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**THEMATIC
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I



**UNIVERSITY OF KRAGUJEVAC
FACULTY OF HOTEL MANAGEMENT
AND TOURISM IN VRNJAČKA BANJA**



RURAL ENTREPRENEURSHIP IN THE ERA OF DIGITALIZATION: EXAMPLE OF MACEDONIA

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Abstract

Tourism is an area that fosters economic development with great influence on other forms of tourism development. The pronounced digitization processes in all segments of the operation cause changes in the rural tourism sector. This paper focuses on influence of digitalization among the enterprises in the field of rural tourism. The research of the paper uses survey questionnaire method and it represents the perception of the representation, information and the need for digitalization in the rural tourism sector. The obtained results of the survey confirmed the basic hypotheses that digitalization has an impact on rural tourism development, as there is a strong need for information and financial support in this sector. In the conclusion, the paper offers guidelines and proposals for the development of rural tourism using the opportunities of digitization, in order to overcome the established situation.

Key Words: *rural entrepreneurship, rural tourism, digitization, tourism development, information technology.*

JEL classification: Z30

Introduction

The pronounced globalization processes and high degree of digitization have its influence anywhere thus including the tourism sector, too. The framework of tourism sector is around 9 million people from EU Member States, representing 6% of the total number of employees and the tourism sector accounts for 5.5% of GDP (WTO, 1998). Consequently, changes in tourism cause changes in the field of rural tourism as an alternative form

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for tourism development as well. The rural areas occupy 91% of the EU's total territory, and 56% of the total population is living there (Common Agricultural Policy, 2012). The rural areas play an important role in demographic, social and economic processes. Rural tourism is one of the areas that has the greatest potential for generating growth and employment, as an area with undiscovered potential for development. In response to this, rural tourism is being increasingly promoted, versus mass tourism in destinations (Getz, 1998). The supply side of tourism sector can contribute for development and competitiveness of the regions. Due to the potential contributing to the socio-economic progress, many EU countries have included the development of rural tourism in the development strategy agenda of regions and rural areas. The professional literature in this area does not have information on the impact of innovative ways of working, including the digitalization of the operations in the enterprises of rural tourism sector. The representation of the entrepreneurial initiative in the field of rural tourism expresses the entrepreneurs' determination to an innovative way of organizing the work and providing an appropriate tourist offer in the rural areas (Magdinceva-Sopova, Postolov & Elenov, 2017). The application of information technology in operation facilitates and accelerates the process of transmission and exchange of information. The information is shared with many recipients. The possibilities for information exchange are simply unlimited. Also, the costs of distribution are reduced and restrictions are reduced in terms of geographical distribution and distance (Shanker, 2008). Therefore, in today's conditions of operation, information and information technology are key factors for operating and planning the future of business activities. The latest research shows that more than half of people traveling pay online and use the e-sales and booking system when they have an opportunity or option for e-shopping (Henry, 2016). But the impact of digitization in the rural tourism sector is specific. On the one hand, tourists have desires arising from the need to escape of overwhelming daily commitments and dynamic developments. On the other hand, changes in the operation of the enterprises are evident as a result of the application of e-technology in the operation. Taking in consideration the fact that modern tourists are increasingly returning to nature and tradition, the development of rural tourism is associated with improving the quality of life in rural areas, promoting the activities in the agricultural and forestry sector, and increasing the care for environmental protection (Magdinceva-Sopova et al., 2017). The attraction and need to flee from the excessive degree of digitization and industrialization make people choose rural tourism more and more as a way of rest. In the rural

tourism sector, information technology is used in a variety of ways. Tourists use the information-computer technology for: searching information: by category, geography, keyword, travel planning for customers, reservations, weather transport schedules, etc. (Buhalis, 2003). The basis for a successful operation of the enterprises is the continuous introduction of new ways and forms of different activities and improvement of business processes in real. As a result, many enterprises are reluctant to alter rapidly the technical conditions and requirements of consumers through entrepreneurial behavior (Boyadzioski & Blazeska, 2009).

Small enterprises that apply for the concept of modern entrepreneurship provide active support for the sustainability of the economic and social aspects of environment as a key factor for competitive rural destinations, creating new jobs as well preserving natural and cultural beauties. Through the concept of rural entrepreneurship, the process of utilizing natural resources and resources and business ideas of entrepreneurs are encouraged. Working together on the future of European tourism, five basic components for tourism industry development are set up: information, employee training, quality, sustainable development and emerging technologies (WTO, 1998).

Rural tourism characteristics as an alternative form of tourism development

Rural tourism as a term is accepted by European Union and refers to all tourism activities in the rural areas. According to the OECD definition, any area locally populated with an average density of 150 people per square kilometer represents a rural area or environment. At the regional level, geographical units are grouped into three parts: a dominant rural area (15%), to a significant extent a rural area (15-50%) and dominantly urbanized areas (15%) (Methodijeski , 2017).

Since modern tourists are increasingly returning to nature and tradition, the development of rural tourism is associated with the promotion of opportunities for development of rural forms of tourism by improving the quality of life in rural areas, infrastructure improvement, improving the work of enterprises and increasing the care for the environment (Magdinceva-Sopova et al., 2017), Natural beauties, clean environment filled with lakes, mountains, waterfalls, thermal waters, ethno villages, monasteries, as well as local manifestations, traditional food and

hospitality are prerequisites for the creation of an original tourism offer in this sector. The attraction and the need to flee from dynamic life and work make it possible for people to choose rural areas as a place for an ideal holiday. Tourism is defined as a trip for vacation, entertainment, treatment and sightseeing (Mukinović, 1990). Rural tourism is opposite of mass tourism. Mass tourism is characterized by an increased level of participation of tourists and sustainability of natural and cultural values, as well as numerous social and cultural influences that negatively affect the destinations (Duffy, 2002). The alternative nature of rural tourism is associated with the exploitation of the opportunities created by the connection between the tourist guests and host entrepreneurs who offer the i.e. "rural" tourist services. Alternative tourism, is aimed at smaller accommodation facilities, greater participation of the local community, sustainability, a ratio of social and cultural values and greater interaction between hosts and tourists (Wearing & Neil, 2009).

One of the basic characteristics of rural tourism is related to the use of the original opportunities for local economic development and employment of family members by taking advantage of the advantages offered by rural areas. This form of tourism generates a huge impact on the local economy and socio-cultural aspects of rural areas as opportunities for the population that live in rural area (Nitashree, 2012). Basic characteristics of rural tourism are connected with clean, peaceful and healthy environment, absence of noise, home-traditional food, close communication with the hosts i.e. owners of tourist objects-entrepreneurs.

Characteristics of rural entrepreneurship in the digitalization era

Rural entrepreneurship in all forms in which it can be called (village, eco, cultural, monastic, wild sports, ethno-gastronomic, hunting, spa tourism, etc.) is insufficiently developed and not a sufficiently known concept. Through the affirmation of rural entrepreneurship, it contributes to the development of rural tourism. This type of tourism has a huge impact on the local economy and the socio-cultural aspects of rural areas, on the one hand, and the opportunities for the population living in those areas on the other (Nitashree, 2012). Therefore, rural entrepreneurship is a developmental concept and a way of utilizing the opportunities that rural communities possess. Contemporary entrepreneurship includes activities that include novelties in operations, new resources, new customers, new markets or different, new combinations of resources, consumers and markets (Ireland et al., 2009).

New demand trends for travel services and emerging trends alter the needs of tourists and encourage the development of rural entrepreneurship as a process that forces entrepreneurs to think about harnessing the opportunities of rural areas. The application of the concept of rural entrepreneurship depends on the considerations and decisions of the entrepreneurs or the management of the enterprises. Entrepreneurs create a business strategy for their own enterprises and decide what to introduce as a new processes in their work, including digitalization in their work as an opportunity to improve their operations.

Modern entrepreneurial approach to work and original work processes enable adapting on the challenges for the enterprises in contemporary globalization and economic integration. Each enterprise must be able to simultaneously perform three important tasks - to advance, expand and innovate (Drucker, 2005).

The concept of rural entrepreneurship and digitization in this sector promotes rural development. As a result of this process, sustainable development and protection are ensured. The digitization process in rural areas is useful and economically viable only if it provides promotion of natural resources and eco-systems, implementing a policy for environment protection, sustainable management of natural resources and respecting the principles of work - "from man to nature" and "nature for man".

The developmental concept of rural entrepreneurship using the opportunities offered by digitalization consists of: continuous monitoring of the contemporary processes of work through timely sharing of information and opportunities, evaluation of the offer, evaluation of the needs of tourists and meeting the needs of the tourists who visit rural areas at a specific time.

Methodology of the research

In order to perceive the information and the need for digitalization in the work of small enterprises in the field of rural tourism and other alternative forms of tourism, practical research was conducted. By applying the survey questionnaire, which consisted of 10 questions from a judicial aspect, the survey was conducted in 85 entities - small and medium-sized enterprises that carry out a certain business activity in the field of tourism. The research was conducted in the period from September 2017 until the

end of December 2017. The questionnaire was sent to 85 enterprises and 68 of them showed interest and answered the questions from the questionnaire.

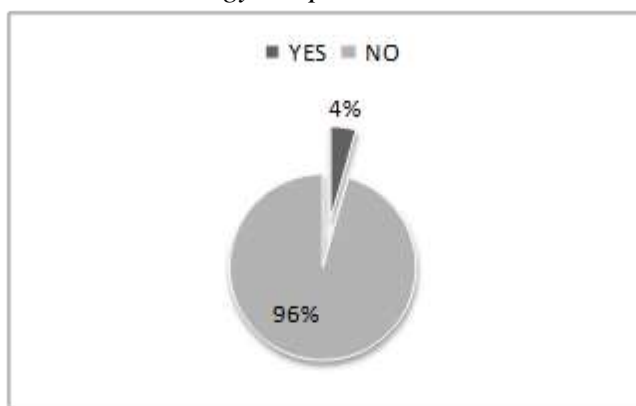
The survey was conducted in order to perceive the real situation as to whether entrepreneurs were informed about the possibilities of digitization in their business in the rural sector. Also, through the answers of the questions, is realized the real need of existing and implementation of the digital ways of working in the field of rural tourism on the territory of Macedonia.

Results of research

According to the received answers to each question, it is concluded that the first question - Are you ready to introduce modern e-technology in the operation?, the majority of the enterprises declared themselves negative, i.e. 65 companies declared that they are not ready to introduce modern e-technology in operation and only 3 enterprises are ready to introduce modern e-technology in operation.

The obtained results from the first question are shown in Figure 1.

Figure 1: *Graphs display the results of the question - Are you ready to introduce modern e-technology in operation?*

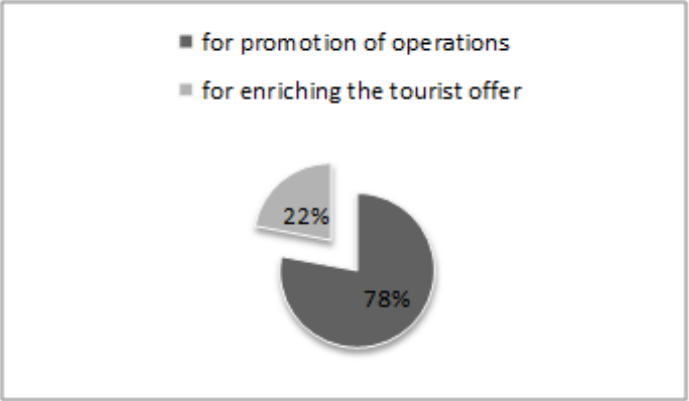


Source: *Own research*

The second question: Are you ready to introduce e-technology to promote business processes or to enrich the tourist offer ?, a large number of surveyed entrepreneurs or 53 entrepreneurs said that they are considering

to introduce new forms of work to promote and improve the tourist offer but not for the digitization of business processes, and 15 entrepreneurs said that they could introduce digitization in both segments. The obtained results are shown in Figure 2.

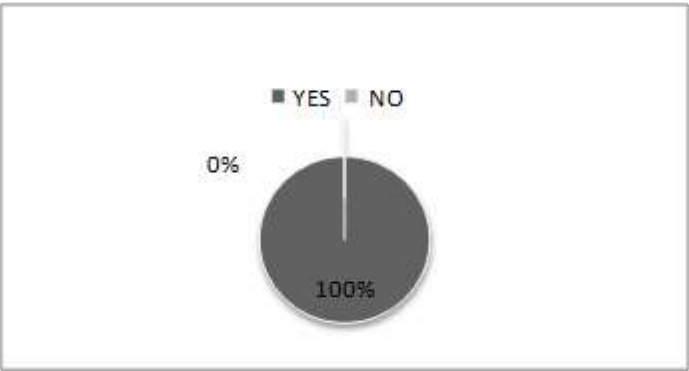
Figure 2: *Graphs display the results of the question - Are you ready to introduce e-technology to promote business processes or to enrich the tourist offer?*



Source: *Own research*

The next question - Do you need support in the process of introducing e-technology?, all surveyed entrepreneurs or 68 enterprises have declared that they need support in the process of introducing e-technology in their operation. Figure 3 shows the obtained results.

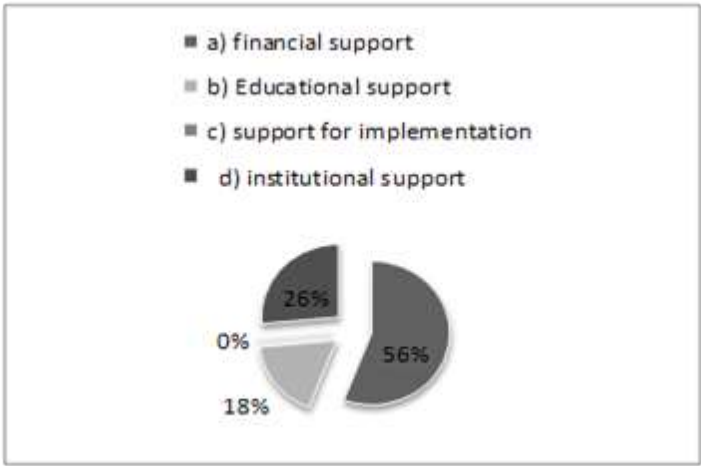
Figure 3: *Graphs display the results of the question - Do you need support in the process of introducing e-technology?*



Source: *Own research*

The next question that concerns the explanation of the surveyed entrepreneurs about the kind of support they most need, i.e. - What type of support do you need - financial support, education, support for implementation or institutional support?, the majority of the surveyed or 38 entrepreneurs stated that they needed financial support, 12 entrepreneurs said they needed education, and 18 entrepreneurs said they needed institutional support. Figure 4 shows the results obtained graphically.

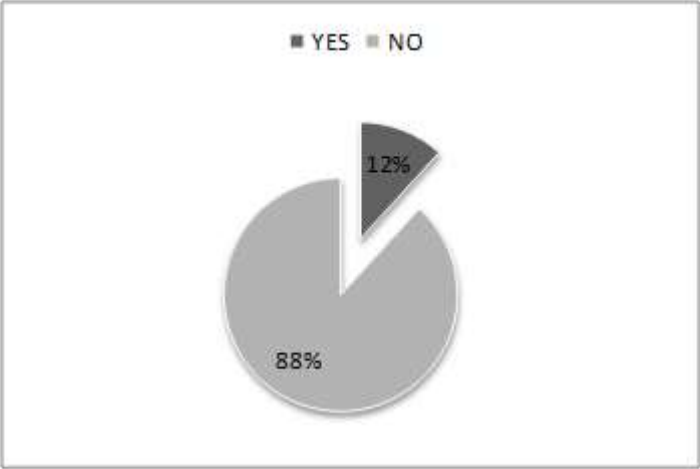
Figure 4: *Graphs display the results of the question - What kind of support do you need - financial support, education, support for implementation or institutional support?*



Source: *Own research*

To the question - Are you informed on what constitutes digitalization in the field of rural tourism? Almost all of the surveyed entrepreneurs or 60 entrepreneurs stated that they need to be informed about the opportunities and advantages of using digital assets and 8 entrepreneurs are informed in part. Figure 5 shows the obtained results.

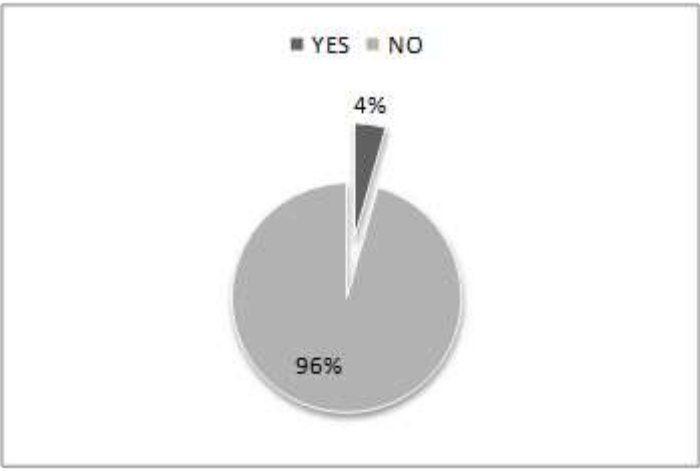
Figure 5: *Graphs display the results of the question - Are you aware of what digitalisation in the field of rural tourism is?*



Source: *Own research*

The sixth question - Are you ready to invest in the field of digitization in the rural sector?, the majority of the entrepreneurs who participated in the survey or 65 respondents are not ready and do not plan to invest in this segment of operation, only 3 respondents answered positively. The following picture shows the observations received on this issue.

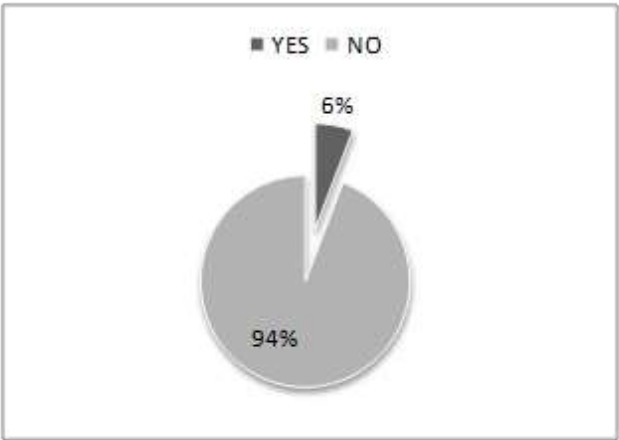
Figure 6: *Graphs display the results of the question - Are you ready to invest in the field of digitization in the rural sector?*



Source: *Own research*

To the question - Do you think there is a need for digitization in the rural sector ?, almost all the companies have declared that they do not need to introduce digital forms of work, or 64 entrepreneurs believe that there is no need for digitization, and only 4 entrepreneurs consider digitization in operation is needed in this sector. Figure 7 gives a graphical overview of the results obtained.

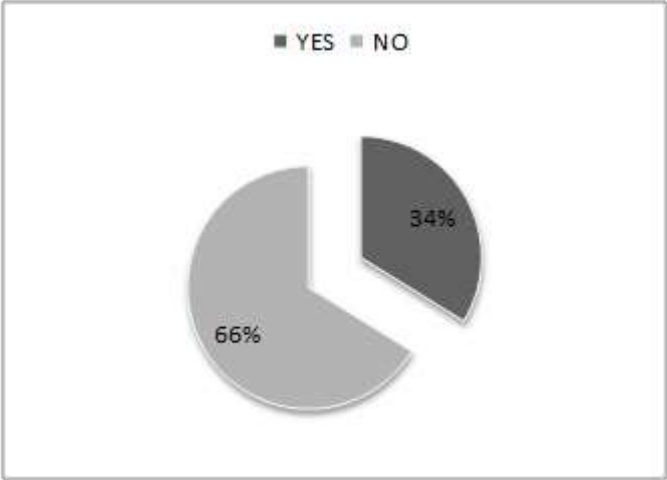
Figure 7: *Graphs display the results of the question - Do you think there is a need for digitization in the rural sector?*



Source: *Own research*

According to the received answers to the question - Are you informed about the possibilities offered by digitalization in the operation ?, we concluded that 45 entrepreneurs are not informed about the effects and opportunities from the application of digitization in the operation, and 23 entrepreneurs think that they are informed about the opportunities that they have in the field of digital forms of operation. The answers received are shown in Figure 8.

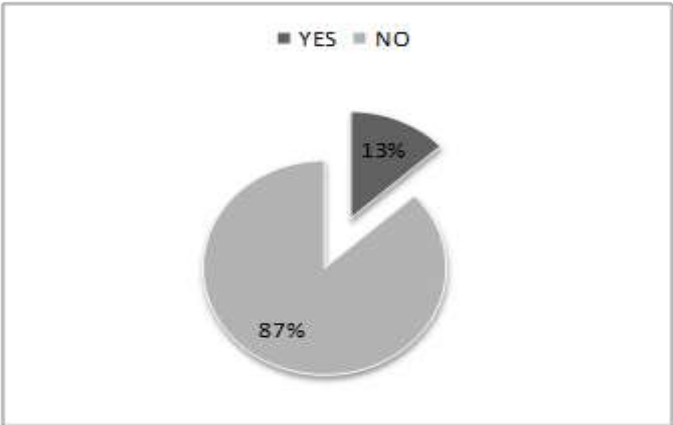
Figure 8: *Graphs display the results of the question - Are you informed about the opportunities offered by digitization in the work?*



Source: Own research

On the penultimate question - Do you use certain digital modes of operation in the work ?, the majority of the respondents or 59 entrepreneurs answered that the previous work is not based on the application of digital ways of working, i.e. digitalization is not present in the operation. Only an insignificant part of the respondents or 9 entrepreneurs stated that they use digital working methods in their work. These results are shown in Figure 9.

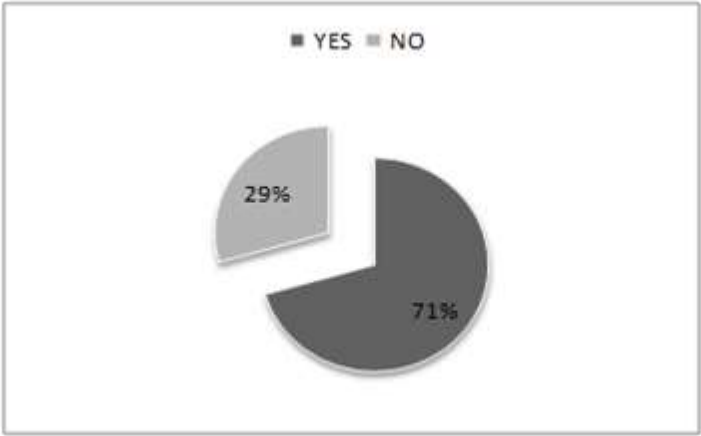
Figure 9: *Graphs display the results of the question - Do you use certain digital modes of operation in your work?*



Source: Own research

To the last question - Do you consider that digitization in the rural sector is a factor in improving the operation? Most of the interviewed 48 entrepreneurs stated that digitalization is a factor for improving the work in the field of rural tourism, and 20 entrepreneurs believe that digitalization in the work does not can contribute to the improvement of operations. The obtained observations of the last question are shown in Figure 10.

Figure 10: *Graphs outline the results of the question - Do you think that digitization in the rural sector is a factor in improving the operation?*



Source: *Own research*

Table 1 gives an overview of the survey questionnaire and the observations from the obtained answers.

Table 1: *Demonstration of the survey questionnaire and the observations from the conducted research*

Num.	Questions	Answer Yes	Answer No
1.	Are you ready to introduce advanced e-technology in your work?	3	65
2.	Are you ready to introduce e-technology to promote business processes or to enrich the tourist offer?	53 for promotion of operations	15 enriching the tourist offer
3.	Do you need support in the process of introducing e-technology?	68	/
4.	What kind of support do you need? a) financial support	38-financial support	

	b) Educational support c) support for implementation d) institutional support	12 - education 18- institutional support	
5.	Are you aware of what digitalisation is in the field of rural tourism?	8	60
6.	Are you ready to invest in the field of digitization in the rural sector?	3	65
7.	Do you think there is a need for digitization in the rural sector?	4	64
8.	Are you aware of the opportunities offered by digitization in the workplace?	23	45
9.	Do you use certain digital ways of working in your work?	9	59
10.	Do you think digitization in the rural sector is a factor in improving the work?	48	20

Source: *Own research*

Conclusion

New trends in demand for travel services and emerging trends alter the needs of tourists and encourage the development of rural entrepreneurship, which is a process that guides entrepreneurs to think about harnessing the opportunities of rural areas. Basic characteristics of rural tourism are connected with clean, peaceful and healthy environment, absence of noise, home-made traditional food, close communication relations with the hosts i.e. owners of tourist objects-entrepreneurs and acquaintance with the so-called rural things.

The application of information technology in operation facilitates and accelerates the process of transmission and exchange of information. The information is shared with many recipients. Simply, the possibilities for information exchange are unlimited. Therefore, in today's conditions of operation, information and information technology are key factors in the operation and planning of future business activities. But the impact of digitization in the rural tourism sector is specific.

On the one hand, tourists are with their wishes arising from the need to escape from the overwhelming daily obligations and dynamic developments. On the other hand, changes in the operation of the enterprises themselves are evident as a result of the application of e-technology in the operation. Through the findings obtained from the research conducted in this paper as well as on the basis of theoretical review within the framework of labor, it can be concluded that the entrepreneurs working in this sector are not informed about the possibilities that digitization gives and are not ready to invest in this segment. The obtained results of the conducted research confirm the established hypothesis that digitalization has an impact on the development of rural tourism, so there is a strong need for information and financial support in this sector. In order to overcome this situation, a systematic approach for encouraging and supporting the process of introducing modern e-working methods should be applied by introducing incentive financial programs and supporting ways to promote entrepreneurship awareness. The digitization process in rural areas is useful and economically viable only if it provides promotion of rural resources and eco-systems as it implements a policy for environmental protection and sustainable natural resource management.

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