc. Some of the successful income-generating entrepreneurial activities of agro-tourism in developed countries are: Farm family vacations; Bed and Breakfast; Farm tours; Picnic grounds; Herb walks; Roadside Stand selling fresh farm products and craft items, etc. Due to the extraordinary landscape potential, rural areas are perfect for orienteering activities, flora and fauna watching and photography courses. In terms of educational tourism, often cited are the activities of organizing educational tours for school children; workshops on interesting, emerging agriculture topics; farm schools teaching particular agricultural skills; arts & crafts workshops; processing of organic cheese, bread, meat, honey, etc. or traditional cooking demonstrations... Several sports activities can attract tourists to mountain countryside, such as horseback riding; cross-country skiing; fishing and hunting; mountain biking... Some other examples of agro-entrepreneurial ventures include: Wineries with Friday happy hours; Exhibition of farm equipments; Sheep Shearing, Wool Processing; Pageants; Crop Art; Miniature Village; Farm Theme Playground for Children; Gift Shop; Food Sales; Lunch Counter, and others.

**Methodology**

**Research Instrument:** The first part of the article builds on the analysis of secondary sources, related mostly to scholarly debates on entrepreneurship in agro-tourism and the relevant policy papers and analyses conducted by Government bodies, Ministries and international organisation. The second part mostly summarizes the results of the fieldwork conducted in northern Montenegrin areas of Durmitor and
Kuci in summer 2015, including over 15 semi-structured interviews with farmers aged from 30 to 60 years (12 male and 3 female respondents). Finally, the research results are partly based on the responses obtained from the semi-structured interviews conducted with 5 professionals from the tourism sector (representatives of tourist agencies and tour operators specialising in rural tourism experiences).

**Data:** Since rural tourism in Montenegro is still relatively under-researched phenomena and not many quantitative or qualitative data were available, this paper uses external and internal factor analysis to assess development and potential of this sector in general. As for the data used in the article, they have been mostly collected through the fieldwork or gathered through scholarly publications and policy papers drafted by relevant public bodies and foreign development agencies.

**Case study selection:** In addressing the obstacles hampering entrepreneurial development of agro-tourism the paper adopted a case study approach based on the research material gathered from several fieldwork trips carried out by the researchers between June and October 2015 (mostly in Kuci and Durmitor area, using mostly methods of ethnographic observation of katuns and agro-tourism enterprises and interviews with local producers and agro-tourism entrepreneurs). This research material consists of several semi-structured interviews, conducted face-to-face in Montenegrin language, as well as additional direct observations and informal discussions with farmers during the fieldworks. The selection of the areas was based on their distinctive natural, cultural and agricultural resources, susceptible to be commercialised through agro-tourism development.

**Method:** Through the analysis of secondary sources and information obtained by primary research, the paper explores the role of entrepreneurship in agro-tourism sector, hoping to indirectly create the awareness in society, the media, institutions, government and related authorities, of the importance of educating the local community with the entrepreneurial knowledge. In order to do so, the paper provides a comprehensive SWOT analysis of the existing situation, suggesting in the conclusion the ways to move forward.

**Results**

**Going entrepreneurial in agro-tourism: Strengths**

Choenkwan (2015) emphasized that the main determinants of the successful mountain agro-tourist offer are not only the richness of natural resources, scenic landscapes and pleasant climate (which only some regions are endowed with), but the accessibility and distance from the large population (or tourist) centre as well. In Montenegrin case, these pre-requisites seem to be fulfilled, since the climate conditions and the picturesque landscape correspond to the tourist inclinations, while at the same time being in the immediate proximity of the main roads, airports and popular seaside resorts. Moreover, the established slogan “wild beauty” and the country’s notoriety for preserved natural resources and fascinating landscapes should serve as a strong argument in promoting and developing ecological and agro-tourism in rural areas. This is especially true for katuns, temporary settlements in mountainous regions where the agricultural households stay with livestock during the summer season. This distinctive Montenegrin tradition reflects the richness of cultural and historical identity of the mountain pastures and represents an exploitable tourist resource, allowing tourists to admire the picturesque countryside while tasting traditional agro-products of superior quality and discovering local customs and heritage.
Going entrepreneurial in agro-tourism: Weaknesses
Even if the local conditions are suitable for the development of agro-tourism, it was evident from the field research that not many farmers have the skills and resources required to attract tourists into agricultural households. It should be noted that the results pointed out that the agro-tourism offer in the explored regions was extremely limited, and mostly based on offer of food and beverage. Local producers specializing in production of typical regional products (wines, prosciutto ham, cheese, olive oil, honey, etc.) are either non-aware of the possibilities to grow their business by incorporating tourism into their agricultural endeavours, or consider it to be too costly, too complicated and out-of-scope. Therefore, their activity mostly turns around traditional agricultural production and sale through roadside stands or directly to nearby restaurants and hotels. As discussed in the previous chapters, it was also evident that low levels of national and international support, depopulation, unattractive infrastructure, limited entrepreneurial knowledge and aging population further hamper development of agro-tourism in the region.

Going entrepreneurial in agro-tourism: Opportunities
When discussing possible entrepreneurial activities in these areas it is necessary to take into consideration not only the geographical position, natural potentials, local community and available infrastructure, but also the socio-demographic character and specific ethno-cultural features influencing the feasibility of the suggested solutions. In reference to all of these, some of the suggested diversification activities might include transit tourism/short breaks between 4-8 days duration (e.g. Bed & Breakfast/Bed & Bike, excursions); active tourism (e.g. hiking, biking); eco-agro tourism (e.g. organic farms, flora & fauna watching); events (e.g. local music and folklore events, celebrations); MICE (e.g. team building); gastro-tourism (e.g. cheese production, cooking, harvest, fishing); educational or scientific or volunteer agro-tourism (e.g. dry stone workshop, organic farming); cultural (e.g. gastronomy, handcraft, souvenirs) and mixed forms (e.g. katun network).

Rural areas, and specifically katuns are not only attractive in terms of natural resources and heritage potential, but also specific architecture reflecting particular ethno-cultural characteristic, unusual furniture and utilities (which should, however be arranged in accordance with minimum comfort requirements) and traditional tools used for decades in farming work, highlighting the ethnic originality and creativity. It would be thus possible to arrange some of the katuns into gift shops selling organic products such as milk, cheese or meat, into mini-museums displaying traditional costumes, farming tools and objects; restaurants suggesting traditional dishes made of locally-manufactured organic products, etc. In terms of rural tourism development in Montenegro, Moric (2013) further suggested possibility of clustering as an important tool for overcoming number of limitations of fragmented rural households, through organisation of specific trails and promoting them as attractive tourist routes.

Several successful entrepreneurial ventures already created attractive agro-tourist offer at katuns (Stara Kuca in Kucka Korita, eco-katun Stavna Andrijevica, Vranjak in Kolasin), and some even used digital innovation to promote sustainable lifestyle, nature and gastronomy of the region. American entrepreneur Brit Boone created Meanderbug, a successful platform connecting local hosts and tourists willing to stay in katuns and village cottages, explore the agro-products or natural landscapes and immerse with traditional production, mountain sports or local culture. In an interview conducted in June 2016, Brit Boone highlighted that, according to his experience, the hosts from northern Montenegrin countryside are in general knowledgeable
about the village life and attractions in the region, which allows them to provide useful recommendations to tourists. They have natural hospitality and cooking skills enabling unforgettable traditional gastro-experience. Yet, according to him, they in general lack the capacity to fix errors on-the-go, to comply with hospitality standards and to adapt their offer to tourists’ requirements. This, along with the fact that only 3% of overnights is generated in central and north part of Montenegro, is why it would be so important to address issues preventing the stronger development of agro-tourism in northern Montenegro.

Going entrepreneurial in agro-tourism: Threats

When addressing the obstacles to entrepreneurship in Montenegro, it is noteworthy that the communist system did not give the possibility for private ownership development (Aidis, 2005), due to which Montenegro only recently developed the environment suitable for innovation and entrepreneurship. Thus, the entrepreneurial culture is still on a relatively low level and not many households consider entrepreneurial agro-tourist ventures when planning and implementing their agricultural activities. Based on interviewers and observation, the development of agro-tourism in northern Montenegro has good growth potential, but it faces a number of threats:

1) Management capabilities are weak;
2) IT knowledge is limited;
3) Lack of funding for investment presents a major constraint;
4) Available infrastructure (e.g., internet access; transport) is deficient;
5) Government support is limited

Discussion

In order to further enhance the development of entrepreneurial ventures in agro-tourism, as discussed in the paper, the weakness concerning management capabilities could be overcome by promoting partnerships between agro-tourism entrepreneurs and larger tourism organizations providing management and marketing services (Frazier et al., 2004; Gaddefors, 2005). For instance, Beritelli (2011) and Go et al. (2000) report the advantages of regional level tourism marketing cooperation. Moreover, Dimitrovski et al. (2012) indicate that tourist organizations play crucial role in providing education to farmers and other stakeholders involved in rural tourism. Thus, it would be important that the results of the research are conveyed to the tourism workers and policy strategists, so that they can direct their efforts towards the identified resources and limitations.

Additionally, threats associated to the lack of IT skills could be also eliminated by partnering with relevant organizations, and providing farmers relevant IT training (which should be organized and stimulated by the Government). As indicated by Schendel et al. (2007) entrepreneurship in rural tourism could be helped by Governments through allocation of resources necessary to develop and commercialize their services. Moreover, additional trainings and seminars should be organized in order to present external funding opportunities which farmers might apply for (e.g. EU funding). As the Governments play important role in providing the essential physical infrastructure (roads, electricity networks, railways, water systems, airports), the careful allocation of resources which would stimulate rural entrepreneurship would be of the utmost importance. Finally, as we discussed the importance of entrepreneurial activities for economic growth, government should be more involved in stimulating and creating an appropriate business environment
for entrepreneurial development in agro-tourism business. More precisely, government should propose policies and programs that target specifically entrepreneurial activities in order to develop skills and capabilities necessary for starting and running businesses (Lordkipanidze et al., 2006).

Conclusion
The paper discussed most relevant tools and mechanisms for developing entrepreneurial activities in agro-tourism sector in northern Montenegro, as well as the current obstacles to this process. It can be concluded that the transition from the exclusively product-based economy of rural areas into tourism entrepreneurship requires not only the set of financial instruments and capacity building tools, but also a significant change in prevailing rural mentality and comprehensive hospitality training. This represents an important challenge for local communities in Montenegro, since creation of new opportunities can only be achieved through substantial involvement, training and education of farmers.

As discussed in previous sections, a successful entrepreneurial venture requires much more than a mere recognition of market potential, namely the capacity to invest time, effort and sources, to identify potential customers, sources of funding and commodity market for the service or product offered, to correctly evaluate business idea, costs, risks and opportunities (Pribeanu et al., 2014). Building on these conclusions and ideas, the paper suggested the framework for analysing agro-tourism entrepreneurship in northern Montenegro, specifically addressing the obstacles restraining development of entrepreneurial activities in agro-tourism.

The field research and interviews conducted in 2015 and 2016 undoubtedly pointed out to the lack of entrepreneurial knowledge and hospitality awareness among the local communities in northern Montenegrin countryside. This may have important practical implications as it would be extremely relevant to raise the awareness in society, institutions, government and related authorities, of the importance of educating the local community and enhancing their entrepreneurial knowledge, as well as increasing the hospitality awareness, providing financial incentives, business infrastructure, developing public-private partnerships and fostering rural networking. Therefore, if Montenegro decides to strive towards sustainable tourism, it will have to start by providing incentives, training and support to the farmers eager to diversify their agro-activities through entrepreneurial actions. Noteworthy, the findings of this study could be useful for the design of public-support policies for this sector.

It should be noted at the very end that the study was partially based on the results obtained through the HERIC project “KATUN - Valorising the Montenegrin Katuns through sustainable development of agriculture and tourism” conducted from 2015 to 2017 by University of Montenegro. As such, the paper represents just a pilot study into the vast field of organisation of agricultural life of northern rural areas in Montenegro, aiming to provide basic understanding of the strengths, weaknesses, obstacles and threats to developing entrepreneurial agro-tourist ventures in the region. Thus, further studies in the field should focus on providing more in-depth analysis of different financial instruments that may be used for these purposes, branding of specific agro-tourist products, and policy development in the area, clustering/networking opportunities, and others.
References
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