



*Review paper*

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## DEVELOPMENT OF SMALL BUSINESSES IN TOURISM IN THE LAKE SKADAR NATIONAL PARK

*Silvana Đurašević\**<sup>1</sup>

\* University “Mediterranean”, Faculty of Tourism, Bar, Montenegro

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**Abstract:** The subject of paper is a study of the possibilities for the development of small businesses and enterprise in the region of the Lake Skadar National Park, with an emphasis on a marketable tourism product. In a time of transition such as this, progress in the economy and therefore in tourism is highly dependent on the creation of a range of tourism products that are attractive both to the major consumer segments and to the niche market. Their successful promotion is intended to secure economic growth and a higher standard of living for the local population. The basic methodological approach has been secondary research, based on existing bibliographical sources. Primary research has included field visits, surveys of the local population, interviews with relevant representatives of small businesses and of the National Park and analysis of the results collected. The findings point to a need for change in the economic structure in favour of the development of small business and enterprise and for their networking with the objective of creating competitive products, facilitating employment and securing access to the market. In order to breathe life into this as yet underdeveloped region, potential sources of financing need to be secured and greater initiative on the part of the national and local government is needed. The cluster model is also considered herein as a way of halting economic and social decline in the local population, especially in terms of connecting the more developed southern region with the undeveloped north. Since the discussion concerns business development in an area that is under a special protection regime – which requires continual monitoring of carrying capacities – a priority in future development must be the sustainability of the natural and economic system in this region.

**Key words:** small business, niche tourism, economic growth, sustainable development

### Introduction

In line with the Tourism Development Master Plan (Ministarstvo turizma Crne Gore i DEG 2001) and the innovated Montenegro Tourism Development Strategy until 2020 (Ministarstvo turizma i zaštite životne sredine i DEG, 2008) the strategic objective of the development of tourism is the creation of a high-quality tourist destination founded on the principles of sustainable development. In order to achieve the stated goal in all regions of Montenegro, those resources with potential in the development of tourism and related businesses need to be recognised and evaluated. Protected natural areas justify their own existence as

<sup>1</sup> Correspondence to: silvanadj@t-com.me

their value is made known to humans, and one of the most effective ways of utilising such areas is by all means through tourism (Ćurčić, 2003).

In administrative terms the Lake Skadar National Park falls under the territory of three municipalities: Bar, Cetinje and Podgorica. It lies between two of the most developed areas of the country in terms of the economy and tourism – to the north, the capital city of Montenegro, Podgorica, and to the south the Montenegrin coast. The economic and socio-economic environment of the capital city has a powerful influence on the economic development of this region. Podgorica, with its population of 200,000, represents a major emitting market for the Park, and the park itself, with its attractions, draws numerous day trippers from the capital. The Lake Skadar National Park is an important component of the tourism product of the municipality of Bar, a large part of the trade being handled through travel agencies, which bring guests on organised trips into the Park, especially during the summer months. The municipality of Cetinje is connected to the Park primarily via the historic village of Rijeka Crnojevića<sup>2</sup>, where indeed the greatest impact of Cetinje can be felt (JPNPCG, 2011).

These favourable geographic factors contribute to fulfilling a very important prerequisite for leveraging the available resources and thus developing small business in tourism and in related industries such as agriculture and especially fisheries, that being accessibility and complementarity with producers from surrounding populated areas and further afield. The close proximity of suppliers and good networking between them is essential for activating entrepreneurial potential (Lajović, 2006). The proximity of the Zeta Plain and surrounding mountains, where vegetable and fruit farming is well developed, particularly cultivation of grapevines of the native *vranac* and *kratošija* varieties, is a good starting point for the marketing of homegrown produce for consumption by tourists. In the tourism value chain of the Lake Skadar region, beside the potential for use of homegrown produce from the network of local producers, the accessibility of this area is very significant for tourist arrivals, especially ongoing arrivals by daytrippers and transit travellers. Or, as Cooper et al. (1993) put it, the development and maintenance of effective transport connections to

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<sup>2</sup> Rijeka Crnojevića was named after Ivan Crnojević, Montenegrin ruler in the period 1465–1490 who, fleeing before the Turks, relocated his capital to Obod, the hill above Rijeka. The remains of historic buildings have been preserved in the village, such as those of the Obod print house where the first south Slavic Cyrillic script book, the *Oktoih prvolglasnik* (Octoechos of the First Tone), was printed in 1494. The first pharmacy in Montenegro operated here, as well as the first weapons workshop. During the 19<sup>th</sup> and in the early 20<sup>th</sup> century, Rijeka Crnojevića was the largest Montenegrin port and a leading centre of trade.

generators of tourism demand are of vital importance for the success of a destination.

### **Subject, objective, research methods and materials**

*Subject of the research:* This paper has been designed to highlight the potential and need for the development of small business and enterprise in tourism in the region of the Lake Skadar National Park, with the objective of securing economic growth and improving the standard of living for the local population.

*Research objective:* To examine the needs, motives and readiness of the population to engage in tourist activities. Since new business activities constitute a risk to the environment, and tourism is a sector of the economy which requires the significant leverage of entrepreneurship in order to secure the variety of products and services needed to meet growing demand for new types of tourism experience, a key question arises: How to stimulate entrepreneurship towards sustainable tourism development?

*Research method:* Secondary research is based on existing bibliographical sources. Primary research has included field visits, surveys of the local population and interviews with relevant representatives of small businesses and the National Park.

If there is to be development of small and medium business and enterprise at this moment in time, the population must appreciate the benefits, first and foremost the economic, but also the cultural, social and environmental benefits. To this end, in conducting primary research for the project titled "Types of sustainable tourism in the Lake Skadar National Park aimed at economically activating natural and cultural resources", in which the author has participated as a team member, a survey of the local population has been carried out,<sup>3</sup> which we will partially draw on in this paper in order to gain an overview of the needs, motives and readiness of the population to become involved in the tourism services sector: accommodation services in own holiday houses, food and beverage services, local transport, lake travel, travel agencies and services in the areas of culture, sport and recreation.

The survey was carried out using a structured questionnaire with closed-ended questions, for which the subjects were offered answer choices which were not

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<sup>3</sup> Team from the Bar Faculty of Tourism (2013), population survey carried out in the populated areas of Bar, Dodoši, Godinje, Karuč, Murići, Ostros, Podgorica, Plavnica, Rijeka Crnojevića, Sutomore, Virpazar and Vranjina.

suggestive and did not take a great deal of the subjects' time. A sample of 51 respondents was used,<sup>4</sup> made up of employed people, unemployed people and pensioners, people from different industries, different populated areas (footnote 3), those working in both the private and public sectors, those working in agriculture (winegrowing and other business activities), those deriving their entire income from tourism, some income or no income at all, and of different education levels, ages and genders. So even though the group of respondents is not large it is heterogeneous in structure and encompasses all types that are of relevance for understanding the attitudes of the population towards the key issues for the development of entrepreneurship.

In compiling the survey, special attention was given to the structure of the questions. The questions in the first section relate to the current level of development in the tourism and hospitality sector in the Park, as well as in related activities such as agriculture – fisheries in particular, viticulture and viniculture. The second section is crucial and comprises questions relating to the objective of the research itself.

The survey was based on the recommendation of the European Commission (EC, 2002) that new forms of entrepreneurship be looked into – ones which integrate environmental and social factors with economic factors with the aim of contributing to sustainable development.

*Demographic structure of populated areas:* There are 17 populated areas in the Lake Skadar National Park, varying in size (from 6 to 543 inhabitants) and type of settlement, structure of everyday life, development of infrastructure and economic power. These settlements are fragmented, distributed along the lake shore and poorly connected in terms of infrastructure. Excepting Virpazar, Rijeka Crnojevića and Vranjina, which are settlements of an urban type, the other settlements are very dispersed and of small average size (CAU, 2001).

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<sup>4</sup> According to the 2011 census, the municipalities of Podgorica, Bar and Cetinje have a total population of 244,642, or 39.46% of the overall population of Montenegro. A representative statistical sample of the total population of Montenegro is 100 respondents, while the maximum total number of local residents surveyed is 39. The sample for this survey comprised 51 households, thus the sample is relevant (the average household comprises four members).

Figure 1 gives an overview of settlements in the area of the Lake Skadar National Park.



Figure 1 - Map of settlements in the area of the Lake Skadar National Park.  
Source: Centar za preduzetništvo i ekonomski razvoj (CEED, 2007)

The trend of migration away from rural areas continues, especially among young people who are moving to the towns or at least working in them. Ageing and abandonment of the villages is an increasing problem which demands urgent action (Reperger et al., 2010). The decline in the population jeopardises the existence of traditional settlements, and where there is no active working population development is seriously called into question. The impression gained is that the majority of the population is unaware of the potential of rural environments and of the implementation of entrepreneurial activities in them and therefore has not adequately made use of this potential (Gulan, 2007). Urbanisation carries with it negative changes in the demographic structure, resulting in the neglect of primary agricultural production, vegetable-growing, traditional rural crafts and, in general, the authentic lifestyle characteristic of the region (CEED, 2007).

One approach to resolving this problem is in the development of small and medium business and enterprise in the area of tourism and related business. Analysis of existing theoretical research (Bakić et al., 2011; Reperger et al., 2010), field visits and analysis of the local population survey<sup>5</sup> point to a

<sup>5</sup> The survey was carried out as part of the project titled “Sustainable development of tourism and complementary activities in the Lake Skadar National Park”, 2013.

diversity of entrepreneurial initiatives which have the potential to stimulate the development of the tourist product. The development of entrepreneurship in the Park requires a broad approach involving not just holiday and leisure capacities for eco-tourism but also a range of other activities. As Bakić et al. say (2011), there needs to be a determination of the push factors that motivate people to visit particular places of interest and of the corresponding pull factors – specially designed attractions that offer some unique way of achieving overall tourist satisfaction within specific forms of tourism. Demand for this type of package is still limited to specialist market niches, but the growing trends that emphasise quality of life and a healthy environment indicate the need to adapt tourist products to meet this major new factor (Đurašević, 2007).

### **Analysis of conditions in small and medium enterprise**

The small and medium business and enterprise sector is becoming an increasingly important segment of the Montenegrin economy. With direct foreign investment, this sector could in the future become a lynchpin of economic development and a primary generator of new employment.

At the end of 2011, the number of active enterprises in Montenegro totalled 21,127. Small businesses predominate, at 98.7% (20,855), followed by medium-sized businesses at 1.1% (230), with a negligible 0.1% (42) classed as large businesses.<sup>6</sup> In the same period there were 2,944 active sole proprietorships<sup>7</sup> (Monstat, 2012). Although there are no 2011 figures for the number of micro-companies (0–9 employees), in 2009 these comprised 78.02% of the total number of small businesses and so it is estimated that micro-companies dominate in the breakdown of small enterprises. All this is indicative of weakness in terms of capital and number of employees and of the unlikelihood that these companies can become the agents of growth at the national level unless a more suitable business environment is created for them.

In order to improve the economic structure and create the conditions necessary for the development of businesses, the Montenegrin government has approved a strategy for the development of small and medium enterprises for the period 2011–2015 (Direkcija za razvoj..., 2010).

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<sup>6</sup> MONSTAT, classification of companies according to number of employees: small companies (0–49), medium (50–249), large (250–1000)

<sup>7</sup> A sole proprietor is a natural person conducting business on their own behalf for purposes of profit.

When complete (in 2015), the strategy should contribute to an increase of 25% in the number of small and medium-sized enterprises, an increase in the number of employees in them of 17%, an increase in their percentage participation in overall exports to 35% and an achieved percentage participation in gross domestic product, total investments, turnover, profit and gross value added totalling 50% (Direkcija za razvoj malih i srednjih preduzeća 2010).

#### *Legal framework and reforms*

Responsibility for the creation of development policy for small and medium business and enterprise rests with the Ministry of the Economy and the Directorate for Development of Small and Medium Sized Enterprises. The Directorate has created a support network of 11 regional and local business centres that provide a variety of information, advice and business services, as well as staff training (Direkcija za razvoj malih i srednjih preduzeća 2011). These centres are primarily located in the north of the country. Two incubator centres have also been opened, the Business Start-up Centre in Bar and the IT Business Incubator in Podgorica, tasked with assisting newcomers to business.

With the adoption of new laws harmonised with European Union regulations and reforms in the fiscal and financial system, the business environment in Montenegro has significantly improved. A suite of tax laws has made Montenegro one of the most competitive destinations for investment, with the lowest corporation tax rate in the region and still a lower value-added tax rate than in surrounding countries (Direkcija za razvoj malih i srednjih preduzeća 2010).

#### *Clusters as a model for establishing and promoting the development of small and medium enterprises*

The introduction of a new economic form, the cluster, is of particular importance in improving the business environment for the development of small and medium-sized companies in Montenegro. The key arguments to introduce the cluster model can be sought in the strengthening of competitiveness and growth in the capacity for creation of new jobs in micro-, small and medium enterprises, more evenly distributed regional development, trust-building between the private and public sectors and increased social cohesion, all of which, in this age of globalisation, gives additional reason to apply the cluster model in the development of tourism (Đurašević, 2007).

The 2012–2016 strategy for sustainable economic growth of Montenegro through the introduction of clusters (Ministarstvo ekonomije Crne Gore, 2012)

identifies 63 clusters in 21 municipalities in Montenegro, encompassing 6,200 companies and around 26,000 jobs, on which almost 9,500 households directly depend. As the focus in agriculture and tourism is on the development of “green” business, so association into business clusters is a formula for sustainable economic development.

The revised tourism master plan for Montenegro until 2020 (Ministarstvo turizma i zaštite životne sredine i DEG 2008), recognises six tourism clusters, including the Lake Skadar – Cetinje cluster where nature, sporting, rural and MICE tourism are singled out for development. The 2012–2016 strategy for sustainable economic growth through the introduction of business clusters, mapping clusters in agriculture, recognises 19 existing clusters and 15 potential ones, including the honey cluster in the Cetinje area.

### **Tourism infrastructure**

Entrepreneurial activity in the Lake Skadar region is centred around small tourism enterprises mostly involved in hospitality, the travel agency business and providing additional tourism services such as boat rides, cruises, manufacturing and selling souvenirs etc.

#### *Accommodation facilities*

Tourist accommodation facilities comprise the basis of the tourism business. Based on data collected through field research, from the Central Register of the Montenegro Commercial Court (2012), from internal documentation of the tourist boards of Podgorica, Bar and Cetinje and of the Lake Skadar National Park (2013), and from the Catalogue for the Lake Skadar Region (JPNPCG, 2012), Table 1 gives an overview of accommodation capacities within the Lake Skadar National Park.

Table 1. Overview of accommodation capacities within the Lake Skadar National Park, 2013

Type	Location						
	Donji Murići	Godinje	Virpazar	Rijeka Crnojevića	Prevlaka- Karuč	Vranjina- Lesendro	Plavnica
Collective accommodation							
Hotels	0	0	63	0	0	0	0
Villas	0	0	10	0	0	0	0
Individual tourist accommodation							
Private rooms	28	6	35	0	11	6	0
Apartments	0	0	62	17	4	0	8
Total	28	6	170	17	15	6	8

Source of data: Compiled by the author from the above-mentioned sources

Two of the key weaknesses of accommodation capacities in the Park are their insufficient number and standard of quality.

Taking into consideration the current level of development of individual settlements, and their potential for future development, Table 2 gives a projection of tourism capacities for 2015 and 2020.

Table 2. Projection of accommodation capacities for 2015 and 2020

Location	2015 projected				2020 projected			
	Basic accommodation	Camps	Traditional crafts	Total	Basic accommodation	Camps	Traditional crafts	Total
Ckla	0	0	20	20	0	0	24	24
Bobovište	0	0	20	20	0	0	24	24
Donji Murići	150	100	80	330	185	123	99	407
Krnjice	0	0	50	50	0	0	62	62
Godinje	0	0	50	50	0	0	62	62
Virpazar	110	0	50	160	136	0	62	198

Source of data: Radović (2013).

### *Travel agencies*

Travel agencies in this region do business providing services that enable visitors to enjoy an active holiday or recreation, a form of tourism that is today extremely popular among “modern nomads” of all age groups, first and foremost due to their stressful way of life. A variety of services are available to tourists: hiking, cycling, birdwatching, cruising, angling, kayaking, windsurfing, equipment rentals and more. Services are primarily offered in the villages of Virpazar, Rijeka Crnojevića and Vranjina, less so in the rest. Eight inbound travel agencies are registered in this region: Terrydab, Lotours, Pelikan, Ekoturs, Labeatis, Kings, Kormoran and Nordic (Centralni registar Privrednog suda Crne Gore, 2012); (JPNPCG, 2012).

In the future the focus needs to be on the further development of sustainable tourism: on environmental, scientific and educational, excursion, sporting and recreational and agricultural programming, all with an emphasis on experiencing nature, Montenegrin culture and the authentic rural way of life (CEED, 2007).

### *Wineries*

There are 16 wineries in total located in the Lake Skadar region, which form part of the Montenegro Wine Road tourist route (CERAJ, 2012). The Wine Road through Montenegro can be booked via travel agencies but is also offered

directly via the Internet. A Honey Roads tour can also be organised in the Cetinje region (JPNPCG, 2011). The Wine Tour run by the “Plantaže 13. jul” company, which is also situated in the region, in the Montenegrin Lake Skadar basin, includes a tour of their cellars, most interesting of which is the striking Šipčanik cellar.

#### *Lake trips*

The Park has a number of registered boat owners providing organised cruise services from Vranjina, Virpazar and Plavnica. These operate either as part of a company (usually a travel agency or hospitality businesses in terms of its primary business activity) or as sole proprietors for whom this is their only occupation. A total of 19 travel service providers are registered, of whom 7 operate under the auspices of a company while 12 operate as sole proprietorships. Their licences to operate are issued by the National Park (JPNPCG, 2011).

#### *Events*

Five traditional events and festivals are held in the Park, attracting numerous visitors from the coast and from Podgorica. These are the Festival of Wine and Bleak and the Festival of Nature and Culture in Virpazar, the Koštanijada (Chestnut Festival), the Days of Environment, Tourism, Culture and Sport in Plavnica, Murići, Rijeka Crnojevića and Žabljak Crnojevića and the Lake Skadar Trophy (angling competition) held on the path between the river Morača and the island of Lesendro (JPNPCG, 2012).

#### **Concept of sustainable development**

The concept of sustainable development seeks for balance between economic, social and environmental demands in order to meet the needs of the current generation without jeopardising the ability of future generations to meet their own needs (World Commission, 1987). In regions which are under special protection regimes, such as national parks, “the process of protection involves the implementation of a strategic, preventive and integrated approach through the definition of economic and environmental objectives, in order to implement sector-based policies intended to result in sustainable development” (own translation) (Simeunović-Bajić, 2011).

### *Carrying capacity of the Lake Skadar National Park zone*

Since in this paper we are investigating the potential for the development of small business and enterprise in tourism in the Lake Skadar National Park, we need to regard sustainable tourism as “a type of tourism that generates economic benefit for the local population whilst at the same time ensuring the preservation of the ecosystem and cultural heritage of the target region” (Petrović et al., 2012). Development will come closer to balancing these elements if its permissible boundaries can be determined. The recommended boundaries for the utilisation of a region and for the control of its development are determined through the calculation of its carrying capacity (Coccossis & Mexa, 2004).

This calculation is based on the optimal number of users that a destination can support if it wishes to achieve sustainable development (Pravdić, 2002), with no negative consequences for tourists or the local population. Due to the numerous factors that influence carrying capacity, there is no single method for determining it. Certainly one of the factors is entrepreneurial activity. Achieving sustainable development in a micro region involves developing local competencies and employment opportunities in conditions of environmental, economic and social stability (Reperger et al., 2010). The concept of carrying capacity is very complex and includes physical, economic, environmental and social types of carrying capacity (O'Reilly, 1986).

The physical aspect means the maximum number of people who can use a destination without causing undesirable changes to the physical environment and without unacceptable reduction in the quality of the visitor's experience (Mathieson & Wall, 1982; Simon et al., 2004). In this sense, there is a need to define tourist zones and target markets and elaborate the tourist product by way of the urban strategies of those towns to which the Lake Skadar National Park belongs (Podgorica, Bar and Cetinje). This would determine the size of the region and the number of visitors per m<sup>2</sup>.

The economic aspect refers to the ability of the destination to absorb tourist activity without degradation of the destination due to a disruption of resources (Maggi & Fredella, 2011). In other words, the principle of sustainability needs to be respected in the Lake Skadar National Park in order to avoid inefficient economic development and squandering of resources.

The environmental aspect relates to the natural environment. As nature itself has inherent value, and man as its constituent part has no right to irrevocably alter it, so every form of economic activity that damages biodiversity or natural resources is unacceptable (Pešić, 2002). The influence of industrial waste waters

in the Park is still relatively minor thanks to natural purification processes, and a preserved ecosystem and ecological equilibrium prevail (Radović, 2013).

The Podgorica Aluminium Plant is the chief threat to the environment in the Zeta region and therefore indirectly the Park too. All possible measures need to be taken in terms of protection, technological improvement, and cleaning existing waste dumps, which over time would lead to the decontamination of the soil and subterranean waters (CAU, 2001).

The social aspect is an indicator which determines the greatest density of tourist visits in a particular zone that can be tolerated by the local population, which is not currently a problem in the Park even in the summer months. The local population needs to develop the knowledge and skills vital for the tourism business and to be motivated to take part in tourism activities, and a change in current attitudes needs to be brought about. This can be facilitated through training programmes and workshops (Veble et al., 2012).

### **Results of research and discussion**

The analysis of the aforementioned survey will serve as a basis for evaluating the level of preparedness of the local population for entrepreneurial activity in the areas of tourism and related business activities, as well as for a deliberation on the improvement of the business environment for small businesses and for entrepreneurial activities.

The survey results show that currently a relatively small proportion of the local population is involved in tourism by way of a self-owned business. To the question, “Are you involved in tourism or the hospitality business and in what way?”, 27 (52.9%) of respondents stated that they were not in any way involved. One (2.0%) was involved in this type of business but did not have a registered company, 8 (15.7%) were employed in a company involved in tourism and hospitality and 4 (7.8%) were employed in a tourist company as a tourism professional. Only 3 (5.9%) of respondents sold their agricultural products to tourism companies operating in the Park. The causes of their insecurity should be sought in the lack of finances, complicated and drawn-out administrative procedures and their lack of knowledge of the opportunities and incentives for self-employment in this industry.

However, the survey does show that there is a readiness among the population to become involved in tourism if such an opportunity were offered to them, with the following preferences expressed: private accommodation rentals 8 (17.8%), wine tourism 7 (15.6%), catering 6 (13.3%), accommodation rentals and catering

with traditional cuisine 5 (11.1%), boat transport 4 (8.9%), operating a travel agency 3 (6.7%). The greatest number of respondents were prepared to become sole proprietors (10–19.6%) or to found a small business (6–11.8%) on the condition that systemic economic incentives were devised.

The results clearly show that the lack of financing opportunities and credit support for tourism businesses is the key reason for the insufficient involvement of the local population in small business and enterprise. The majority of them – 29 (56.90%) – expressed readiness to take out loans in order to go into business in tourism, while the remaining respondents did not give affirmative responses. To the question, “Up to what amount?”, the majority of respondents (15 or 57.6%) indicated the amount of €10,000 – €30,000, while a smaller number (five or 19.2%) were prepared to take on larger loans (€80,000 – €100,000).

Possible sources of financing for future small business and enterprises could be grants from international foundations already present<sup>8</sup>, bank loans, credit lines from the relevant ministries<sup>9</sup> and European Union funding through the IPA programmes (Instrument for Pre-Accession Assistance) that are now available in the process of accession to the European Union. Own funding sources are negligible. One positive example of cross-border cooperation is the “Sustainable development of special-interest tourism” project, a partnership between the municipality of Tivat and the Association of Croatian Travel Agencies.<sup>10</sup>

The findings indicate that a majority of the local population (26 or 52%) believes that for tourism to develop further, private initiative needs to be encouraged by offering small enterprises tax, utility and other exemptions, cheap loans etc. One very positive finding is a certain awareness of the need for improvement in the quality of all services and infrastructure to ensure the satisfaction of tourists with their visit to the Park. This view was expressed by 10 (20.0%) of respondents. The need for investment in the development of agriculture, winegrowing, crafts and fishing was emphasised by 31 (60.8%) respondents, an indication of their interest in increased employment and living standard. In the initial phase of development of small enterprise, the role of the state needs to be reinforced

<sup>8</sup> Major partners include GIZ (German Society for International Cooperation), USAID (US Agency for International Development), UNDP (United Nations Development Programme), OECD (Organisation for Economic Co-operation and Development), HELP (Hilfe zur Selbsthilfe e.V), SPARK (NGO for education and entrepreneurship for post-conflict societies) and CHF (Canadian Hunger Foundation).

<sup>9</sup> The Montenegrin Ministry of Development and Tourism and Ministry of Agriculture.

<sup>10</sup> A cross-border cooperation project between Croatia and Montenegro, as part of the Instrument for Pre-Accession Assistance, worth €351,847.01 in total. Available at <http://www.uhpa.hr/docs/files/SUD%20SIT%20za%20web%20%232.pdf>

through the creation of acceptable legislation and through an organisational, educational and promotional role in attracting new investments.

The results indicate that one of the greatest hindrances to the development of tourism in the Park is the lack of accommodation and restaurant facilities, which 22 (43.1%) of respondents considered extremely important. That the range of attractions and products available to tourists was poor was a view held by 10 (19.6%) of respondents, while 8 (15.7%) of respondents said that the region as a whole was very poorly marketed. In addition to these findings, interviews with representatives of travel agencies and accommodation facilities point to the need for the construction of new accommodation capacities and potentially the adaptation of old buildings that preserve authentic architecture. Such adaptation must strictly conform to local architectural and environmental considerations. New investment must be distributed around the built-up areas of the Park in order to avoid high concentration and a potential threat to the sustainability of capacities.

A majority of respondents (35 or 68.6%) believed that there was a lack of coordination and complementarity with travel agencies in Podgorica, Cetinje and the coast, the potential greatest sources of organised arrivals of visitors, especially on attractive eco-tours and day trips. The survey therefore points to a need for strengthening of cooperation with travel agencies from all over Montenegro, and especially from the coast and Podgorica. The fragmented nature of travel agencies and their lack of ability to cover wider markets indicates a need for partnership both with travel agencies from this region and with small enterprises operating in hospitality, transport, agriculture etc.

The analysis indicates a need for education of the local population on the opportunities for self-employment through evaluation of the diverse resources of the Park for the purposes of tourism and complementary business activities. The current state of affairs in this area was assessed as poor by 26 (51%) of respondents. A clear majority of respondents (29 or 56.9%) thought that a lack of interest in involvement in tourism was one of the main obstacles to its development. The reasons for this lack of interest may be sought in all the above-stated limitations, but it seems that the most fruitful approach will be in investing greater effort in the educational, information-providing and advisory input needed in order to bring about a critical mass in the population that will find employment in tourism, agriculture, fisheries and related activities. In doing so, as Veble et al. (2012) say, they will experience satisfaction in continuing to live in their traditional homes in a healthy and clean environment – an additional motivation in social terms. This task falls under the areas of responsibility of the

Park, the Montenegro Employment Agency, the civil sector and the numerous international institutions which fund similar projects.

#### *Limitations and risks in the development of enterprise in the Park*

Analysis of the local population survey and interviews conducted in the Lake Skadar National Park and with business owners indicate that there are certain limitations and risks to the further economic development of this region:

- Growth in unemployment,
- Unsatisfactory tourism infrastructure and diversity of product,
- Lack of accommodation capacity and low standard of quality,
- Lack of financing for entrepreneurial activity,
- Insufficient marketing of the region to potential investors,
- Administrative barriers and high burdens on small businesses,
- Fragmentation and lack of interconnection of business subjects; no clusters,
- Inappropriate staffing structure,
- Lack of urban planning documentation,
- Lack of awareness in the local population of the benefits of running a business,
- Lack of business culture among entrepreneurs (readiness to take risks, work in a team, cooperate and associate),
- Low level of use of modern technologies,
- Migration of populations jeopardising the survival of traditional settlements,
- Planned Bar–Belgrade motorway through the Lake Skadar area could have a negative impact on the countryside and ecosystems,
- Use of chemicals in agriculture in the Zeta Plain inland from the Park.

#### **Conclusion**

The analysis shows that an entrepreneurial attitude prevails among the population settled in the Park towards involvement in the tourism business, and that they are prepared to change. Although the protection of natural biodiversity and support for environmental processes remains the highest priority, management must integrate protection with meeting economic and social needs.

The findings of this paper indicate that one of the ways to halt negative trends in the Park region could be the development of small businesses and enterprise, especially in the area of tourism, which would help halt migration, increase

employment, revitalise business and increase the economic power of the population. The obvious limitations and difficulties arising along the way need to be overcome with the support of institutions at the local and state level and of the numerous international organisations involved in the development of underdeveloped regions. Partnership among entrepreneurs and the involvement of stakeholders from this region and bordering areas, scientific and academic capacities, partners from the public sector and the Park itself and financial institutions through the cluster model of development could do much to foster a more favourable environment for the further development of entrepreneurial initiative.

In doing so it must be kept in mind that the development of entrepreneurial activities in protected areas can also have negative effects arising from tourist traffic itself. This can be offset through competent management, primarily by the Lake Skadar National Park company. Thus in developing entrepreneurial activity in the Park, the main focus needs to be on the protection of sensitive, non-renewable resources that once gone cannot be replaced. The planned, strategic development of tourism and related activities needs to be carried out in partnership with nature in such a way as to bring benefits to all in the value chain, including both the natural world and business entities.

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