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# ASSESSING AND MANAGING TERRITORIAL CAPITAL FOR RURAL TOURISM DEVELOPMENT: FINDINGS FROM FIELD RESEARCH IN AZANJA (REPUBLIC OF SERBIA)

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## ABSTRACT

This paper investigates the potential for rural tourism development in Azanja (Republic of Serbia) by analyzing its territorial capital - natural, social, cultural, economic and human capital. Results from field research conducted in 2024 encompassing 209 residents revealed that the main strength lies in Azanja's social capital, followed by natural and cultural capital. However, economic and human capital were identified as weak points, hindering rural tourism development. The results showed that rural tourism development in Azanja requires strategic investments and capacity building to overcome its economic and human capital limitations. Recommendations include fostering local entrepreneurship, providing financial incentives for tourism-related businesses, and implementing educational programs to enhance residents' knowledge and skills in tourism management and hospitality. By identifying the strengths and weaknesses of Azanja's territorial capital, this research provides a basis for formulating targeted strategies to enhance the region's appeal to tourists and foster sustainable rural tourism development.

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## Introduction

Rural tourism is a selective form of tourism that is increasingly gaining importance in the context of the ecological dimension of humans and space, and the growing awareness of the necessity of sustainable development (Kosar & Rašeta, 2003). Rural tourism encompasses all those manifestations of tourist value offerings that are based

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on the specifics of local rural communities and the rural way of life. As a specific form of tourism, rural tourism simultaneously relies on both local natural and anthropogenic potentials (Čikić & Jovanović, 2015). Rural tourism is a mix of agricultural products, eco-products, cultural resources, and numerous spatial contents that include various functions, such as economic, social, educational, environmental, recreational, and therapeutic activities (Lee & Kim, 2010). Four key elements that define rural tourism are: natural resources in the rural environment (rivers, lakes, mountains, forests, etc.), rural lifestyle (customs, events, gastronomy, music, dance, etc.), rural heritage (architecture, history, stories, myths, legends, memories, etc.), and rural activities (horseback riding, hunting, fishing, hiking, biking, rowing, etc.) (Bartoluci et al., 2016). Tourism in rural areas is one of the factors that can play a significant role in the renewal and development of villages, i.e., in stopping the negative trends of rural depopulation (Pivac et al., 2016; Ljubisavljević & Knežević, 2023).

The aim of this paper is to investigate and analyze the potentials for the development of rural tourism in Azanja (Republic of Serbia) by analyzing its territorial capital. Azanja is a village situated in the municipality of Smederevska Palanka, within the Podunavlje district, in northeastern Šumadija. It covers an area of 47.72 square kilometers and has a population of 3,256 (according to the 2022 census). The majority of the population in Azanja is engaged in agriculture. The land in this area is very fertile and almost entirely arable (Mitrović et al., 2015). It should also be noted that the percentage of cultivated and sown land in Azanja is high (about 99%). Field crops are mostly grown, primarily wheat, corn, and barley. In addition, some farms are also engaged in fruit growing and livestock breeding. Several craft, catering, and trade businesses are active in the village (a search of the register of companies and associations reveals a total of 16 active business entities in Azanja) (Dejanović, 2024).

In less urbanized areas, rural tourism is gaining popularity as a feasible tool for community resilience and economic growth. Still, despite its increasing popularity, there is a significant gap in the literature about the precise methods through which territorial capital can be efficiently evaluated and controlled to promote sustainable rural tourism. By offering a thorough examination of territorial capital in Azanja, this paper aims to close this gap. The findings from this research will contribute to a deeper understanding of territorial capital and provide valuable actionable insights for policymakers, local stakeholders, and researchers interested in maximizing the potential of rural tourism through effective territorial capital management.

### **Theoretical Background**

The concept of territorial capital was first explained in detail in the publication “Territorial Outlook” published by the Organisation for Economic Cooperation and Development (OECD, 2001). This approach was quickly adopted as an essential element in creating regional and rural development policies within the European Union. By reviewing the relevant literature in the fields of regional economics, regional development, and spatial planning, it can be concluded that most authors have accepted

this approach, but some have also critically evaluated it (De Rubertis et al., 2019). Due to its practical construction, it is widely used in foreign and domestic research on rural areas and rural development. In practice, this approach is most often used in the form of a survey to collect data that should show the structure of territorial capital, i.e., its competitiveness and prospects for future development (Dejanović, 2024). A detailed explanation of each dimension of territorial capital is presented below.

**Natural capital** encompasses the natural resources available in a given area. It is everything that nature has endowed a region with (natural wealth and beauty). Researching this dimension involves a deeper understanding of the natural characteristics of a particular rural area, such as geographical location, relief, climate, soil, as well as hydrography, and the diversity of flora and fauna. The analysis of these characteristics should show the natural predispositions for the development of an area, i.e., to what extent natural resources can be used for tourism purposes (Ignatyeva et al., 2020). It should be emphasized that this analysis must also include an assessment of the preservation of the natural environment, as well as an assessment of the achieved level of natural resource management (as the degradation of natural resources significantly reduces the attractiveness of rural areas). Bearing this in mind, in some studies, the term “ecological capital” is used instead of “natural capital.”

**Social capital** reflects the characteristics of social relationships within a local community or a specific area. It can be defined as a system of norms and social networks within the community that facilitate collective action and enable the achievement of shared (collective) goals (Saz-Gil et al., 2021). Additionally, social capital can be understood as a social resource that either facilitates or hinders an individual’s access to other economic or natural resources. Social capital comprises social relationships that contribute to cooperation and coordination within the community (Putnam, 2000). Understanding the social capital of a rural area requires a deeper examination of how community spirit is manifested, partnerships are formed, associations are established, solidarity and reciprocity are demonstrated, trust is nurtured, collective decisions are made, and conflicts are resolved. Furthermore, social capital implies a concern for the public interest and service to the community.

**Cultural capital** can be understood as the sum of everything created by previous generations in a specific area (cultural-historical heritage) that can serve to generate future development. In this sense, cultural capital encompasses the intangible and tangible cultural-historical heritage of a social community in a given area (customs, stories, myths, legends, memories, music, dance, rituals, festivals, events, traditional costumes, gastronomy, architecture, cultural-historical monuments, etc.) (du Cros & McKercher, 2020). The ability of community members to utilize this heritage determines its development potential. Cultural capital is the driving force behind so-called “cultural tourism” (Ma et al., 2020). This type of tourism is motivated by culture, or cultural content such as festivals, events, folklore, art, or visits to museums and cultural-historical monuments.

**Economic capital**, as an element of territorial capital, reflects the level of economic development in a given area. More specifically, it demonstrates how and to what extent the local community generates income that enables both its existence and future growth (Huang et al., 2021). This economic foundation encompasses all production, service, and financial capacities within the area (means of production, communal infrastructure, accommodation and hospitality capacities, local budget, dedicated funds, credit lines, etc.). Undoubtedly, a stronger economic capital is a significant factor influencing regional development, including rural tourism. However, it cannot be viewed in isolation but rather in interaction with other forms of territorial capital. Moreover, the importance of economic capital varies depending on the development stage of an area. In the early stages of rural development, natural potential and physical resources primarily determine the competitiveness of the rural economy and its structure, with priority given to agriculture, fishing, and forestry. In later stages, potentials such as thermal springs, infrastructure, and technological advancements become the primary drivers of development (Kvrđić, 2018).

**Human capital** encompasses the demographic characteristics of inhabitants in a specific area and their ability (knowledge and skills) to utilize all other forms of territorial capital. In literature, it is most commonly defined as the set of knowledge, skills, competencies, and abilities acquired by individuals through education, training, and experience (Benos & Zotou, 2014). Almost all authors agree that human capital represents a key factor in economic growth and development, with a particularly emphasized role in endogenous growth models (Romer, 1986; Cvetanović & Despotović, 2014). In the context of this research paper, human capital is depicted through demographic data (population size, age and educational structure), as well as an assessment of how entrepreneurial and open to learning and acquiring new knowledge and skills people in rural areas are. Human capital is the foundation of rural development and competitiveness, as it considers the vitality and educational structure of the rural population, their entrepreneurial potential, and their readiness to embrace innovation. Rural areas capable of retaining their own and/or attracting external skilled labor gain a significant comparative advantage for sustainable development (Bogdanov, 2015).

Based on the presented dimensions, it is evident that territorial capital encompasses both tangible and intangible resources available in an area upon which its competitiveness is based. These resources, in essence, represent the potential for regional development.

### **Research methodology, materials, and methods**

Based on the aim and goals of the paper, the following research questions (RQ) were defined in order to examine and analyze the current state of territorial capital development in Azanja:

RQ1: What level of natural capital development has Azanja reached?

RQ2: What level of social capital development has Azanja reached?

RQ3: What level of cultural capital development has Azanja reached?

RQ4: What level of economic capital development has Azanja reached?

RQ5: What level of human capital development has Azanja reached?

The field research was conducted using a questionnaire prepared and modified based on the research used by other authors in Serbia. These authors analyzed various aspects of the territorial capital of rural areas in Serbia in the context of the possibilities for developing rural tourism within the project “Rural Labor Market and Rural Economy of Serbia - Income Diversification and Poverty Reduction” (Bogdanov & Janković, 2013). Considering that the mentioned authors have already applied this approach in a thematically similar project, it is justified to utilize their experience in developing this study and questionnaire.

The prepared questionnaire consisted of two parts. The first part included three profiling questions regarding the respondent’s gender, age, and educational level. The second part of the questionnaire comprised questions aligned with the territorial capital concept presented in the theoretical section of this paper. The questions were divided into several categories: (1) Natural capital (four questions); (2) Social capital (six questions); (3) Cultural capital (four questions); (4) Economic capital (eight questions); and (5) Human capital (four questions). The degrees of agreement were expressed on a five-point Likert scale (1 - strongly disagree, 5 - strongly agree). The questionnaires were anonymous and distributed exclusively in paper-based form in the period from March to April 2024.

The research included adult residents of Azanja (people who have a government-issued document that serves as evidence that Azanja is their residential location, i.e. who reside in this place). A total of 234 questionnaires were distributed, and 209 were validly completed. Statistical data processing was performed using Statistical Package for Social Sciences (SPSS). Based on the statistical analysis of collected data (mainly in the domain of descriptive statistics), research results reflect the opinions and attitudes of Azanja residents regarding the potential for rural tourism development.

### **Research results and discussion**

The research encompassed a total of 209 respondents, of which 65.1% were male and 34.9% were female. The largest group of respondents fell within the age group of 41 to 50 years (29.2% of the total sample). Residents aged 31 to 40 years accounted for approximately 21% of the sample, while those aged 51 to 60 years constituted around 20%. The participation of the youngest category of respondents (up to 30 years old) was only about 12%. This sample structure reflects the age distribution of the entire population in Azanja (the average age of Azanja residents according to the 2022 census was 46.14 years). The majority of respondents had a secondary education level (62.2%), followed by primary education (21.1%), while higher and high education were represented in the sample with 16.7%.

### The level of natural capital development in Azanja

The research findings (*Table 1*) indicate that 42.58% of respondents consider the natural beauty of Azanja to be very attractive to tourists, while a similar proportion (40.19%) consider it attractive. A considerably smaller percentage of respondents (9.57%) selected the option exceptionally attractive, and a minor fraction (7.66%) chose attractive to a lesser extent. Notably, none of the respondents indicated that the natural beauty of Azanja was not attractive. These results suggest that the residents of Azanja perceive their region as possessing natural beauty, although not to the exceptional level found in national parks or areas with extraordinary natural features.

**Table 1.** The attractiveness of Azanja's natural beauty

Answers	N	%
Exceptionally attractive	20	9.57
Very attractive	89	42.58
Attractive	84	40.19
Attractive to a lesser extent	16	7.66
Not attractive	0	0.00
Total	209	100.00

*Source:* Authors' calculations

The majority of respondents (42.58%) consider the diverse landscape (hills, valleys, plains, viewpoints) to be Azanja's most significant natural beauty. However, a nearly equal proportion of respondents (41.63%) believe that the diversity of flora and fauna is the Azanja's most important natural beauty. Considerably fewer respondents selected the other options. Interestingly, 6 respondents (2.87%) indicated that Azanja has no particular natural beauty to be proud of (*Table 2*).

**Table 2.** Azanja's natural beauties

Answers	N	%
Diverse landscape	89	42.58
Diversity of flora and fauna	87	41.63
Forests	14	6.70
Springs	11	5.26
Rivers	2	0.96
Nothing special	6	2.87
Total	209	100.00

*Source:* Authors' calculations

Of the total number of respondents, 10.05% consider the natural environment in the Azanja area to be exceptionally preserved. However, a significantly larger proportion of respondents, 43.54%, rate the natural environment as very well preserved. A substantial portion of respondents (38.76%) assert that the natural environment is preserved, while a total of 5.74% of respondents indicated that nature is preserved to a lesser extent (*Table 3*).

**Table 3.** Preservation of the natural environment in the Azanja

Answers	N	%
Exceptionally preserved	21	10.05
Very well preserved	91	43.54
Preserved	81	38.76
Preserved to a lesser extent	12	5.74
Not preserved	4	1.91
Total	209	100.00

Source: Authors' calculations

The vast majority of respondents (61.72%) strongly agree with the statement that Azanja has an exceptional geographical location and transportation connections with other towns and cities. Approximately 30% of respondents express agreement with this statement, while only 4.78% opted for a neutral stance. Furthermore, only 3.35% of respondents disagree, while none of the respondents strongly disagree with the statement that Azanja has an exceptional geographical location and transportation connections with other towns and cities (*Table 4*).

**Table 4.** Responses to the statement "Azanja has an exceptional geographical location and transport connections with other towns and cities"

Answers	N	%
Strongly agree	129	61.72
Agree	63	30.14
Neutral attitude	10	4.78
Disagree	7	3.35
Strongly disagree	0	0.00
Total	209	100.00

Source: Authors' calculations

### The level of social capital development in Azanja

Less than one-fifth of respondents (19.14%) consider the residents of Azanja to be exceptionally hospitable, while 44.02% find them very hospitable. A significant portion of respondents (35.88%) chose the answer hospitable, and only 0.96% opted for hospitable to a lesser extent. No one rates the residents of Azanja as inhospitable (*Table 5*). Hospitality is exceptionally important for the development of rural tourism, as this type of tourism predominantly involves direct contact between the service provider and the customer.

**Table 5.** Responses to the question "How would you rate the hospitality of Azanja residents?"

Answers	N	%
Exceptionally hospitable	40	19.14
Very hospitable	92	44.02
Hospitable	75	35.88
Hospitable to a lesser extent	2	0.96
Inhospitable	0	0
Total	209	100.00

Source: Authors' calculations



Of the total number of respondents, 22.49% strongly agree with the statement that the relationships between the residents of Azanja are harmonious. A high degree of agreement was expressed by 58.85% of the respondents. However, 11.48% of respondents chose the neutral option. A smaller portion of the respondents included in the research (6.22%) show a disagreement with this statement, while only 0.96% express strong disagreement with the statement (*Table 6*).

**Table 6.** Responses to the statement “The relationships between the residents of Azanja are harmonious”

Answers	N	%
Strongly agree	47	22.49
Agree	123	58.85
Neutral attitude	24	11.48
Disagree	13	6.22
Strongly disagree	2	0.96
Total	209	100.00

*Source:* Authors' calculations

The majority of respondents (67.94%) believe that conflicts in Azanja are resolved quickly and easily, primarily through conversations and agreements. However, 29.19% of respondents hold a different view, stating that conflicts are resolved with difficulty and slowly, after long and strenuous discussions. Only 4 respondents (1.91%) think that Azanja residents are often unable to resolve conflicts on their own and require external assistance in the process. Additionally, there is 0.96% of respondents who believe that most conflicts are resolved through legal action (*Table 7*).

**Table 7.** Responses to the question “How are conflicts resolved in Azanja?”

Answers	N	%
Quickly and easily, mostly through conversations and agreements	142	67.94
With difficulty and slowly, after long and strenuous discussions	61	29.19
Someone from outside needs to help us resolve conflicts	4	1.91
Most conflicts are resolved through legal action	2	0.96
Total	209	100.00

*Source:* Authors' calculations

More than half of the respondents (56.46%) believe that decisions in Azanja are made based on a broad consensus of a wide range of stakeholders. On the other hand, a significant number of respondents (41.63%) believe that decisions are made by a small number of people, without wider consultation, while only 1.91% of respondents believe that others make decisions for them. Slightly more than half of the respondents think that there is democracy in Azanja when making decisions of common interest, but a significant number have a different opinion and believe that decisions in Azanja are made autocratically, based on the authority of a narrow circle of people (*Table 8*).



**Table 8.** Responses to the question “How are decisions made in Azanja?”

Answers	N	%
A wide range of stakeholders participate in decision-making	118	56.46
Decisions are made by a small number of people, without wider consultation	87	41.63
We wait for someone else to decide for us	4	1.91
Total	209	100.00

Source: Authors' calculations

The majority of respondents (38.76%) chose the answer that in most cases, residents of Azanja team up and cooperate to achieve common goals. A significant portion of respondents (35.41%) believe that the residents of Azanja always quickly and easily team up to achieve common goals. Considerably fewer (22.01%) chose the answer that sometimes they team up and cooperate. None of the respondents chose the answer that residents of Azanja never manage to team up and cooperate to achieve goals (*Table 9*).

**Table 9.** Responses to the question “How are partnerships formed between residents in Azanja?”

Answers	N	%
We always quickly and easily team up to achieve common goals	74	35.41
In most cases, we team up and cooperate	81	38.76
Sometimes we team up and cooperate	46	22.01
Only in individual cases	8	3.82
Almost never	0	0
Total	209	100.00

Source: Authors' calculations

Over half of the respondents (51.20%) believe that solidarity and community spirit in Azanja are at a very high level because they can almost always count on help. One-third of the respondents (33.01%) believe that solidarity and community spirit are mostly present in the local community, and only 0.96% believe it is a rare occurrence. None of the respondents indicates that there is no solidarity or community spirit in Azanja (*Table 10*).

**Table 10.** Responses to the question “How do you assess solidarity and community spirit in Azanja?”

Answers	N	%
At an exceptionally high level - I can always count on help from the community	31	14.83
At a very high level - I can almost always count on help from the community	107	51.20
Mostly - I can sometimes count on help from the community	69	33.01
Almost never - I can very rarely rely on help from the community	2	0.96
Never - There is no solidarity or community spirit in Azanja	0	0
Total	209	100.00

Source: Authors' calculations

### The level of cultural capital development in Azanja

One-fifth of the respondents (20.10%) strongly agree with the statement that there are many cultural and historical monuments in and around Azanja that are interesting to tourists. Additionally, 45.45% of the respondents agree with the statement. However, slightly more than a quarter of the respondents (25.84%) took a neutral stance on this statement, and 8.13% shows disagreement. Only 0.48% of the respondents strongly disagree with this statement (*Table 11*).

**Table 11.** Responses to the statement “Azanja has many cultural and historical monuments that are interesting to tourists”

Answers	N	%
Strongly agree	42	20.10
Agree	95	45.45
Neutral attitude	54	25.84
Disagree	17	8.13
Strongly disagree	1	0.48
Total	209	100.00

Source: Authors' calculations

Over half of the respondents (54.55%) strongly agree with the statement that traditional festivals and cultural events organized in Azanja can be of interest to tourists, while 27.75% expressed agreement. A neutral stance was taken by only 7.65% of respondents, and a disagreement by 10.05%. None of the participants in this research strongly disagreed with this statement (*Table 12*).

**Table 12.** Responses to the statement “Traditional festivals and cultural events are organized in Azanja that can be interesting to tourists”

Answers	N	%
Strongly agree	114	54.55
Agree	58	27.75
Neutral attitude	16	7.65
Disagree	21	10.05
Strongly disagree	0	0
Total	209	100.00

Source: Authors' calculations

According to the research results (*Table 13*), a total of 56.94% of respondents agree with the statement that Azanja has preserved its customs and old crafts, with 15.31% of respondents strongly agreeing and 41.63% agreeing. However, a significant portion of respondents (25.36%) took a neutral stance on this statement, while 17.22% expressed a disagreement. Only 0.48% of respondents strongly disagree with the statement. These attitudes of the respondents indicate that Azanja has not preserved old crafts to a great extent.

**Table 13.** Responses to the statement “Azanja has preserved its customs and old crafts”

Answers	N	%
Strongly agree	32	15.31
Agree	87	41.63
Neutral attitude	53	25.36
Disagree	36	17.22
Strongly disagree	1	0.48
Total	209	100.00

Source: Authors' calculations

Only 18.18% of respondents consider the gastronomic offer in Azanja to be excellent, while 34.93% rate it as very good. A significant portion of the surveyed residents (31.10%) rate the gastronomy in Azanja as good, and 14.83% as satisfactory. Only 0.96% of respondents consider the gastronomic offer to be unsatisfactory (*Table 14*). The obtained results suggest that residents believe that Azanja, in this segment, does not have a competitive advantage for the development of rural tourism.

**Table 14.** Responses to the task “Rate the gastronomic offer in Azanja”

Answers	N	%
Excellent	38	18.18
Very good	73	34.93
Good	65	31.10
Satisfactory	31	14.83
Unsatisfactory	2	0.96
Total	209	100.00

Source: Authors' calculations

### The level of economic capital development in Azanja

Of the total number, 10.53% of respondents rely entirely on agricultural income, while over a quarter (25.36%) of respondents are predominantly financed by agricultural activities (earning about 80% of their income from agriculture). The majority of respondents (43.06%) stated that half of their family budget comes from agriculture, and half from other activities. Only 1.91% of respondents do not earn income from agriculture but are fully financed from other sources (*Table 15*). Based on these results, it can be concluded that agriculture is of great importance to the residents of Azanja. Almost three-quarters of the residents are strongly connected to agriculture, as it provides them with over half of their income.

**Table 15.** Responses to the question “To what extent does agricultural income contribute to your family budget?”

Answers	N	%
100%	22	10.53
80%	53	25.36
50%	90	43.06
30%	25	11.96
Less than 30%	15	7.18
I do not earn income from agriculture	4	1.91
Total	209	100.00

Source: Authors' calculations

The results indicate that 41.63% of respondents express a willingness to supplement their income with income from tourism. However, as many as 44.02% of respondents were undecided or unable to answer this question. Therefore, they are unsure whether they should engage in rural tourism to earn additional income. Particularly interesting is the fact that 14.35% of respondents answered this question negatively (not willing to offer rural tourism services) (*Table 16*). Based on these research results, it can be assessed that the opinions and attitudes of the respondents on this question are divided.

**Table 16.** Responses to the statement “Are you willing to supplement your income with income from tourism?”

Answers	N	%
Yes	87	41.63
I do not know	92	44.02
No	30	14.35
Total	209	100.00

Source: Authors' calculations

The results indicate that the majority of respondents (40.67%) are not prepared to exclusively engage in rural tourism and derive the majority of their income from it. However, a large proportion of respondents (32.54%) are uncertain about whether they are ready to take this step. A small number of respondents (26.79%) are willing to take this step and to exclusively engage in rural tourism (*Table 17*).

**Table 17.** Responses to the statement “Are you willing to exclusively engage in rural tourism, i.e., to earn most of your income from rural tourism?”

Answers	N	%
Yes	56	26.79
I do not know	68	32.54
No	85	40.67
Total	209	100.00

Source: Authors' calculations

Only 18.66% of respondents believe that their rural household has the facilities to accommodate tourists. The majority (44.50%) only partially possess the necessary

conditions to provide accommodation for visitors in their rural households, while 36.84% do not have such possibilities (*Table 18*). This result indicates that only one-fifth of Azanja residents surveyed could offer accommodation services to visitors relatively quickly and without significant investment.

**Table 18.** Responses to the question “Do you have the facilities to accommodate tourists in your rural household?”

Answers	N	%
Yes	39	18.66
Partially	93	44.50
No	77	36.84
Total	209	100.00

Source: Authors' calculations

The majority of respondents, almost 50% (46.89%), partially have the facilities and capabilities to serve tourists food and drinks produced on their own rural household. However, one-third of respondents do not have these conditions and capabilities. Only one-fifth of respondents (20.10%) have the facilities and capabilities to serve tourists food and drinks produced on their own rural household (*Table 19*).

**Table 19.** Responses to the question “Do you have the facilities and capabilities to serve food and drinks to tourists that you produce on your own rural household?”

Answers	N	%
Yes	42	20.10
Partially	98	46.89
No	69	33.01
Total	209	100.00

Source: Authors' calculations

The research results indicate that the majority of respondents (38.76%) believe that Azanja is particularly known for its *rakija* (a type of fruit brandy). Following that, 14.35% of respondents believe that Azanja is known for its dairy products, 11.96% of respondents chose honey, while 11.48% chose wine (*Table 20*).

**Table 20.** Responses to the question “For which products is Azanja particularly known?”

Answers	N	%
<i>Rakija</i> (a type of fruit brandy)	81	38.76
Dairy products	30	14.35
Honey	25	11.96
Wine	24	11.48
Bakery products	20	9.57
Cured meat products	18	8.61
Traditional craft products	5	2.39
Processed fruit	4	1.91
Teas and medicinal herbs	2	0.96
Total	209	100.00

Source: Authors' calculations

Only 10.53% of respondents believe that investments of up to 10,000 EUR would be sufficient to provide the conditions for engaging in rural tourism. However, the majority of respondents (45.45%) estimate that they need larger investments (from 10,001 to 30,000 EUR). A significant portion of respondents (34.93%) estimated that even larger investments (from 30,001 to 50,000 EUR) are necessary. Finally, 9.09% of respondents project the necessary investments to be over 50,000 EUR (*Table 21*).

A deeper analysis of the obtained responses leads to two conclusions. First, it is evident that the economic potential of most households in and around Azanja is insufficient for engaging in rural tourism. Second, most rural households require significant investments (between 30,000 and 50,000 EUR) to provide the conditions for offering rural tourism services.

**Table 21.** Estimated investments that Azanja residents consider necessary to engage in rural tourism

Answers	N	%
Up to 10.000 EUR	22	10.53
From 10.001 to 30.000 EUR	95	45.45
From 30.001 to 50.000 EUR	73	34.93
Over 50.000 EUR	19	9.09
Total	209	100.00

*Source:* Authors' calculations

The majority of respondents (62.20%) believe that financial aid from the state is the most suitable source of funding for rural tourism. A significant portion of respondents (31.10%) think that rural tourism should be mainly financed from dedicated European Union funds. Other options were considerably less represented in the responses. The fewest respondents (0.96%) believe that rural tourism should be financed through bank loans (*Table 22*). This can be explained by the fact that bank loans are expensive and the assumption that most Azanja residents are already indebted and have low creditworthiness.

**Table 22.** Responses to the question "Which sources of financing do you consider most suitable for rural tourism?"

Answers	N	%
Financial aid from the state	130	62.20
European Union funds	65	31.10
Bank loans	2	0.96
Foreign direct investments	8	3.83
Reliance on own resources	4	1.91
Total	209	100.00

*Source:* Authors' calculations

### The level of human capital development in Azanja

Research results show that 10.05% of respondents stated that they are completely familiar with the regulations related to rural tourism, while 36.36% are familiar with these regulations to a large extent. Also, about 19% of respondents claim to be mostly familiar with the regulations. A significant portion of respondents (27.75%) are familiar with the regulations to a lesser extent, and only 6.70% admitted to not being familiar with regulations related to rural tourism (*Table 23*).

**Table 23.** Responses to the question “How familiar are you with the regulations governing rural tourism?”

Answers	N	%
Completely	21	10.05
To a large extent	76	36.36
Mostly	40	19.14
To a lesser extent	58	27.75
I am not familiar	14	6.70
Total	209	100.00

Source: Authors' calculations

About 15% of respondents believe that they completely possess the necessary knowledge and skills required for engaging in rural tourism, while as many as 30% stated that they possess this knowledge to a large extent. Similarly, 22.02% of respondents chose the option mostly as the answer to this question. On the other hand, around 24% of respondents stated that they have the necessary knowledge and skills to a lesser extent, while 8.61% stated that they do not have necessary knowledge and skills (*Table 24*). Considering the age and educational structure of Azanja's residents, it is almost certain that the majority of respondents did not objectively assess their knowledge and skills. An objective assessment would require testing in several different areas, and only then could it be more precisely determined to what extent the residents of Azanja possess the necessary knowledge and skills for engaging in rural tourism.

**Table 24.** Responses to the question “Do you possess the necessary knowledge and skills to attract and host tourists?”

Answers	N	%
Completely	32	15.31
To a large extent	63	30.14
Mostly	46	22.02
To a lesser extent	50	23.92
I do not have at all	18	8.61
Total	209	100.00

Source: Authors' calculations

The majority of respondents included in the research (58.37%) are not willing to attend special educational programs on rural tourism, or to expand and improve their knowledge in this area. A smaller portion of respondents (41.63%) stated that they are



willing to improve themselves in this way (*Table 25*). This fact is concerning, as without the necessary knowledge, skills, and experience, good results in rural tourism cannot be expected. In other words, this aspect of so-called human capital is of particular importance, as it represents a condition for utilizing all other forms of territorial capital.

**Table 25.** Responses to the question “Are you willing to attend special educational programs on rural tourism?”

Answers	N	%
Yes	87	41.63
No	122	58.37
Total	209	100.00

*Source:* Authors’ calculations

The majority of respondents (40.67%) believe that the residents of Azanja are very entrepreneurial, but a significant portion (33.49%) rated them as mostly entrepreneurial. The option that residents of Azanja are highly entrepreneurial was chosen by 15.31% of respondents, while the option somewhat entrepreneurial was chosen by 10.53% of respondents. It should be emphasized that none of the respondents selected the answer that residents of Azanja are not entrepreneurial (*Table 26*).

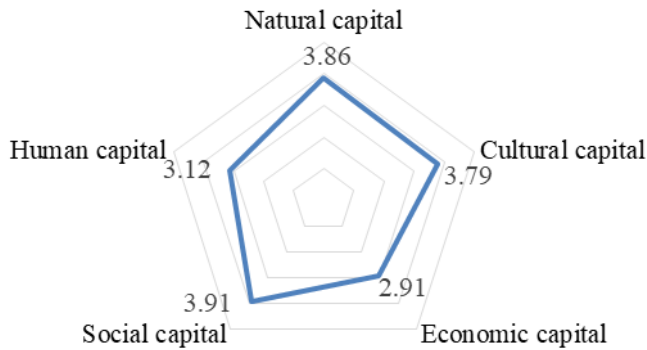
**Table 26.** Responses to the question “To what extent are the residents of Azanja entrepreneurially oriented?”

Answers	N	%
Highly entrepreneurial	32	15.31
Very entrepreneurial	85	40.67
Mostly entrepreneurial	70	33.49
Somewhat entrepreneurial	22	10.53
Not entrepreneurial at all	0	0.00
Total	209	100.00

*Source:* Authors’ calculations

### Discussion of research findings

Through the realization of field research, all the necessary data were collected for the assessment of the level of territorial capital in Azanja. The average value for natural capital is 3.86. Cultural capital was also assessed from several perspectives, and the average value is 3.79. The research results showed that the level of economic capital is relatively low (2.91). Social capital is significantly higher (3.91), but human capital is also recorded at a lower level (3.12). Figure 1 shows the average values for each dimension of territorial capital.

**Figure 1.** Average values for each dimension of territorial capital in Azanja

Source: adapted from Dejanović, 2024

No dimension of territorial capital exceeded average value 4. All scores range from 2.91 to 3.91. Based on these results, it can be concluded that Azanja does not have a single distinct advantage for the development of rural tourism, but to the greatest extent it can rely on its social capital (hospitality, harmonious relations in the community, peaceful and slow way of life, solidarity, etc.). Likewise, the natural capital can be rated as moderately high (beautiful landscapes, relief, rich flora and fauna, good geographical location). Cultural capital is also at a similar level. The residents of Azanja preserve their traditions and customs, but over time they “lost” some essential elements (old crafts). Likewise, the low level of economic and human capital represents an aggravating circumstance for the development of rural tourism in Azanja. A small number of rural households have the conditions to accommodate tourists, that is, the conditions to serve food and drinks that they have produced on their household. Estimated investments are quite high, and financing conditions are currently insufficient and unfavorable. However, even if investments in rural tourism were to be secured, there are not enough people in Azanja, with the appropriate knowledge and skills, to engage in this activity. The research results showed that the majority of Azanja residents are not ready to learn and improve their knowledge and skills in this area. Therefore, human and economic capital are „weak“ points in the structure of territorial capital in Azanja (Dejanović, 2024). The improvement of these dimensions of territorial capital is a *conditio sine qua non* for the development of rural tourism in Azanja.

## Conclusion

The results of the field research conducted in 2024, involving 209 residents of Azanja, revealed no single outstanding advantage for the development of rural tourism. The average values for all dimensions of territorial capital in Azanja range from 2.91 to 3.91. However, Azanja can most reliably depend on its social capital (hospitality, harmonious relationships within the community, peaceful and slow-paced lifestyle,

solidarity, reciprocity, and community spirit, etc.). Similarly, natural capital can be assessed as moderately high (beautiful landscapes, diverse terrain, rich flora and fauna, favorable geographical location). Cultural capital is also at a similar level. Namely, the residents of Azanja preserve their traditions and customs, but over time have lost some essential elements (e.g., old crafts). Nevertheless, it must be reiterated that the low level of economic and human capital presents the weak points and challenging circumstances for the development of rural tourism in Azanja.

This paper has several implications. From a theoretical standpoint, this paper contributes to the expanding body of knowledge on rural tourism, a topic of increasing academic interest. By examining the interplay of territorial capital dimensions in the context of rural tourism development, this paper enhances the understanding of the multifaceted factors influencing the attractiveness and sustainability of rural destinations. From a practical standpoint, the findings of this research offer valuable insights for policymakers, tourism practitioners, and local communities involved in rural tourism development. By identifying the strengths and weaknesses of Azanja's territorial capital, this research provides a basis for formulating targeted strategies to enhance the region's appeal to tourists and foster sustainable rural tourism development. The emphasis on social capital highlights the importance of community engagement and collaboration in creating a welcoming and authentic rural tourism experience. Furthermore, this research has social implications by shedding light on the potential of rural tourism to revitalize rural areas and improve the livelihoods of local communities. By recognizing the diverse components of territorial capital, this research underscores the need for a holistic approach to rural development that considers not only economic factors but also the social, cultural, and natural assets of a region.

This research, while insightful, is not without limitations. The focus of this paper is only on one place, Azanja, which consequently limits the generalizability of the findings to other rural places. Additionally, the reliance on self-reported data through questionnaires may introduce biases in the assessment of territorial capital dimensions.

The proposition for future studies is to conduct longitudinal research and to examine the changes in territorial capital and their impact on rural tourism development over an extended period. This would provide insights into the long-term sustainability of rural tourism initiatives. Furthermore, it would be beneficial to apply qualitative research methods, such as interviews and focus groups, to gain a deeper understanding of the perceptions and experiences not only of residents, but also of tourists that are interested in rural tourism.

### **Conflict of interests**

The authors declare no conflict of interest.

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