



# RURAL CAPITAL IN SMALL VILLAGES: AN ANALYSIS OF SELECTED RURAL AREAS IN EASTERN SERBIA AND NORTH MACEDONIA

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## Abstract

*This study supports previous discussions for introducing tourism as an alternative for small rural economies. The focus is put on an in-depth analysis of rural capital in several selected villages in Eastern Serbia and North Macedonia, which have well preserved natural environment, traditional ambience, local organic food and gastronomic dishes, tranquility and stress free experiences. So, selected villages have rural livelihoods that possess capabilities, assets (both, material and social resources) as well as activities required for providing basic means of living in rural communities. With a solid rural capital, the study argues that rural tourism may be encouraged in sampled rural locations in Eastern Serbia and North Macedonia.*

*Key words:* Rural tourism; Capital; Tourism development.

## INTRODUCTION

The very complex nature of rural tourism results with many links among the elements and issues, thus making its defining very problematic (Beeton, 2006). Rural tourism became very popular to the international tourism market, particularly for small and less developed rural destinations. So, rural areas that have local amenities, like: historical sites, natural beauty, and clean air (Fredericks, 1993), cultural traditions and values (Hardy, 1998; Millar, 1989), folklore, social customs, museums, monuments, historical structures and landmarks (Pedford, 1996; Turnock, 1999; Weiler & Hall, 1992), often practice rural tourism.

Rural areas are often identified as places for relaxation and escape from the overcrowded and stressful urban life (Urry, 2002), in finding mental peacefulness (Mak et al., 2009), pure air (Dong et al., 2013) and trying to gain a sense of balance (Lehto et al., 2006). They possess territorial capital that may serve as a strong additional point for developing rural tourism. This refers to many different assets that rural areas possess in terms of activities, landscape, heritage, know-how, and so forth. Upon this, some rural areas identify their distinctive features as a base for valorization (Bogdanov & Janković, 2013). Hence, the rural capital that a particular countryside has along with the other factors (infrastructure, accommodation, service quality, etc.) contributes to creation of rural tourism experience. Yet, not all elements have an equal importance to the tourism value chain. Tourist attractions along with the accessibility and amenities are found to be the most important pull-factors, unlike the complementary services which are less important for tourist destination attractiveness (Lee et al., 2010). In this line, assessing and evaluating internal and external assets that tourism destination has, is an essential first step for tourism planning perspective.

Many different methods for tourism evaluation are suggested, and different standards, criteria and indicators are applied. This study adds to the literature that favors estimation of the territorial capital of rural areas (Bogdanov & Janković, 2013; Mahdavi et al., 2013). It enables to indicate the differences in the rural capital of rural areas, allowing proper insights and proposing different strategic approaches in their further tourism development.

The paper is structured in several parts. After the introduction, next section presents a state of the art regarding multi-criteria methods for tourism evaluation. This is followed by the research methodology and the main findings. Main conclusion and recommendations are presented in the last section. The paper contributes to the literature review on rural tourism development in both countries Serbia and North Macedonia, in addition to some previous academic work (Dimitrov & Petrevska, 2012, 2019; Dimitrov et al., 2019; Petrevska & Dimitrov, 2013; Petrevska et al., 2019; Petrevska & Terzić, 2020; Terzić et al., 2019a).

## **LITERATURE REVIEW**

There are numerous studies that argue various evaluation methods and models of tourism potentials involving many different sets of indicators (Asmelash & Kumar, 2019; Bogdanov & Janković, 2013; Du Cross, 2001; Hoang et al., 2018; Mahdavi et al., 2013; Sánchez, et al., 2013; Terzić et al., 2019b; Trukhachev, 2015; WTO, 2004). All of them, being generally based on multi-criteria evaluation systems, focus on three universal aspects of sustainability (economic, socio-cultural and environmental). Yet, the issue of achieving



long-term sustainability of tourism development is further addressed, where besides destination and tourism sustainability, an accent should be put to sustainability of local community (Terzić et al., 2014; Xiang & Wall, 2005).

They use relatively reliable, clear, simple and flexible indicators that entertain both qualitative and quantitative data. On the other hand, it is believed that number of necessary indicators are still left open.

## STUDY METHODOLOGY

In order to evaluate the territorial capital in selected rural areas in Eastern Serbia and Macedonia, the research was carried out in two stages.

In the first stage, prior to the evaluation process, a rapid assessment was made in order to identify which villages will be sampled for the evaluation. Upon an in-depth analysis and a field-research carried out in the period September 2018-November 2019, 18 villages from Eastern Serbia and 14 villages from North Macedonia were sampled. The main criteria for a village to be chosen were:

- To be a small village facing the problems of aging, depopulation and depressed economy;
- To have nearby attractions and already established resource base (attractive tourist center) with good connectivity; and
- To have potential for practicing traditional activities and offering participation into the life of the rural population.

Due to territorial dispersion, the sampled villages were further grouped (2-3 villages) and comprised potential rural tourism destination. Table 1 presents sampled rural locations in Eastern Serbia and North Macedonia.

In the second stage, an evaluation of tourism potentials in terms of rural capital was performed. The model proposed by Bogdanov and Janković (2013) was applied which partly resembles the AMOEBA model that deals with social, economic, environmental and rural tourism production structure (Mahdavi et al., 2013), plus includes an extended list of indicators. These indicators assess:

- (1) Human capital – personal abilities/skills and entrepreneurial potential;
- (2) Economic capital – the extent and quality of resources and sources of income;
- (3) Cultural capital;
- (4) Environmental capital; and
- (5) Social capital – community organizational capacities.

TABLE 1. SAMPLED RURAL LOCATIONS IN EASTERN SERBIA AND NORTH MACEDONIA

Eastern Serbia		North Macedonia	
Tourist destination	Villages	Tourist destination	Villages
1	Ram	1	B's
	Ostrovo		Varovište
	Vinci		
	Brnjica		
2	Smedovac	2	Konsko
	Šarkamen		Sermenin
	Miroč		Huma
3	Jezero	3	Velmevci
	Blendija		Golemo Ilino
	Rtanj		Železnec
	Ilino		
4	Vlasina Okruglica	4	Janče
	Vlasina Rid		Tresonče
	Božica		Gari
5	Gostuša	5	Nežilovo
	Visočka Ržana		Oreše
	Slavinja		Papradište
	Poganovo		

## FINDINGS AND DISCUSSION

Figure 1 presents the structure of territorial capital in sampled villages in Eastern Serbia (Figure 1a) and North Macedonia (Figure 1b). Based on selected list of six group of indicators, the evaluation revealed different potentials and obstacles for developing rural tourism in selected locations.

Based on the endogenous development approach and on-site observations, all sampled villages in both countries are heavily dependent on natural and cultural resources that possess. Also, their development patterns tend to be strongly connected to the existing physical capacities and human resources. This is especially in terms of educational levels and entrepreneurship potentials, which are tend to be the key elements for sustainable development of tourism.

On the other hand, socio-economic capacities in most evaluated villages in both countries, tend to be very low. This is supported with the fact that all sampled villages are constantly experiencing continuous demographic drain. The villages are strictly oriented towards small-scale primitive agricultural production, and consequently evidence extremely low diversification of economy. Yet, the study evidenced a high activity levels of population meaning that the provision of agriculture is not enough for ensuring the livelihood, but the elders can be engaged in the production chain. Opposite to this, villages that have succeeded in diversification of their rural economy and became much

more oriented towards service sector and tourism-related activities, have recently started to show better socio-economic local development.

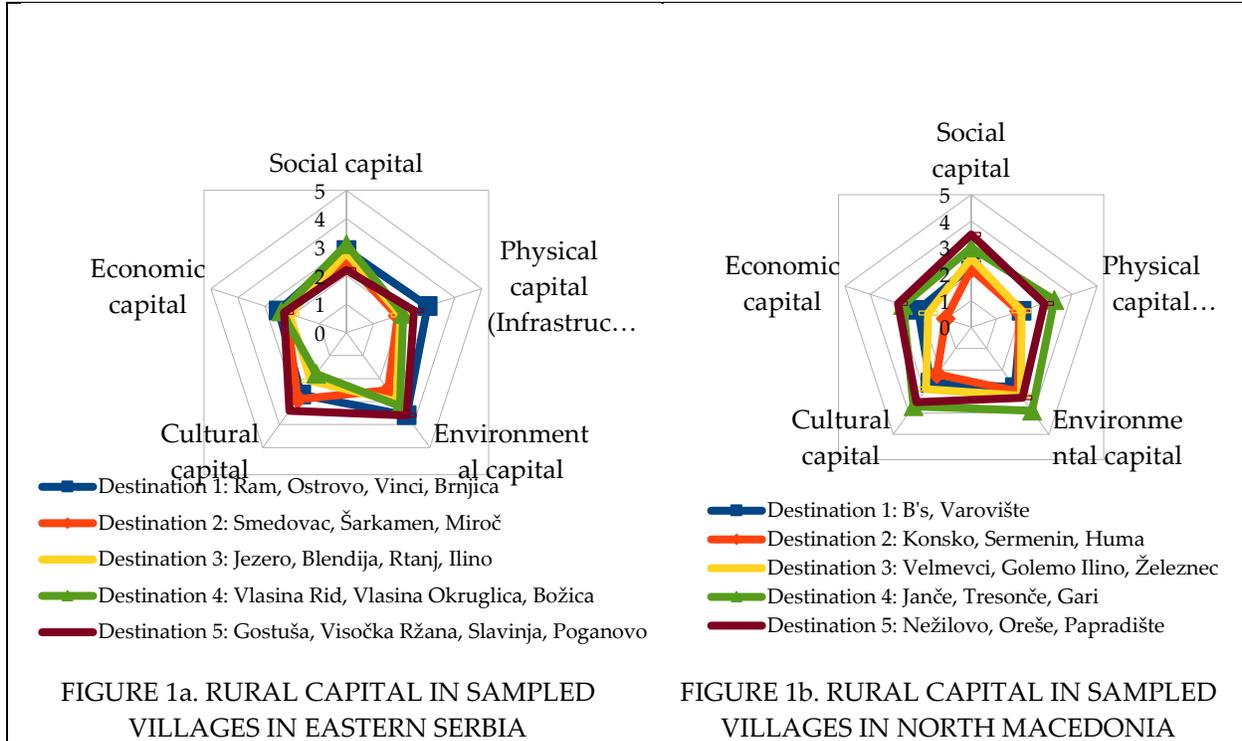


FIGURE 1. RURAL CAPITAL IN SAMPLED VILLAGES

Based on the evaluation of the indicators of rural territorial capital (Figure 1), one may conclude extremely small, if any, differences between the small villages of two countries in terms of rural tourism development potential. Namely, villages Ram, Ostrovo, Vinci and Brnjica (identified as a potential tourist destination 1 in Figure 1a), and villages Gostuša, Visočka Ržana, Slavinja and Poganovo (identified as a potential tourist destination 5 in Figure 1a) in Eastern Serbia, tend to be seen with the highest qualities in the environmental capital. This is generally due to the high natural and cultural amenities of the National park Đerdap (Iron Gate), and Mt. Stara Planina Nature Park (Balkan Mts.), which are already prosperous developing tourist locations. On the other hand, villages Janče, Tresonče and Gari (identified as a potential tourist destination 4 in Figure 1b) along with the villages Nežilovo, Oreše and Papradište (identified as a potential tourist destination 5 in Figure 1b), all in North Macedonia, tend to be seen with the highest qualities in natural and cultural capital.

Furthermore, extremely low rural capital has been perceived in the destination 2 in North Macedonia (villages: Konsko, Sermenin and Huma) with an average of only 2.1. Within

Eastern Serbia, very small average of 2.4 is perceived in the destination 2 (villages: Smedovac, Šarkamen, Miroč), along with the villages Jezero, Blendija, Rtanj and Ilino, from the destination 3. Such results are closely interconnected to the low quality of physical capital, extremely bad economic situation and lack of entrepreneurship capacities among local population.

Just recently, some significant improvements in terms of physical capacities (transport infrastructure and tourist accommodation facilities) were noticed in most sampled villages. Yet, the greatest issue for the development process of small peripheral villages with tourist perspective still remains the low investment capacities and limited demand market. Besides, the fact that sampled villages are located within small distance from already established tourist destination (5-40km), allow the possibility for tourist dispersion towards rural destinations. Even though such villages are located in attractive natural setting and in traditional ambience, they still remain on the margins of tourism development process. Thus, they attract only small specific segments of eco-tourists and adventurers, and low-budget families.

In rural areas of Eastern Serbia and North Macedonia, domestic tourists are dominant encompassing over 90% of total tourists. Yet, slightly higher share of foreign tourists is present in Eastern Serbia (potential tourist destination 5 in Figure 1a) due to an increased interest and improved tourist supply of Balkan Mts. (over 50% share in total number of tourists in Pirot and Dimitrovgrad municipalities) with domination of Bulgarian tourists. On the other hand, second-home tourism gradually raises. Even more, the seasonal residents (second-home tourists) tend to outnumber permanent local residents, like in the cases of Ram, Ostrovo, Vinci, Gostuša, Visočka Ržana, Poganovo, Vlasina Rid and Vlasina Okruglica (Eastern Serbia) and Janče, Tresonče, Gari, Nežilovo, Oreše and Papradište (North Macedonia). In these villages, tourism is rapidly developing by high investment capacities. This is generally due to higher finances of seasonal residents coming from urban centres, while “outsiders” tend to be the bearers of tourism development process.

## **CONCLUDING REMARKS**

The multi-criteria methods and indicator evaluation systems allow comprehensive development assessment of tourism potentials. They enable assessment of destinations pointing to their real market potential, along with a clear indication of benefits and disadvantages, risks and opportunities to the value chain.

Based on detailed examination of applied set of indicators, the research found that selected villages in Eastern Serbia and North Macedonia differ in very small manner in terms of rural tourism development potential. All possess extremely favorable natural



and cultural resources, and are highly aligned to the current physical and human resources. Yet, some villages have somewhat favorable educational level and entrepreneurship potential, hence tend to develop at least second-home tourism. Consequently, they are slowly leaving the small-scale agriculture and shifting to service sector and tourism-oriented activities. However, all sampled and evaluated villages in both countries have extremely low economic capital, explaining why they are still facing continuous demographic drain. Due to low economic diversification, the sampled small villages must create a tailor-made local and regional tourism development policies. At a later stage, they may contribute to developing tourism plans and programs in the line of supporting rural tourism development.

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