

ENTREPRENEURSHIP IN TOURISM AS A FACTOR OF RURAL DEVELOPMENT

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Abstract

In the face of growing segmentation of demand in the tourism market, the combination of entrepreneurship and rural tourism shows great potential in fostering economic development in previously marginalised areas. Specifically, the development of entrepreneurship in rural tourism is one of the major determinants of GDP growth and boosting employment in rural areas.

The purpose and aim of this paper is to identify the attitudes, wants and preferences of entrepreneurs in rural areas in Croatia and Slovenia, and ascertain their plans for future business.

Research was conducted on a sample of 366 entrepreneurs in rural areas in Croatia and Slovenia. The research tool was an interviewer-administered structured questionnaire applied in selected destinations in Croatia and Slovenia. Two hundred questionnaires were collected on the Croatian side, and the sample consisted of entrepreneurs in rural areas in Istria County and Primorje-Gorski Kotar County, while on the Slovenian side, 166 questionnaires were gathered. The questionnaire comprised a total of 69 questions, classified into seven groups (socio-demographic profile, economic parameters, psychological profile of respondents, educational background and work experience, key motivations for starting a business, self-evaluation of competencies, and satisfaction with business operations).

Based on the results of research conducted, it can be concluded that at the national level independent entrepreneurial activities are carried out by people of a mature age, possessing certain work experience, and mostly having secondary school or higher education qualifications, while younger people rarely choose this type of independent activity. For the most part, entrepreneurs started their own businesses out of economic necessity or were driven by inquisitiveness in detecting business opportunities.

Research results will serve as a platform for developing guidelines for the joint marketing of tourism products and services in rural areas, aimed at creating conditions for entrepreneurial networking and fostering the development of a comprehensive tourism product for a destination. Conclusions articulated will serve as recommendations for designing workshops for potential and existing entrepreneurs in the domain of rural tourism.

Keywords: Entrepreneurship, Rural development, Rural tourism

1. Literature Review

Neglecting the development of rural regions in the past has contributed to broadening the growing gap between rural and urban areas in Croatia. Considering the high share of rural regions, which, since 2007, exceeds 90% of the total territory of the 27 EU Member States and 56% of their populations, the revitalization of rural areas is a necessity. (2007-2012 Rural Development Strategy of the Republic of Croatia). On the basis of the administrative criterion, the rural population and the urban population in Croatia account for 29.6% and 70.4%, respectively, of the country's entire population. (CBS; 2011 Census).

Entrepreneurship in Croatia's rural areas and, in turn, tourism development in those areas, have a short history (Mišćin and Mađer, 2008). The utilisation levels of both the available workforce and available resources are low, and greater commitment to tourism in rural areas is essential to create new jobs and generate income for family farms (Croatian Ministry of Agriculture, Forestry and Rural Development, 2014).

Entrepreneurship in Croatia's rural tourism is poorly developed as a result of a long process of neglecting rural areas and because the tourism industry in Croatia is focused on seaside tourism. The demand for services in rural tourism and a growing desire of people to spend time in the outdoors, take part in traditional customs, and taste indigenous food are encouraging more and more entrepreneurs to start their own businesses in rural areas.

Entrepreneurship (micro and small) is seen as a promising way of developing rural areas (Fuller-Love et al., 2006, Skuras et al., 2003) and a tool for creating jobs for residents and improving their quality of life (Irvine and Anderson, 2004), all the more so because of the general upward trend in the share of self-employed persons in entrepreneurship in rural areas (Blanchflower and Oswald, 1998).

According to the general definition of the Council of Europe, rural tourism refers to tourism in rural areas together with all the activities that take place at those locations, and its most important features include peaceful surroundings, the absence of noise, a preserved environment, communication with hosts, home-made dishes and learning about farm work. Tourism in rural areas includes eco-tourism, farm-based tourism, agri-tourism, rural tourism, farm household tourism, tourism on family farms, eco-rural tourism and other forms (Jelinčić, 2007). Across Europe, rural areas are characterised by a lack of steady income, a high average population age, a low educational level, neglected architectural heritage, an insufficient level of basic services and infrastructure and unresolved property relations (Fuller-Love et al., 2006). According to the research of a number of authors (Fuller-Love, Midmore, Thomas, Henley, 2006; Dimitris Skuras, Caldas, Meccheri, Psaltopoulos, Lourdes, 2003) small and middle-sized entrepreneurship is seen as a promising way of developing rural regions and a tool for generating jobs for residents and enhancing their quality of life. Wilson and Anderson (2004) argue that the existing differences between rural and urban areas can be reduced by developing tourism and stress that the development of rural areas depends upon small tourism enterprises.

The development of small tourism enterprises needs to be viewed primarily through the importance they have in interacting agricultural production, the production of traditional products, the presentation of traditions and traditional gastronomy, and tourism services, by using the existing resources of rural space and the countryside, as its constituent part.

The rapid development of rural areas through tourism is evident in the fact that while there were only 32 family tourist farms registered in Croatia in 1998, their number reached a total of 447 in 2002. (Mišćin, Mađer 2008).

Recent times have seen significant changes in the EU rural development policy, which aims to reinforce rural development, free markets and regional integration by implementing a large variety of programmes, measures and instruments. (Dimitris Skuras, Caldas, Meccheri, Psaltopoulos, Lourdes, 2003; Hall and Jenkins 1997)

The features specific to entrepreneurship in rural areas are the predominance of small and family-run entrepreneurial businesses with no additional workers employed (Fuller-Love, Midmore, Thomas, Henley, 2006; Fleischer, Rotem and Bain 1993) and the fact that the business is largely the owners' only job (Dimitris Skuras, Caldas, Meccheri, Psaltopoulos, Lourdes, 2003). Entrepreneurship encourages self-employment, which has a direct effect on lowering the unemployment rate thus increasing the quality of life of residents. This is supported by the fact that the percentage of self-employed persons in entrepreneurial businesses in rural areas has shifted considerably in the past decade and has a growth rate of 2.9% (Blanchflower and Oswald, 2004).

Where the offering is concerned, it may be said that it is largely standardised. For the most part, the tourism offering consists of the accommodation offering and the food-and-beverage offering. (Dimitris Skuras, Caldas, Meccheri, Psaltopoulos, Lourdes, 2003; Wilson, Anderson 2004)

Entrepreneurs in rural areas are faced with numerous constraints, such as limited access to large markets, scant opportunities for networking, lack of knowledge about new technologies, and difficulties in raising additional capital (Wilson, Anderson, 2004; Fuller-Love, Midmore, Thomas, Henley, 2006). Although there are many financial aid programmes and business consulting programmes available, only a very small number of entrepreneurs decide to take advantage of such opportunities. Studies conducted in several European countries indicate that as little as 29% of entrepreneurs take advantage of some form of assistance (Dimitris Skuras, Caldas, Meccheri, Psaltopoulos, Lourdes, 2003), the main reasons for this being a complicated application process and the lack of information. (Wilson, Anderson 2004). The lack of specific knowledge can have an adverse effect on the financial performance indicators of entrepreneurs. This makes it all the more important to collect information about the type of knowledge and skills that are missing and to then help entrepreneurs acquire these skills and knowledge by organizing various workshops. Another constraining factor is the disadvantageous age structure. Namely the older population prevailing in rural areas has a negative effect on the further development of entrepreneurship (Dimitris Skuras, Caldas, Meccheri, Psaltopoulos, Lourdes, 2003).

The basis for successful entrepreneurship in rural areas is seen in taking advantage of opportunities for further diversification, forming clusters, and embracing and learning about new technologies that can help to create an approach to winning new markets and, consequently, building competitiveness. (Fuller-Love, Midmore, Thomas, Henley, 2006, p. 289).

One of the factors that have a direct constraining influence is the ubiquitous economic crisis which particularly affects small entrepreneurs who lack both the managerial skills and the financial means needed to beat the crisis. Hence, to ensure the future survival of entrepreneurial businesses in rural areas, the monitoring of economic performance indicators can serve as an early warning system, signalling changes to entrepreneurs and all other stakeholders.

Listed among the most important success factors are motivation, personal inclination, the wish to be independent, and the need to become “my own boss” and “run my own show” (Vaught and Hoy, 1981).

The characteristics of successful entrepreneurs are reflected in (Megginson, 1997):

- a desire for independence
- a strong sense of initiative
- motivation
- expecting quick and concrete results
- making their own business decisions
- entering business by chance or by design.

Generally speaking, many authors have dealt with the characteristics of entrepreneurs. In his book *Innovation and Entrepreneurship*, Peter Drucker (1992) takes a close look at this area. Highlighted among the characteristics of entrepreneurs are innovativeness, reasonable risk taking, self-confidence, hard work, an ability to set goals, and responsibility.

When considering the characteristics of managers (owners, entrepreneurs), education, family tradition, age structure, gender structure and other features are often taken into consideration. Earlier research showed that entrepreneurs have a lower level of education, while recent studies point to a higher level, in some cases, the level of master (or doctor) of science (Perić and Milohnić, 2004; Cerović et al., 2014).

The paper’s primary objectives are to analyse and appraise:

1. the similarities and differences in entrepreneurship in rural regions of Croatia and Slovenia
2. the satisfaction of entrepreneurs from both countries with individual elements of business
3. the need for additional knowledge
4. the business performance of entrepreneurs in rural regions using key economic indicators.

The objectives of the paper are aligned with the Project’s objectives in terms of ensuring the implementation of European policies and strategies, as well as the national and regional policies of the participating countries. Accordingly, the results of research should contribute significantly towards reinforcing cooperation by integrating existing and new tourist projects aimed at fostering entrepreneurship, enhancing competitiveness, facilitating knowledge transfer and encouraging sustainable development in the frontier regions of Croatia and Slovenia.

2. Methodology

In accordance with the purpose and aim of this paper, the attitudes of entrepreneurs in the domain of rural tourism were surveyed in both countries. For the needs of research, a structured questionnaire was developed, based on which interviews were conducted in selected destinations in Slovenia and Croatia. Responses to the questions provide insight to the attitudes and thinking of entrepreneurs engaged in activities in the rural tourism system and have helped to create a picture of the plans and strategic orientations of their enterprises and to identify those areas of business in which respondents wish to acquire new knowledge and skills to improve their performance.

The questionnaire contained a total of 69 questions, divided into seven sets. Responses to the first set of questions were used to create the socio-demographic profile of respondents in rural tourism areas. This set of questions also asked respondents to define the special features of business operations in their enterprises. The second group of questions looked at economic indicators of performance (revenue, planned investments, etc.), while the third group consisted of rating-scale questions focused on analysing the respondents’ psychological profile, educational background and work experience.

The fourth group investigated key motivations for starting entrepreneurial businesses specific to rural tourism. The fifth set of questions, based on a rating scale, required the respondents to make a self-evaluation of their competencies in several key business segments. The willingness of respondents to acquire new knowledge and skills was analysed by the sixth set of questions, while the seventh group examined the respondents’ level of satisfaction with their overall performance.

Sampling and surveying were carried out independently in both countries. A total of 200 entrepreneurs (100 from Primorje-Gorski Kotar County and 100 from Istria County), constituting the sample on the Croatian side, were surveyed during August 2014. In the survey, interviewers recorded the responses of respondents to the questionnaire. The Slovenian partner gathered relevant data for analysis through a somewhat different form of interview. Namely, sample formulation was carried out after the Delphi conference which defined what a rural area is.

Then during October 2014, an online survey and telephone survey were conducted, and questionnaires were sent to some respondents by conventional mail. A total of 166 properly filled-out questionnaires were collected, creating the final sample of respondents on the Slovenian side. Upon termination of the surveys, data from both countries were processed using the statistics software SPSS Version 22. A comparative analysis of data was then conducted, the conclusions of which are presented in the following section.

3. Research Results

3.1. General elements of entrepreneurship in rural areas

Socio-demographic segmentation is crucial in defining the profile of entrepreneurs in rural tourism areas. Accordingly, the summary table below analyses the surveyed respondents.

Table 1: Socio-demographic characteristics

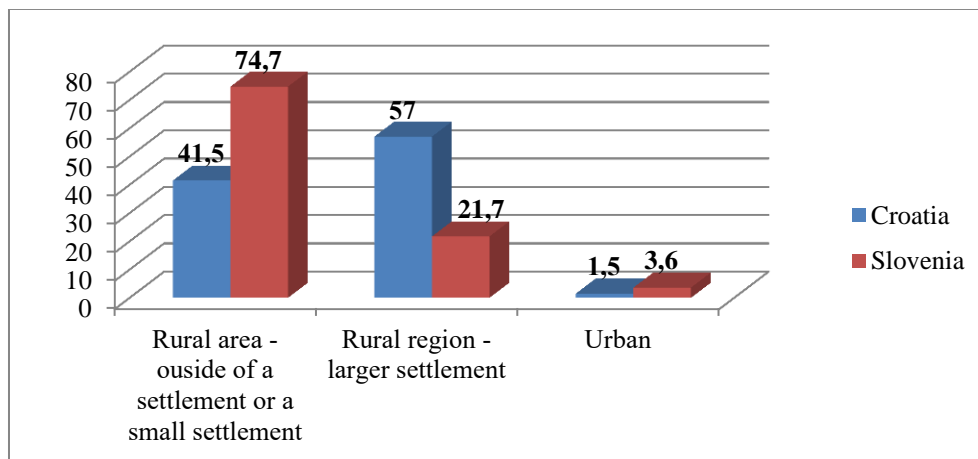
Criterion		Structure (%)	
		Croatia N=200*	Slovenia N=165*
gender	male	42	53
	female	58	47
age	20-30	11	7
	31-40	21	23
	41-50	30	36
	51 - 60	27	25
	60 and over	11	9
education	elementary school	2	1
	vocational school (3 years)	20	21
	secondary school (4 years)	39	34
	college (2 years)	14	13
	university, faculty (3 or 4 years)	20	26
	specialization, M.Sc., Ph.D.	5	5

According to gender, a relatively equal number of men and women were surveyed in both countries. By structure, 42% of respondents in Croatia and 53% in Slovenia are men. Interestingly, women account for the larger share of respondents at the Croatian level.

The major share of respondents are middle-aged, ranging from 41 to 50 years of age. This age group includes 30% of respondents on the Croatian side and fully 36% on the Slovenian side. According to structure share size, the next largest age group in both countries includes older respondents (age 51 to 60). This age group accounts for 27% and 25% of respondents in Croatia and Slovenia, respectively. Young adults (up to 30) and seniors (60 and over) account for the lowest, and relatively corresponding, shares in the structure of respondents.

According to educational background, most of the respondents have secondary school qualifications (39% and 34% of Croatian and Slovenian entrepreneurs, respectively). Respondents with faculty or university qualifications account for a very high share (20% of Croatian and 26% of Slovenian respondents), while respondents with elementary school qualifications account for the smallest share.

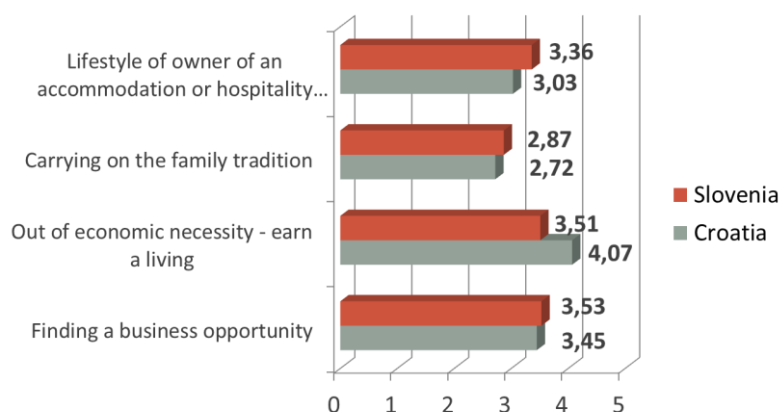
To develop guidelines for the effective and systematic development of rural tourism, it is necessary to analyse the existing state by determining the specific features of businesses operating in rural destinations. Accordingly, the respondents were asked to describe the area in which their enterprises operate.

Figure 1: Area of activity of entrepreneurs in rural tourism

The largest share of Slovenian respondents, fully 74.70%, have described the area in which their facility operates as a rural area that is outside of a settlement or is a small settlement. This share is considerably higher than on the Croatian side (41.5% of entrepreneurs). Most of the Croatian entrepreneurs (57%) have described the area in which their enterprises operate as a rural region with larger settlements.

Such discrepancies in the area of operation are the result of the selection of diverse strategies in conducting research in the two neighbouring countries and are partially the outcome of applying different criteria in defining a rural area in each country. However, these discrepancies are also the result of the concentration of Croatian entrepreneurs in large settlements in rural areas, while small settlements are dying out. Namely, residents in rural areas outside of settlements largely belong to the elderly age group, and a young entrepreneurial population there is a true rarity.

It is particularly important to establish the motivations that encouraged entrepreneurs to start a business in a rural area. To this end, the respondents were asked to rate each proposed motivation on a scale of 1 to 5 (1 being the lowest score, and 5, the highest). Comparative results are presented below.

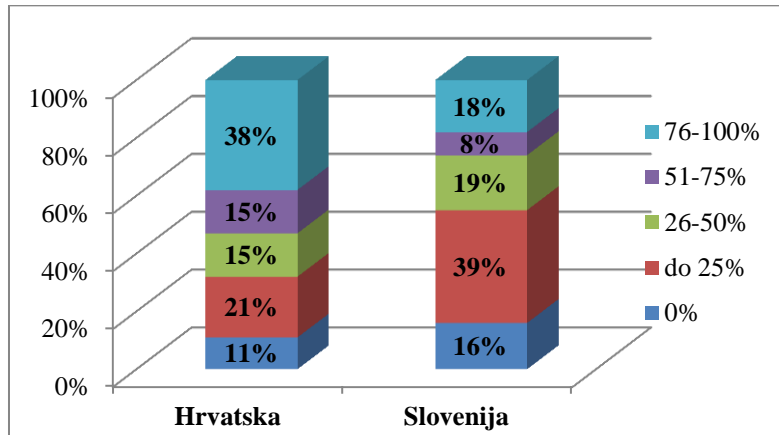
Figure 2: Key motivations for starting a business

The scores attributed by the respondents indicate that the motivations instrumental to starting a business overlap in the observed countries. Respondents in Slovenia gave the highest score to *Finding a business opportunity* (3.53%) while their counterparts in Croatia started their business primarily *Out of economic necessity – to earn a living* (4.07%). It is generally assumed that businesses in rural tourism are largely run by families. To determine the extent to which businesses as family traditions have been passed on from one generation to the next, the respondents were asked to provide information about the working life of their parents

3.2. Economic performance indicators

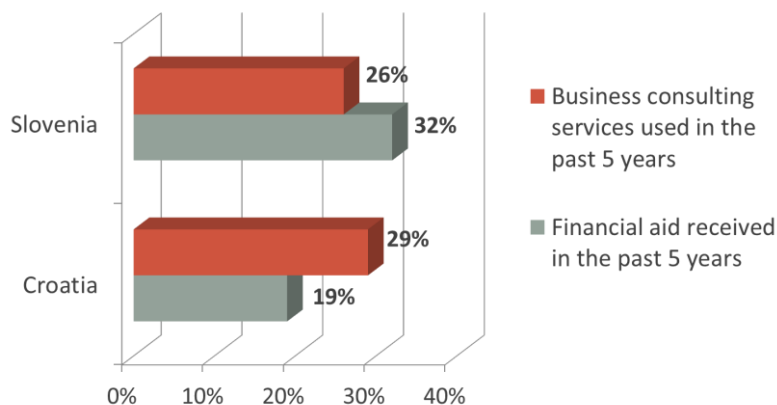
To obtain insight into the business policies of enterprises in the rural tourism system, it is necessary to analyse their key economic indicators of performance.

Figure 3: Share of revenue from sales to tourists and day-trippers



Fully 38% of entrepreneurs in Croatia (relative to 18% in Slovenia) rated the share of total revenue generated by selling to tourists as being very high, from 76% to 100%. On the other side of the border, this evaluation differs somewhat. Most Slovenian respondents (39%, relative to 21% of Croatian respondents, also a high figure) estimated that sales revenue accounted for up to 25% of total revenue. These results suggest that rural entrepreneurs in Croatia are considerably dependent upon the sales of their products and services through tourist traffic. The estimated amounts of revenue from selling to tourists and day-trippers indicate that Slovenian entrepreneurs, relative to their Croatian counterparts, enjoy a more favourable situation with regard to the functioning of market positions.

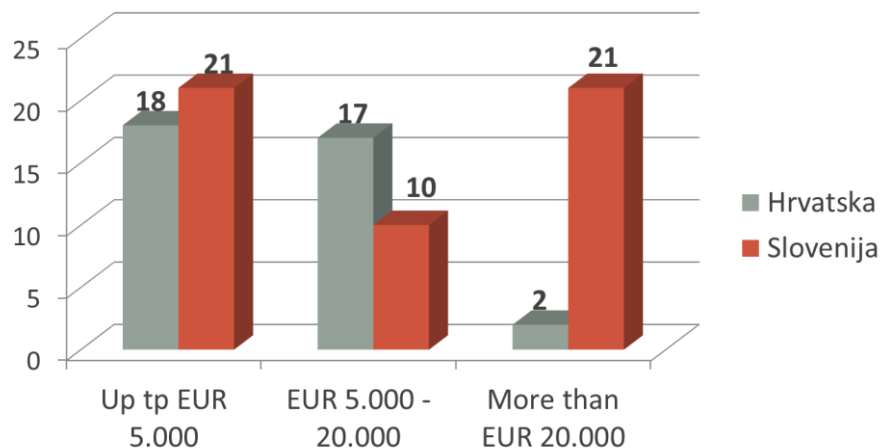
Figure 4: Receiving financial aid and using consulting services



Most of the respondents surveyed in the two neighbouring countries – 42% in Slovenia and 53% in Croatia – neither received financial aid in the past five years, nor showed any interest in using consulting services. Business consulting services were used by 26% and 29% of Slovenian and Croatian entrepreneurs, respectively, while 32% of entrepreneurs in Slovenia and 18% of entrepreneurs in Croatia received financial aid. One of the reasons behind these substantial discrepancies in drawing financial aid is the fact that by joining the European Union much earlier than Croatia, Slovenia had access to European support funds for a longer time.

On the other hand, the process of adjusting to European frameworks and the process of learning how to draw European funds are still in their initial stages in Croatia.

The respondents who were recipients of financial aid were asked to state the approximate amount of aid received.

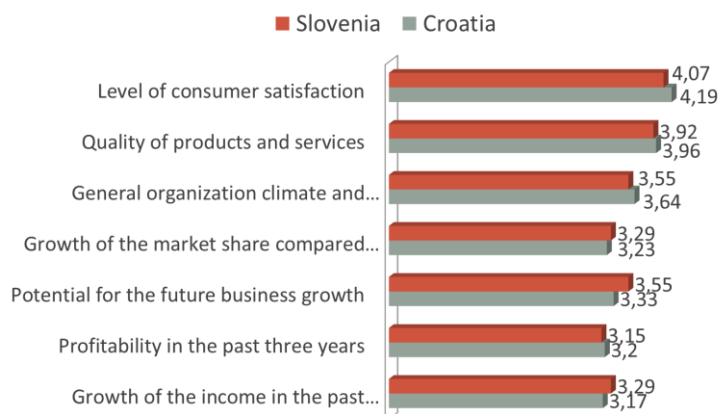
Figure 5: Amount of financial aid received

Comparative analysis of processed data shows considerable differences in the amounts of financial aid received in the two neighbouring countries. Namely, of the total number of entrepreneurs surveyed, 18 respondents in Croatia received financial aid up to EUR 5,000. Twenty-one respondents in Slovenia received the same amount, while another 21 Slovenian entrepreneurs received financial aid upward of EUR 20,000. Only two entrepreneurs in Croatia received more than EUR 20,000 in financial aid.

The analysis of economic performance factors indicates that Slovenian enterprises enjoy a better market position relative to their Croatian counterparts, as a result of the latter's dependence upon the sales of products and services through tourist traffic. Most of the entrepreneurs surveyed received no financial aid in the past five years and showed no major interest in using consulting services. The fact that most of the financial aid received in Croatia did not exceed EUR 5,000 suggests the failure of entrepreneurs in rural areas to take advantage of European aid funds to any significant extent. At the same time, financial aid programmes at the national level often bypass micro entrepreneurs or are beyond their reach because of complicated application procedures.

3.3. Attitudes of entrepreneurs concerning elements of business operations and personal competencies

The personal attitudes of entrepreneurs are a valuable source of information that can help to assess the actual state of entrepreneurship in rural tourism. Insight into the entrepreneurial mind-set provides concrete signals concerning the potential problems entrepreneurs may have to deal with and is the first step to overcoming barriers to rural tourism development in general.

Figure 6: Satisfaction of entrepreneurs with certain elements of business operations

Data in Figure 5 show that Croatian and Slovenian respondents are equally satisfied with all elements of business operations. *Customer satisfaction* received the highest score (4.07 and 4.19), followed by *Product and service quality* (3.92 and 3.96). *Profitability* and *Turnover growth rate in the past three years* were given moderate scores. To be exact, Slovenian respondents gave *Profitability* a score of 3.15, and Croatian respondents, a score of 3.2, while *Turnover growth rate in the past three years* received scores of 3.29 and 3.17 from Slovenian and Croatian respondents, respectively.

Table 2: Self-evaluation of entrepreneurial competencies

No.	Question	Average score	
		Croatia	Slovenia
1.	I know what customers need and want	3.97	3.69
2.	I know the competition and what they have to offer	3.84	3.39
3.	I am adept at human resource management (staffing, motivation, communication)	3.82	3.30
4.	I can develop a new business idea (product, service)	3.75	3.59
5.	I am capable of developing a financial plan for a business idea	3.60	3.25
6.	I am adept at marketing (sales and marketing)	3.49	3.34
7.	I am sufficiently knowledgeable in information and communication technology (the Internet, computers, booking systems, etc.)	3.34	3.16
8.	I am adept at handling financial accounting (corporate finance, taxation)	3.31	2.89

The average scores attributed by respondents in both countries overlap in this case as well. The statement *I know what customers need and want* received the highest scores (average scores 3.97 and 3.69), while the statement *I know the competition and what they have to offer* also received high scores (average scores 3.84 and 3.39). Croatian respondents gave the statement referring to proficiency in information and communications technology a fairly low score (3.34), as did their counterparts in Slovenia (3.16). These scores suggest the need for permanent training in ICT skills. The lowest scores of 3.31 (Croatian respondents) and 2.89 (Slovenian respondents) were given to the statement concerning the ability to carry out financial accounting. Such results were expected considering that complex fiscal obligations and constantly changing regulations can cause a sense of lack of competency in handling financial accounting. Because of this, many entrepreneurs are compelled to use external financial and accounting services which, ultimately, increase operating costs.

Respondents were further asked to self-evaluate, on a scale from 1 (very small) to 5 (very large), their need for additional knowledge that would be useful to them in their businesses. Table 3 presents the scores for the types of knowledge they wish to acquire.

Table 3: Self-evaluation of need for additional knowledge

No.	Question: I am interested in learning about...	Average score	
		Croatia	Slovenia
1.	New forms of marketing (social networks, e-marketing)	4.18	3.51
2.	How to draw from European and national funds	4.11	3.47
3.	How to win new markets and gather data about those markets	4.10	3.37
4.	How to network with other entrepreneurs and design a joint offering	4.02	3.47
5.	Time management	3.80	3.10
6.	Family entrepreneurship (e.g., how to transfer business on the next generation, and so)	3.79	2.83
7.	How to manage employees and delegate tasks	3.71	2.93
8.	How to procure raw materials	3.56	2.75

Respondents from both neighbouring countries indicated the greatest need for knowledge about new forms of marketing (average score 4.18 and 3.51), followed by the need for knowledge on how to draw from European and national funds (4.11 and 3.47).

The overall comparative situation analysis of the frontier regions of Slovenia and Croatia points to a relatively similar level of entrepreneurial development in rural tourism. Accordingly, there was no difficulty in detecting common correlating factors. Comparable enterprise structures, similar business policies and partially overlapping ranges of offerings are a source of substantial potential for the development of entrepreneurship in rural tourism. Entrepreneurs from both countries also have similar opinions regarding barriers to development. Problems are foremost evident in the lack of institutional support. Specifically, because bureaucracy and government programmes fail to inspire confidence, entrepreneurs feel they are left to their own devices. At the same time, entrepreneurs are aware of their poor skills in, and knowledge of, information technology, marketing and financial accounting. Despite this awareness, they are not accustomed to seeking consulting help. This makes organizing workshops for this target group all the more important.

Conclusion

Rural tourism is an important segment of tourism and economic development in rural areas. However, despite steadily growing interest in rural tourism, this form of tourism is faced with certain developmental and managerial as well as economic issues. Although entrepreneurs in rural tourism are highly motivated to provide their visitors (tourists and day-trippers) with the best possible combination of experiences, they often lack a sufficiently high level of knowledge and competencies to perform successfully. Obstacles to entrepreneurial development in rural tourism, however, need to be viewed from a broader perspective. The overall strategic development of the rural tourism system is based on an inadequate model that, at present, establishes development guidelines that are declarative in nature. For rural tourism to accomplish its multiplicative, inductive and conversion functions, it is necessary to establish institutional support, purposefully encourage development and enhance effective operationalisation across all levels.

One of the first steps in accomplishing the set goals is to provide education for current and potential entrepreneurs. A comparative analysis of the state of entrepreneurship in rural tourism in the frontier zones of Slovenia and Croatia has identified the attitudes, wishes and preferences of entrepreneurs as well as their plans for the coming period. Entrepreneurs have stressed the need and want for additional knowledge, foremost in the fields of information technology, accounting, finance and marketing, thus determining the desired focus of educational workshops for entrepreneurs. The acquisition of specific new knowledge and skills through workshops will enable entrepreneurs to create appropriate business policies that will help entrepreneurial businesses to generate more revenue and expand their activities while boosting self-employment and employment rates. Such effects can be expected to multiply at the destination level (GDP growth, growing revenue from the exportation of products and services) and broader (regionally) through the networking of entrepreneurial businesses and by exploiting the benefits of joint marketing.

The results of research conducted lead to the conclusion that at the level of both countries independent entrepreneurial activities are undertaken by people of a mature age, possessing certain prior business experience, and having mostly secondary school and higher school qualifications, while younger people rarely choose to engage in this type of independent activity.

The situation analysis carried out by identifying the specific features of business operations points to similarities in the observed countries. According to the type of enterprise registered, independent entrepreneurs/craftsmen (physical entities) account for the largest share by far. Similarities are also evident in motivations that are crucial to an entrepreneurial venture. The largest share of entrepreneurs started their businesses out of economic necessity or were inspired by inquisitiveness in finding business opportunities. With regard to employee structure, the major proportion of enterprises in both countries employ a single worker – the owner. When an enterprise employs several workers, it is usually a family-run business, employing one to four family members.

The range of the offering of Croatian entrepreneurs lags behind the differentiated structure of the Slovenian offering, and board and lodging services, and the production and selling of food products, are poorly developed. The analysis also revealed that entrepreneurs in both countries are not inclined towards expanding the range of their offerings, largely due to discouraging regulatory frameworks and low investment rates that are disadvantageous to developing a favourable entrepreneurial climate.

The analysis of economic performance indicators suggests that Slovenian enterprises enjoy a better market position than do their Croatian counterparts, primarily because Croatian entrepreneurs are more dependent upon the sales of their products and services through tourist traffic. Most of the entrepreneurs surveyed have not received any financial aid in the past five years nor have they shown any significant interest in using consulting services.

The fact that most of the financial aid received in Croatia did not exceed EUR 5,000 suggests the failure of entrepreneurs in rural areas to take advantage of European aid funds to any significant extent. At the same time, financial aid programmes at the national level often bypass micro entrepreneurs or are beyond their reach because of complicated application procedures. Entrepreneurs in both countries share similar opinions regarding barriers to development. Problems are foremost evident in the absence of institutional support. Specifically, because bureaucracy and government programmes fail to inspire confidence, entrepreneurs feel they are left to their own devices. At the same time, entrepreneurs are aware of their poor skills and knowledge of information technology, marketing and financial accounting. Despite this awareness, they are not accustomed to seeking consulting help. This makes organizing workshops for this target group all the more important.

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 of private accommodations in rural regions of Mediterranean tourist countries. 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.

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