

Enhancing competitiveness of Serbian rural tourism through the process of clustering

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ABSTRACT

The rural areas of the Republic of Serbia cover more than 80% of the territory and the results of the Census of population 2011 shows that on in these areas living approximately 44% of the total population. From these data it can be concluded about the importance that rural areas can have for the overall economic development of the country. However, rural area are still burdened with many problems (depopulation, migration to urban centres, reduced the volume of investments, etc.). Rural tourism has seen as an economic alternative which can run these negative trends to the opposite direction. Intensive development of rural tourism in Serbia started in the nineties and in different parts of the territory it took different forms. Priority question is how to strengthen the competitiveness of rural tourism destinations. Given the fact that the tourist industry includes a large number of different factors which is necessary to make tourist product, solution has seen on better way how to organize it and make better connections between all stakeholders in order to enhance tourist competitiveness. In this sense, strengthens the role of the clusters. This paper highlights the potential of development rural tourism in Serbia using clusters and indicates the possibility of strengthening the competitiveness of rural tourism destinations.

Keywords: rural area, tourism, cluster, destination, agriculture

INTRODUCTION

The reason why rural tourism in Serbia didn't gets the role which belongs to it, is the fact that it not organized on the way that it is in countries that achieve far better results. One of the ways that can improve the organization and significantly affect the positive development of rural tourism is the process of clustering.

The concentration of clusters is highly instrumental in encouraging small and medium businesses. Expected that the implementation of the clusters will foster the development of SMEs and eliminate all negative trends plaguing the life in rural areas.

DEFINITION, CHARACTERISTICS AND CONDITIONS FOR CLUSTER DEVELOPMENT

Clusters represent a relatively new model of economic development. It is a development that provides networking, business and non-economic factors in one a geographic area in order to achieve common and individual goals. The aim of the cluster merger is to create additional value per unit.

More intensive research on the geographical concentration of enterprises and connection in a given geographic area has caught the attention of scientist after work of Porter M. E., in 1990.¹ According to Porter, the cluster is:

„Geographic concentrations of interconnected companies and institutions in a particular field or activity, however, as a critical mass of companies and institutions in one place of unusual competitive success in particular fields of activity“²

In the literature, are now widely used other definitions. So, for example, about Solvil, et al. (2008)³ defined cluster as:

„ ... group of companies and institutions located in a specific geographic area that are linked to the production of similar products and / or services..“

According to the definitions can be derived and the basic characteristics of the cluster:

- 1) location in a specific geographic area,
- 2) mutual cooperation among member,
- 3) the concentration in one or more economic sectors in the region,
- 4) have a width (horizontal links among the participants) and have depth (vertical connections between members)
- 5) successful clusters are characterized by the existence of so-called social cohesion - "social adhesive"
- 6) there is intensive cooperation but also competition among members.

It is important to note that clusters:

- helping to reduce production costs and ensure productivity growth (based on the high specialization, the presence of specialized suppliers, better access to inputs and markets, etc..)
- allow achieving better prices in the market;
- improve the quality of products and services;
- improve promotional activities;
- contribute to the growth of innovative enterprises engaged in cluster;
- encourage the development of entrepreneurship, the creation of new businesses and provide employment growth in the region, or the geographical areas in which it operates;
- allows the use of government programs: building and improving physical and information infrastructure, the development of public institutions, technology transfer and development laboratories, construction of cargo logistics centers, organizing training programs, organizing joint participation in fairs in the promotion of exports and so on.;
- contribute to increasing the competitiveness of the market and so on.

Speaking about competition among enterprises within a cluster, it can take place on two ways: directly and indirectly. In most cases, it is the indirect competition, which takes place over horizontally networked entities involved in the different markets.

¹ Porter M. E., (1990): *“The Competitive Advantage of Nations”* Macmillan, London

² Porter, M. E., (1998): *“Clusters and the New Economics of Competition”*, Harvard Business Review, November-December 1998, p. 78.

³ Solvell O., Kelts, C., & Lindquist, G., (2008), *Industrial specialization and regional clusters in the ten new EU member states*, Competitiveness Review: An International Business Journal incorporating Journal of Global Competitiveness 18 (1/2), p. 104-130.

The assumption is that the development of clusters should be based on the initiative of companies, respectively that it should start by clearly trimmed their needs and desires for joining the cluster, as well as their commitment to the organization, cooperation and teamwork.

As the most important support for clusters in government policy should be eliminated all unnecessary restrictions in the growth and development of SMEs. The most important role of the state in the creation of such conditions, or creating simultaneously microeconomic business environment includes:

- developed public sector, which are a prerequisite for building trust, respect and security contracts, property rights, joint ventures and the like.
- stimulating investment and innovation policy;
- stimulating tax policy and developed financial market and the labor market;
- developed a policy of competition protection in the market (regulation of monopoly, a company with a dominant position in the market and so on.);
- развијену пословну инфраструктуру
- developed business infrastructure.

CLUSTERS IN THE TOURIST DESTINATION

By learning the Porter, the famous "*diamond model*" includes four groups of forces, which in their relations, which determine competitiveness: 1. demand conditions; 2. market structures/organization/rivalry/strategy/tourist companies; 3. sector support; 4. factors conditions. Can be considering that the most competitive cluster provides the best conditions for the realization of the above.

Management of tourist destinations includes the interconnection of different subjects on different levels, which is consistent with the definition of clusters and their development. Destination marketing organizations can and should take the task of creating conditions for strengthening cooperation and coordination of all stakeholders which contribute to the development of tourism in a particular geographic area respectively region.

In this regard it is important to establish cooperation between the public and private sectors, to ensure this kind development and promotion of tourism specific area. As a condition for cooperation is necessary and appropriate budgetary support.

Study by the *World Tourism Organization* - UNWTO (2006) suggests the cooperation of private and public sector, which is based on four key areas: 1 improvement of conditions for destination attractiveness; 2 improving destination marketing; 3 productivity growth; 4 improving the management of tourism system.

The assumption is that with the cooperation in these four areas will increase competitiveness of the destination. In the same study, in this context, was presented definition of competitiveness:

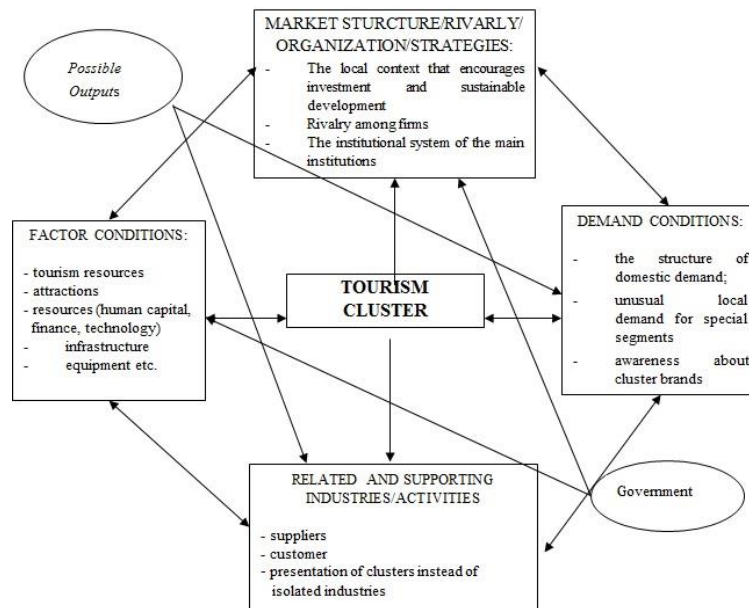
„Destination ability to successfully compete to their rivals, to create wealth above the average, to hold it in long term, with minimum social and ecological price.“⁴

The cluster in tourism can be seen as a necessary connection between group companies (private sector), and other factors in order to become competitive in certain destinations.

⁴ According UNWTO: "*Partnership in order to strengthen the competitiveness of tourism*", journal *Типичности и проблеми* No. 5, 2006. p.36.

These factors include tourism infrastructure, superstructure, and other elements of which are written in detail Ritchie and Crouch in his model in 2003⁵ in their model of competitiveness.

Figure 1. „Model diamond“ Porter, M. E. applied to the tourism cluster



Source: Djurašević S., (2009) „Relation between tourist destination and clusters“, in „Management of tourist destinations“, University of Singidunum, Belgrade

Elements which determine "diamond model" are also the elements that determine destination competitiveness. It can be said that the most competitive tourist cluster is in a position to most effectively "realize" its constituent elements. If we consistently understand Porter's study, it is assumed that the elements of the model are in strongest connection in clusters where the highest level of specialization recorded.

Djurašević, (2009) states the benefits brought by tourism clusters:

„ ... in the context of tourism supply chain, clusters provide focus which is needed entrepreneurs, governments and institutions to align their efforts to specific competitiveness, added value and its conservation, as well as targeted export performances.

A tourism enterprise, as integral parts of the cluster provides a number of benefits:

- easier to increase their commercial expectations by taking advantage of quick access to market information;
- the ability to obtain specialized inputs and technical support is much simpler and more cost-effective;
- participation in consortia during large orders;
- enables the strengthening of market development and promotional expenses;
- use group transport in order to minimize transportation costs;
- cost-sharing for ISO certification etc.... etc.

...In short, the clusters in tourism would allow companies to tend to new efficiency and to keep value-added in framework of its own tourism supply chain.“⁶

⁵ J. R. Ritchie, Geoffrey I. Crouch (2003): „The Competitive Destination – A Sustainable Tourism Perspective“, CABI Publishing, CAB international, Wallingford, Cambridge, United Kingdom

⁶ Djurašević S., (2009) „Relation between tourist destination and clusters“, in „Management of tourist destinations“, University of Singidunum, Belgrade, p. 119. according from Kelts, Ch., & Solvell, O., (2006) Clusters in the EU – 10 new member countries, Europe Innova.

TERRITORIAL APPROACH TO THE DEVELOPMENT OF RURAL TOURISM CLUSTERS IN SERBIA

In the "Tourism Development Strategy of Serbia" (2007) assumed territorial approach. Serbia is divided into four tourism clusters: Vojvodina, Belgrade, Serbia South-West, South-East Serbia.

The proposal emphasizes that "is not based on administrative boundaries that currently exist within the country, but primarily based on rational footings in different forms of economy experiences that in some parts of the country can develop clusters."⁷

In this sense, based on a census tourist factors and attractors in table is suggests which activity of rural tourism can be developed in suggested clusters (Table 1).

Table 1. Territorial distribution of rural tourism clusters in Serbia

Rural tourism	Tourist clusters			
	Belgrade	Vojvodina	Southwest Serbia	Southeast Serbia
Rural experience	*	***	***	***
I. Activities in nature				
a) Hunting	-	-	-	-
b) Fishing	*	***	**	-
c) Bicycling	*	***	*	*
d) Riding	*	***	**	**
e) Walks	*	**	***	***
f) Bird watching	*	*	*	*
g) Other	-	*	***	-
II. Activities related to culture				
a) Tours of the cultural heritage	-	**	***	***
b) Food tour	***	***	***	***
c) Tours religious heritage	-	**	**	**
d) Other	-	-	-	-
A high priority *** Medium priority ** Low priority *				

Source: Tourism Development Strategy of the Republic of Serbia (2007), Second Phase Report, p. 91st Horwath Consulting Zagreb and the Faculty of Economics, Belgrade

In "Master Plan to sustainable development of rural tourism in Serbia" (2011) is given strategy of cluster development of rural tourism. As in the "Strategy" and also in the "Master Plan" was kept a territorial approach. Clusters were developed by the Census of attractor factor present in a particular territory and the Master plan made their grouping according local "Master Plans" for tourism development in appropriate areas of the Republic of Serbia...

In this sense, it is suggested that the existence of 12 clusters of rural tourism (CRT), which represent the potential for tourism development in certain geographic areas. The same are present in Table 2.

Table 2. Clusters of rural tourism developed throw on the territorial approach of the "Master Plan for sustainable development of rural tourism in Serbia", 2011.

Cluster Development Strategy of Rural Tourism in Serbia	
Group CRT 1.	CRT 1. Golija
	CRT 2. Zlatar, Zlatibor

⁷ Tourism Strategy of the Republic of Serbia, (2007), the contracting authority Ministry of Trade, Tourism and Services, RS, "The first phase report," 24 November 2005, p. 117.

	CRT 3. Kopaonik
	CRT 4. Central Serbia
Group CRT 2.	CRT 5. Lower Danube
	CRT 6. South Banat
Group CRT 3.	CRT 7. Sokobanja
	CRT 8. Eastern Serbia
	CRT 9. Southeast Serbia
Group CRT 4.	CRT 10. Fruška gora
	CRT 11. Upper Danube
	CRT 12. North Vojvodina

Source: „*Master Plan for Sustainable Rural Tourism Development in Serbia*“, p. 87-88.

The rationale explanation of the territorial division of the "*Master Plan for Sustainable Development of Rural Tourism*" means:

- „These 12 CRT are territories appropriate to be developed for rural tourism.
- These 12 CRT are the result of diverse and rich resources (including natural, cultural and other, which is given in detail in section FAS Diagnostic Report), which are closely linked with the development of rural tourism experience.
- Of the 12 CRT, 10 had already been identified for development under the terms of the master plan for development of tourism that are already defined.
- These CRT showed a high degree of variety of resources across the territory, including various types of attractors (mainly natural and cultural) and natural factors. In certain areas there is a relatively high concentration of attractors and factors. However, the attractors in the form of centers of activity is relatively small compared to the natural and cultural attractors.
- If the budget allows, all these 12 CRT must be developed.
- However, given that the implementation of the Master Plan for the development of rural tourism have budget limitation, these 12 CRT are still ranked for investment.
- CRT includes four target regions of the project: the Lower Danube (CRT5), southern Banat (CRT 6), central Serbia (CRT 4) and eastern Serbia (CRT 8).⁸

Hereinafter referred to as the "Master Plan" to give an explanation for this territorial division and ranking priorities for future development.

MODEL OF FUNCTIONAL CONNECTIVITY TOURISM AND AGRICULTURE THROUGH CLUSTERS

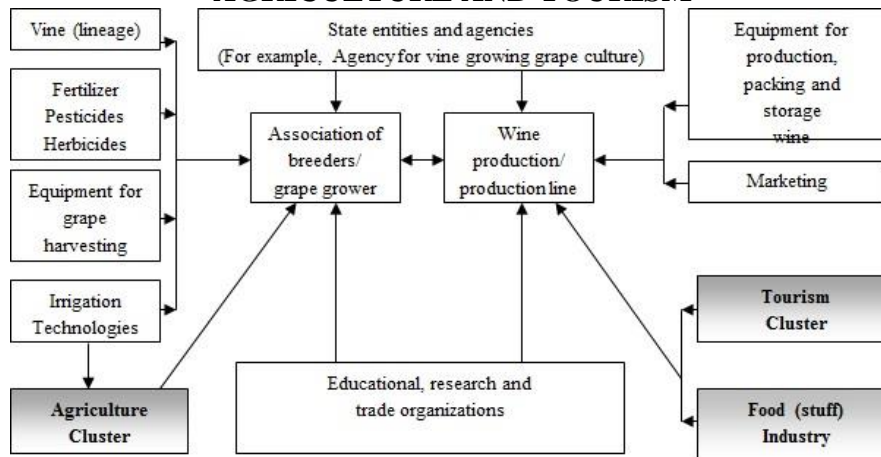
The rural tourism based primarily on the complexity which can be describe by its definition, it is possible to connect two or more clusters to provide tourists' rural destination experience. In this way, the basic marketing and managerial roles are done, and that is throw the satisfaction of the final consumers (tourists) it can be realize interests of all stakeholders in the tourist value of chain, and that is to create profit.

Example of "cluster functions" of agriculture and tourism will be presented through the "wine tourism". The wine represents a great opportunity which stands in front of the Republic of Serbia, based primarily on its resource capabilities to produce the same (Fruška gora, Vršac, Župa, Negotin, Prokuplje etc.).

⁸ „*Master Plan for Sustainable Rural Tourism Development in Serbia*“, p. 87-88.

Otherwise, the model can be interpreted, or moving construed through other forms of agricultural production, which is closely related to the development of tourism in some of the rural areas.

Figure 2 CLUSTER MODEL IN THE FUNCTIONAL LINKING AGRICULTURE AND TOURISM



Source: Porter, M. E., (2008): „*On Competition*“, Harvard Business School press, p. 204.

The cluster of wine production involves a large number of factors. They can be divided into primary and secondary activities. They are complementary and as more members are connected through common interests, achieved a higher degree of cluster networking. In this way we achieve greater compactness and create better conditions for specialization in the production and provision of appropriate services for tourists who are interested.

Viticulture and wine production process are directly related. As a rule, there is a strong link with the agricultural cluster. Tourism and hospitality respectively tourist clusters can, and in many cases find their interest in connection with these types of agricultural clusters.

States that have so far achieved the best results in the development of wine tourism are France, Italy, Spain, Portugal, California, Georgia, and so on. Given the potential that Serbia has, it should follow the practices of successful countries worldwide. This applies not only to the production of wine (wine tourism), but can also refer to other forms of connectivity of Agriculture and Tourism.

Given that the highest degree of correlation between tourism with agriculture achieved through the sale of agricultural and food products to tourists, tourists placement of these products can be carried out in direct and indirect ways.

CONCLUSION

The problems plaguing the life in rural areas require finding ways to overcome the present negative trends. Alternatives are in the development of the rural non-agricultural economy and rural tourism. Expectations are that rural tourism is enabled:

- absorb the surplus labour force and reduce unemployment,
- reduced risk for agricultural producers,
- ensure the survival of farms at a time when agricultural production is threatened or destroyed,
- contributed to the increased use of the comparative advantages of rural areas (natural, physical resources, location, labour costs, etc.).
- contributed to the acceleration of economic growth in rural areas,
- improve the overall quality of life etc..

In that sense, it is necessary to carry out the organization of all holders of tourism and concentration of interconnected companies in order to create a critical mass of institutions and

companies in one place, in order to increase competitiveness. In that sense, playing important role cluster connectivity. Developing clusters should be based on the initiative of companies, that is, it should start by clearly trimmed their needs and desires for the merger, as well as their commitment to the organization, cooperation and teamwork.

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