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AGRO-TOURISM ENTREPRENEURSHIP IN THE CONTEXT OF INCREASING THE RURAL BUSINESS COMPETITIVENESS IN ROMANIA

ABSTRACT

The paper analyzes the most important methods for the promotion, stimulation and support of agro-tourism entrepreneurship, in the context of increasing business competitiveness in the Romanian rural area. The methodology used is based on the analysis and synthesis of information regarding the process of tourism potential identification in the Romanian countryside and the necessary mechanisms for the organization, development and connection of the Romanian agro-tourism to the international tourism system. The statistical data were completed with information from articles and studies published in specialty journals. The investments in agro-tourism, while capitalizing the local agricultural and non-agricultural raw materials have another great advantage, i.e. job creation by using and maintaining the local labor resources and revitalization of rural localities.

Key words: agricultural policy, business environment, entrepreneurship, agro-tourism.

JEL Classification: Q18, R10, L26.

1. INTRODUCTION

Entrepreneurship promotion and development has been supported at the European Union level for a long time, and at present it is one of the main directions of the Europe 2020 Strategy, which aims to create more jobs and ensure better living conditions for the population for the next years. According to it, *entrepreneurship is a solution* for many Member States of the European Union (EU), marked by the recent economic growth slowdown, as well as a *major factor* of economic development, competitiveness, innovation, labor employment and social integration.

For the rural communities, the *support and consolidation of entrepreneurial environment and innovation* represents one of the most important actions of identification and promotion of some viable strategies, which should respond to the important economic changes produced in the rural areas, as well as to the social needs in the countryside. These actions are meant to strengthen the provisions of

the Council Regulation no. 1257 of May 17, 1999 regarding the community support to counteract the depopulation of the agricultural areas and to empower the rural areas from the economic and social point of view. This process was going to be achieved through the *development of certain job-creating complementary and alternative activities to farming*, as well as through the multisectoral and integrated approach to the rural economy, in the sense of *diversification of activities*, of creating *additional income and employment sources*, as well as of *rural patrimony preservation*.

The diversification of rural activities means any income gaining activity that does not depend on any agricultural work, but which is linked to the activity on the farm. This refers, among others, to: processing of agricultural products, of wood and wool; production of energy from renewable sources for the market; contracts for renting equipment; rural tourism and agro-tourism; leisure activities developed in the rural area; handicraft as well as other activities with determining role in the increase of business competitiveness in the Romanian rural space.

2. STATE OF KNOWLEDGE

Rural tourism, as a priority sector of the Romanian tourism, comprises the total tourism activities, products and services organized and developed in the rural area by the local population, in close connection with the natural environment and local people's basic activities, which put into value the tourism resources, the cultural heritage, traditions, tourism structures and local products.

Agro-tourism, as important segment of the rural tourism, is organized and developed by the members of an agricultural household and presupposes the combination of the farming activities with tourism services (the tourism activity being secondary to the farming activity), providing for accommodation and food (partially obtained on the household) and tourists' getting involved in the household activities.

The agro-tourist boarding house is a tourist reception structure, with an accommodation capacity of up to 8 rooms (the locators' rooms excluded), functioning on the people's dwellings or in separate buildings, providing for tourists' accommodation and conditions for meals preparation and serving in special equipped places, as well as the possibility of getting involved in the households activities or in handicraft activities. In conformity with the provisions of the current national legislation, i.e. Order no.65/2013, the agro-tourist boarding house must own a land area of minimum 1,000 m² (the dwelling area plus the land area around the construction), must have a certain level of comfort and quality of services and to reach a certain quality standard according to the boarding house rating (minimum one daisy). It must also develop at least one activity linked to

agriculture, animal raising, growing different types of crops, fruit-tree orchards, etc.

The rural tourism and agro-tourism are alternative income gaining activities, providing opportunities for rural area development and economic and social competitiveness increase. The development of these activities largely depends on the existence and quality of tourist boarding houses, as well as on the tourism attractions (of folklore and ethnographic, historical and religious and gastronomic nature) and on the farming activities practiced on the household.

In the present context of the Romanian rural economy, the entrepreneurship in agro-tourism, as significant factor of rural development, has a three-fold relevance:

- 3antidote to the subsistence agricultural production structures;
- 3appanage of the pluriactivity economic phenomenon;
- 3promoting the foundation of a rural society whose socio-economic basis is represented by the middle class.

The idea of starting a business in agro-tourism must respond to the consumers' needs; fill a gap on the market; have funding programs from the state budget; create facilities to support the young people in the rural area.

3. MATERIAL AND METHOD

The paper contains an analysis and synthesis of the information regarding the development of non-agricultural activities of agro-tourism type, meant to put into value both the natural potential and the local traditions. The methodology used is based on the inventory of the main modalities to promote and stimulate the entrepreneurial culture in the Romanian agro-tourism, supported by the agricultural and rural development policy. The statistical data were completed with information from articles and studies published in specialty journals, as well as from reports and governmental and non-governmental documents.

4. RESULTS AND DISCUSSIONS

In Romania, rural tourism started to operate after the year 1989, when premises were created for a rural life compatible with the EU and world requirements, providing for this tourism alternative, but mainly after 1993, by Romania's becoming a member of the European Federation of Rural Tourism (EUROGÎTES), when the rich natural potential of the country was highlighted.

Romania's transition to the market economy implied deep and long-lasting changes in the organization and functioning of the rural space. The enforcement of

Environment Law (no. 137/1995) and of Law on the protected areas and green spaces (no. 5/2000) provided solutions to the environmental problems and the protected areas started to get established, together with the development of local communities through national and international programs; after the year 2000 the national program for sustainable regional development certifies the tendencies of this process to go into a right direction.

The first signs of encouraging the tourism were seen in the year 1994, after the creation of the legal framework on the development of mountain areas, of the Danube Delta and the Black Sea Coast, when facilities were created for power supply, edible water and sewerage systems and tax exemption for a 10-year period for the households (with 3–20 rooms) that began such an activity, but mainly through the creation of certain organizations to guide and coordinate the network of farms included in the rural tourism system, such as:

- The Romanian Federation for Mountain Development (1990), promoting support under any form to the mountain dwellers, including the organization and development of agro-tourism;

- The Romanian Agro-tourism Agency (1995), aiming at agro-tourism connection to the international tourism system;

- The National Association for Rural, Ecological and Cultural Tourism in Romania – ANTREC (1994), member of the European Federation of Rural Tourism (EUROGÎTES).

ANTREC comprises 32 county branches and at present it is the most important association in this field that reached most of its proposed goals/objectives since its establishment:

- identification and promotion of the tourism potential in the rural area;

- professional training of the tourism agencies and households (ANTREC members), organization of workshops, of short- and long-term internships, experience exchanges between the ANTREC members and similar organizations in the country and abroad;

- dissemination of information on the rural tourism activity to the whole ANTREC network and to all the institutions that could be directly or indirectly involved in rural tourism promotion and development;

- organization of publicity campaigns for the certified agro-tourism farms and boarding houses, with daisy/star rating, contact with the mass-media, participation in fairs and exhibitions.

In the year 1996, ANTREC obtained very consistent finance for the creation of the National Network for Reservations and Promotion of the Romanian Rural Tourism through the development of the first PHARE Program for rural tourism in our country. The project envisaged the creation of necessary mechanisms for a computerized system for reservations, to be connected to the European Central of reservations EUROGÎTES. The main localities involved in the development of the project were located in the Carpathian and Sub-Carpathian area, as well as in the Danube Delta (Figure 1).



Figure 1. Rural tourism and agro-tourism development in Romania.

Under the project, the villages that complied with the following tourism criteria were taken into consideration and certified:

- unpolluted and picturesque rural landscape;
- cultural traditions (literary, musical, folk art, handicraft, gastronomy, religious habits, etc.);
- various tourism potential;
- accessibility;
- adequate local services;
- good living standard;
- qualified labour force, etc.

The subsequent development of entrepreneurial initiatives in the Romanian agro-tourism took place in the context of the significant increase, both in quantitative and qualitative terms, of the accommodation units in the rural area, due to the individual investors and funding through the pre-accession and post-accession governmental programs – SAPARD and NRDP 2007–2013 (Table 1).

Entrepreneurship stimulation in the Romanian agro-tourism sector continues under NRDP 2014–2020. Thus, since July 15, 2015, the Funding Agency for Agricultural Investments has provided funding opportunities through:

- Sub-measure 6.2. Support for the creation of non-agricultural activities in the rural areas; the total available funds in the year 2015 were 44,164,707 euros;
- Sub-measure 6.4 Investments in the creation and development of non-agricultural activities; the total available funds in the year 2015 were 57,214,935 euro.

Table 1

Evolution of the number of Romanian tourist and agro-tourist boarding houses, in the period 2011–2013

	Indicators	Measure unit	2011	2012	2013
Total, out of which	Establishments tourists' reception	Number	5,003	5,821	6,009
	Existing accommodation capacity	Number of beds	278,503	301,109	305,707
Tourist boarding houses	Establishments tourists' reception	Number	1,050	1,247	1,335
	Existing accommodation capacity	Number of beds	20,499	25,019	27,325
Agro-tourist boarding houses	Establishments tourists' reception	Number	1,210	1,569	1,598
	Existing accommodation capacity	Number of beds	20,683	27,453	28,775

Source: Romania's Tourism. Statistical Briefs 2014, NIS

These aim at:

- stimulating the business environment in the rural areas through the increase of the number of micro- and small enterprises in the non-agricultural sector and in the sector of services;
- increasing the number of non-agricultural activities in the rural areas by encouraging the maintenance and development of traditional crafts;
- developing the present non-agricultural activities;
- creating jobs in the rural area;
- reducing the differences between the rural and urban areas by non-agricultural practices in order to increase the incomes and occupational alternatives.

Depending on the organization forms, the categories of eligible applicants under these sub-measures are the following:

- authorized natural person (ANP), established on the basis of Government's Emergency Ordinance (GEO) no. 44/16 April 2008, with its subsequent modifications and completions;
- individual enterprise (IE), established on the basis of GEO no. 44/16 April 2008 with its subsequent modifications and completions;
- family enterprise (FE), established on the basis of GEO no. 44/16 April 2008 with its subsequent modifications and completions;
- general partnership (GP), established on the basis of Law no. 31/1990, with its subsequent modifications and completions;

- limited partnership (LP), established on the basis of Law no. 31/1990, with its subsequent modifications and completions;
- joint stock company (JSC), established on the basis of Law no. 31/1990, with its subsequent modifications and completions;
- joint stock limited partnership (JSLP), established on the basis of Law no. 31/1990, with its subsequent modifications and completions;
- limited liability company (LLC), established on the basis of Law no. 31/1990, with its subsequent modifications and completions;
- commercial company with private capital, established on the basis of Law no. 15/1990, with its subsequent modifications and completions;
- agricultural company (association), established on the basis of Law no. 36/1991, with its subsequent modifications and completions;
- agricultural cooperative enterprise of first degree and the crafts and consumer cooperatives of first degree, established on the basis of Law no. 1/2005, which have the objective of creating non-agricultural activities stipulated in their establishment document;
- agricultural cooperative of first degree, established on the basis of Law no. 566/2004) for the operation and management of agricultural land and livestock;
- veterinary surgeon with the free practice right, organized and operating in an individual veterinary clinic (IVC) in conformity with Law 160/1998 for the organization and practice of the veterinary surgeon activity;
- human physician with the free practice right, organized and operating in an individual healthcare clinic (IHC) in conformity with Government's Ordinance no 124/1998 on the organization and operation of individual healthcare clinics.

An enterprise cannot be considered as a micro- or small enterprise if at least 25% of its share capital or of its voting rights are controlled, directly or indirectly, on a joint or individual basis, by one or more public bodies in conformity with art. 45 of Law no. 346/2004.

Sub-measure 6.2 Support for the creation of non-agricultural activities in the rural areas. The farmers have the possibility to diversify their activity by starting up a non-agricultural activity, while the entrepreneurs who have already developed a non-agricultural activity in the rural area have the possibility to initiate another non-agricultural activity, which should not be complementary to the already existing one.

The finance is also for new business start-up in the rural areas by the entrepreneurs who have had no business so far.

The financial support is granted under lump sum form on the basis of a business plan.

The funding value is 50,000 euro/project, with the possibility of increasing the support up to 70,000 euro/project in the case of production activities, healthcare services, sanitary-veterinary services and agro-tourism activities (*boarding houses*).

The projects are selected on the basis of the following criteria and scores:

- diversification of the agricultural activities towards non-agricultural activities with maximum 15 scores;
- priority sectors: textiles and leather works, creative and cultural industries, crafts, IT, *agro-tourism*, services for the population in the rural area with maximum 40 scores;
- the tourism potential of the zone with maximum 20 scores;
- marketed production or provided activities accounting for over 30% of the value of the first tranche with maximum 25 scores.

The stimulation of tourism activities, prioritizing the agro-tourism activities developed in the areas with high tourism potential, with eco-tourism destinations, as well as in the zones with protected natural areas, is enabled by:

- projects having in view investments in agro-tourism (agro-tourism boarding houses and/or leisure services) in the zones with high tourism potential;
- projects that include tourism leisure activities that will be developed in the areas with eco-tourism destinations;
- projects that include tourism leisure activities that will be developed in the zones with protected natural areas.

Those projects will be approved that are developed in the areas with high tourism potential, yet insufficiently developed from the tourism point of view, in conformity with the Emergency Ordinance no. 142 of October 28, 2008 approving the National Territory Settlement Plan, Section VIII – zones with tourism resources, with subsequent modifications and completions, as well as the methodology of assigning total scores in tourism potential development (final evaluation). The total scores assigned must be maximum 20 scores and are calculated according to the investment location (commune), in the localities with a very high or high concentration of resources.

In order to receive aid under Sub-measure 6.2, the applicant should comply with the following conditions:

- to be in the category of eligible beneficiaries;
- to present a Business Plan for the development of non-agricultural activities;
- the objective must fit into at least one of the type of activities supported under Sub-measure 6.2;
- the headquarters and the working point(s) must be located in the rural area, and the activity should be also carried out in the rural area.

The implementation of the Business Plan should start in no more than 9 months from the date of the decision on granting the support.

Sub-measure 6.4 Investments in the creation and development of non-agricultural activities. It is addressed to the micro-enterprises and small enterprises in the rural area that create or develop non-agricultural activities in the rural areas, as well as for the development of already existing non-agricultural activities. The

farmers or the members of the agricultural households who wish to diversify their activities by developing non-agricultural activities are also targeted.

The investments for the production and marketing of non-agricultural products target the following sectors:

- textiles, clothes, leather products, paper and cardboard items;
- processing of wood products;
- metallic constructions, manufacturing of machinery and equipment;
- electric, electronic products, etc.

The investments for the crafts activities target the handicraft works and traditional non-agricultural activities, such as: pottery, embroidery, manual processing of iron, wool and wood.

The investments for the provision of services refer to:

- healthcare, social services, sanitary-veterinary services (also including the healthcare services supplied by the individual health clinics, veterinary clinics);
- repair services for cars, tools, household appliances;
- consultancy, accounting, juridical, audit services;
- information technology services and informatics services;
- technical, administrative services, etc.

The investments for fuel production from biomass (manufacturing of pellets and briquettes) are made for commercialization purposes.

The investments for infrastructure on the tourist reception units are of agro-tourism type (only agro-boarding houses) and are completed by investments in leisure activities.

The characteristics of Sub-measures 6.2 and 6.4 providing support to non-agricultural business development in the rural area are summarized in Table 2.

Table 2

Characteristics of sub-measures stimulating the non-agricultural activities in the rural areas

Analyzed criteria	sM 6.2	sM 6.4
Applicant	APP, IE, FE, LLC, JSC, etc.; Micro-, small enterprises	ANP, IE, FE, LLC, JSC, etc.; Micro-, small enterprises and IHC, IVC for investments and modernization
Activity	Establishment of new non- agricultural activities	Establishment of new non- agricultural activities and development of existing activities
Finance value	Max. 70,000 euro	Max. 200,000 euro
Payment	Lump sum in two trances	Advance payment, payment requests
Project duration	5 years	2/3 years
Acquisitions	Land+building +constructions +goods	Constructions +goods

Table 2 (continued)

Operating expenses (wages, raw materials, consumables, etc.)	YES	NO, it is not an eligible expense
Co-financing proof	–	On contracting: statement of accounts /credit contract
Price offer/database/acquisition procedures	–	The acquisitions that are found in the database are exempted from acquisition procedures

Source: author's processing based on www.afir.madr.ro data

In recent years, rural tourism and agro-tourism have been economic activities that have significantly developed with the tourists' growing desire to get away from the crowded and polluted cities and to spend their holidays in the rural areas with numerous natural and anthropic resources. For these tourists, rural tourism represents a good alternative to holidays spent on the seashore or in cultural cities and a great opportunity to better know the culture of rural areas and to get closer to the traditional way of life.

The main destinations of the rural tourism and agro-tourism in Romania are:

- Maramureş (Sălişte de Sus, Bogdan Vodă, Săpânţa, etc.),
- Transylvania (Arieşeni, Gârda de Sus, Bistriţa Bârgăului, Băişoara, etc.),
- central part of Romania (counties Braşov – Bran, Moeciu, Râşnov; Covasna; Harghita – Tuşnad, Praid, Sub-Cetate; Sibiu – Sadu, Tălmăcel, etc.),
- the Carpathians and the Curvature Sub-Carpathians (counties Prahova – Poiana Țapului, Cheia; Argeş – Brăduleţ, Rucăr; Buzău; Dâmboviţa; Vrancea),
- Moldova (county Neamţ – Agapia, Văratec; Suceava – Vatra Moldoviţei),
- Oltenia (counties Dolj; Gorj – Tismana; Vâlcea – Vaideeni;
- Mehedinţi – Ponoarele;
- Hunedoara – Haţeg, Bucium, etc.

On the other side, the rural population's migration to towns, the modernization of agriculture, the changes produced by competition increase in the rural world by the enlargement of the community free market are a counterweight to rural tourism development.

As regards the *sustainable development of the Romanian agro-tourism*, the following main aspects must be taken into consideration: environment degradation diminution, conservation of the natural and anthropic resources, ensuring additional incomes for the people from the rural communities with tourism potential, creation of global alliances between several rural localities for the development of a single development policy, the improvement of the general infrastructure, equipment of certain model/pilot farms, boarding houses, tourism households, development of the national reservations system, establishment of local public administrations as promoters of profitable management of the tourism patrimony through the initiation of programs providing support to rural tourism.

In this vision, the Romanian rural tourism needs a complex approach, which should comprise both the proper tourism activity (accommodation, development of tourism programs, provision of other services directly linked to the tourism activity), as well as the agricultural activity for obtaining the products necessary for tourism consumption and their processing on the host-households.

5. CONCLUSIONS

The small-scale business development is well known as the most important source of jobs/ incomes in the rural area, both for the developed and developing economies.

In the specialty literature and in the governmental reports, agro-tourism is defined both as non-agricultural activity organized and developed in close connection to the basic occupation of the rural people linked to crop farming, animal husbandry, crafts and other specific activities, as well as a secondary activity to farming, comprising all the tourism activities, products and services organized and developed in the rural area, mainly by the local population in close connection with the natural environment and the basic activities of the local people, by which the tourism resources, the cultural heritage, the traditions and the local products are put into value.

The development of the entrepreneurial initiatives in agro-tourism takes place in the context marked by the significant increase, both in qualitative and quantitative terms, of the accommodation units in the rural area in recent years, due to individual investors and finance from the governmental pre-accession and post-accession programs (SAPARD, NRDP 2007–2013 and NRDP 2014–2020), as well as of the activities of organizations following the ANTREC model, which support the rural suppliers of tourism services to penetrate the market and help the rural communities to appreciate the importance of tourism and understand what advantages they can get from tourism.

In this context, the rural tourism activities can contribute to the economic recovery of villages, to infrastructure modernization, can attract different investors, if the inhabitants of the rural areas adopt a favorable attitude, which should be received correctly by the tourists who prefer this type of tourism, and if the local authorities are sufficiently involved in the development of this profitable economic activity.

In order to obtain good results in the Romanian agro-tourism activity, the following are necessary:

- Improvement of infrastructure to support the agro-tourism businesses;
- Continuing to reduce bureaucracy with regard to the establishment and operation of agro-tourist boarding houses;

- A better information of the population with regard to the governmental programs for private initiative stimulation;
- Popularization of the successful business examples of the Romanian entrepreneurs.

In the future, in order to improve the living standards in the rural areas, it is of utmost importance to create and maintain sustainable jobs, to initiate and consolidate businesses, to develop products, services and activities on the basis of the existing potential.

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