

## THE ANALYSIS OF THE ACTIVITY IN AGRO-TOURISM

Bonca Dana Valeria\*

\* Technical University of Cluj-Napoca, 28, Memorandumului St., 400 114 Cluj-Napoca,  
Romania,  
e-mail: [valeria.bonca@gmail.com](mailto:valeria.bonca@gmail.com)

### **Abstract**

*The natural resources of a country represent valuable assets and a great potential for its economy. They are inestimable values which used carefully and wisely can generate a considerable income and great opportunities for the development of the rural areas and for creating new services and jobs. But for a country it is not enough to have the potential of the natural resources. It needs a framework and a working system to be put in place, which engages all the actors from the government and the law maker down to the entrepreneurs and the agricultural producers. Having this in mind, we want to take a look at and understand the weaknesses of the Romanian system and what are the solutions to make it work.*

### **INTRODUCTION**

The term rural tourism has different meaning from one country to another. For example in Finland the rural tourism is considered to be renting a cottage or providing some services in the rural area such as food and transportation. In Hungary the term used is “tourism at the countryside” and the only services included are food and transportation. In Slovenia the most important form of rural tourism is on the farms, where the guests are accommodated in the same house with the farmer and his family, or in guest houses. They can visit the farm, eat on the spot and participate in the everyday activities. In Netherlands the rural tourism means camping at a farm and the majority of services relate to routes, such as: cycling, horse riding.

The rural tourism in Romania is a particular form of tourism, more complex comprehending the touristic activity (accommodation, housing, touristic circulation, the program course, providing the main and additional services), the economic activity, in general the agricultural one, maintained by the hosts (activities for producing the agro-products on the establishments and the activity of selling them to the tourists or through the commercial networks) and the leisure activities offered to the tourists.

## **MATERIAL AND METHOD**

The research emphasizes the link between the agro-touristic and the agricultural activities, together with the measures and the actions needed to be taken at all levels from authorities to producers and entrepreneurs, to create a proper environment for the development of the two sectors. The methods used for the analysis of the information sources such the overview, the logical method and the comparative method, conducted the research and the formulation of the conclusions.

## **RESULTS AND DISCUSSIONS**

According to the definition agreed on to the International Conference on Tourism and Statistics from Ottawa, in June 1991, “the tourism refers to the activities of a person who travels outside his/her usual environment, for a less than a specific period of time and who’s main travelling aim is one which is different from carrying out a remunerated activity at the visiting place” (<http://www.revistacalitateavietii.ro/2012/CV-4-2012/02.pdf>).

Analyzing the definition from above, we can conclude that the rural tourism is an activity which takes place at the country side and translates into a key factor of the local development, and it is the result of the services provided to the clients, in order to meet their needs and expectations.

In an open economy, the efficient use of the strategic resources such as the agro-touristic guesthouse assumes the existence of a functional demand. At the same time, the efficiency of the agro-touristic guesthouse is measured by its capability to work at maximum capacity.

Every modern agro-touristic unit, regardless of its profile, dimension and socio-economic environment, needs a management style defined by flexibility, activeness and forecasting, which is based on a complex and efficient information process, as the foundation for the decision making process.

„The goal of the implementation of the management activity in the best condition is:

- The increase in the profit of the entity and in the rate of profit;
- The fulfilment and the exceed of the objectives scheduled and planned for a certain period of time (one month/quarter/year);
- The rational use of the material, financial and human resources of the entity at a certain point;
- The continuous reduction of the costs as the main tool for increasing the profit in a market economy;
- The increase of the labor productivity (stated as income/employee or worker and hours/tons of products)”

*(Tănăsescu Rodica – Analiza economică, Centrul Editorial-Poligrafic U.S.A.M.V, București, 1997, pg. 2).*

Taking into account the conditions provided by the market economy, the goal of the agro-touristic unit relates to maximizing the profit while bearing in mind the context of the requests of the sustainable development for the agro-touristic sector.

We need to agree that the economic efficiency and the competitiveness are not similar. Taking into account that each phenomenon, process, activity has a quantitative determination, given by the level of the expenditures made for obtaining the specific effects, we conclude that the efficiency as a quality attribute, is given by the ratio of the specific effects (e.g. the number of nights spent in the agro-touristic unit) and the expenses made for obtaining them.

This desideratum is expressed mathematically as a ratio of the obtained effects (in physical or monetary units) and the efforts made (the used and consumed resources).

While examining the economic competitiveness, it is highlighted the capitalization degree of the productive potential of the agro-touristic unit, of the available resources, based on some specific indicators such as: the nights spent in the unit, the accommodation and occupancy capacity.

These indicators individualize themselves by the specific manifestation form and the quantification of the efforts and effects, together with the unicity of the economic content. There are cases when the efficiency is being appreciated as an effort/effort ratio, and effect/effect ratio, obtaining the structure indicators: the benefits at cashed 1000 lei, the commercial profitability rate, the technical ability of the labor, etc. (not all the economists agree that these are indicators of the efficiency). Generally speaking the decision-makers use rarely the whole group of the efficiency indicators, they normally select, the ones that fit best their analysis priorities.

Any activity developed by any entrepreneur, cannot exist and develop unless it generates the income, covers the expenses and gives a certain profit. The general objective of all economic entities is to obtain the profit. The viability of this goal is depends on the their capacity to foresee in the most accurate way the possible alternatives for the evolution of their economic activity, together with being competitive in the market characterized as a dynamic and changing environment. The activity performance, the market prospective and the obtaining of the desired price in relationship with market demand meanfacing some risks and uncertainties.

From this point of view the profit “is a consequence of the risk, a reward, which can be received by an enterprise, for risking its capital, is the result of foreseeing the future with more accuracy than the majority of others (competitors)” (Heyne Paul – *Modul economic de gândire, Editura Didactică și Pedagogică, București, 1991, pg.207*). According to Michael E. Porter, the competitive advantage on the market can be generated through the assurance of the reduced costs of the provided products/services, at level beyond the ones offered by the competitors, or through conferring some qualities (characteristics) to products/services, which make them stand out from the ones offered on the market and addressing the same need (Porter, 1985). The sources of the competitive advantage are: the innovation, a lower price of the market, market niche. An example of a competitive advantage for the agro-touristic units is to provide services to the clients in the field of the psychosomatic medicine.

The profit can be seen as a compensation of the entrepreneur for the risks he takes upon in the process of the economic activity, which are being materialized in the capital lost. The profit is a real positive value, a result of the economic and financial- monetary processes, associated with the market requests. This value is accepted by the entrepreneur and the state, representing for both sides the main source of financing the consumption and the investments to generate the development.

During the last period of time, in many countries, the agro-tourism and the rural tourism are considered to be the main source of the future strategy, which can contribute to reducing the population migration from some area and the urban agglomeration, the creation of new jobs and promoting the social-economic development of the less-favored areas. This point of view is justified by the following elements:

- The agro-tourism allows the satisfaction the need for space, relaxation through the practice of recreational activities, sports and cultural entertainment;

- the agro-tourism meets the rising interest in the natural heritage and the rural culture of the urban population with little knowledge of these value but a strong attraction to them;

- The local administration is aware of the tremendous opportunity conferred by the rural tourism and the agro-tourism through their multiplicative effect, which translates into generating complementary income, the maintenance of a certain infrastructure and services demand, which represents an interest for both the administration and tourists. Some studies conducted in France and Norway showed that the expenses made by the tourist in some specific areas, are at high interest for the maintenance and the development of the commerce and local handicraft;

- The preoccupation of the public administration and of some enterprises to promote the rural tourism. This corresponds to the need of finding solutions to encourage the dynamics of the economy, to reduce the outcome of the financial crisis and to offset the negative effects of the reforms in regards to the agricultural units and the disruption of the entities from the rural zones.

The Romanian agricultural sector and the rural economy, have generally speaking a reduced accessibility to the financial services offered by the financial banking system, when comparing to other sectors of the economy. The latest development of the banking system and the interest of the banks in financing the agro-food sector due to the opportunities offered by joining the European Union are not enough to ease the access to financing for the majority of the farmers and enterprises from the rural area. With a very heavy bureaucracy when it comes to the FEADR (European Agricultural Fund for Rural Development) funds absorption, the banking system would have been an alternative to support the financial flow in the agricultural sector. Moreover, the use of the land and other specific assets as a banking safeguard is deeply affected by the volatility of the prices generated by the latest economic and financial crisis. The difficulties encountered by the beneficiaries of the National Program for the Rural Development (PNDR) in obtaining the financing from the banking sector, needed for the investment until the receiving of the funds from the national budget represent one of the major impediment of the implementation of the PNDR for the period 2007-2013. In 2010 the level of the financing given to the agricultural sector by the banking system was below 3% of the total volume of the financing given to the other nongovernmental sector of the economy (*Cadrul Național Strategic pentru Dezvoltarea Durabilă a Spațiului Rural Românesc 2014 – 2020 - 2030 CNS, iulie 2013*).

The partnership in agriculture is a concept not exploited, as the main actors confront themselves with specific problems in terms of information, mentality, but also because of the over-taxation and limited knowledge of management. During the period 2000-2010, there is an upward trend in terms of the number of enterprises in the agricultural sector, but their share is very low at the regional level. There were registered approximately 150 enterprises at the national level, from which 25% were located in the South-east area (around 38). The figure is extremely poor. When we compare it to the other countries like Netherlands, where percentage of agricultural startups is 100%, and the EU average is 34%, Romania scores very low below 1% (*Centrul Român de Politici Europene, 2013*). The reasons behind this low figure relate to the social aspect - the existence of the old agricultural cooperatives and the lack of trust of the rural establishments and to the financial aspect - the fix context created by the limited financial resources

for investments and the additional costs generated by the startup in the field (accounting, VAT, etc.). The presence of the agricultural establishments is very shy, the associations and the cooperatives cover only 13.2% of the arable land in 2010, compared to 15.7% in 2002. The data from the monitoring process of action no. 142 “ The establishment of the producers’ group” of the PNDR, reflects the reluctance of the agricultural producer regarding the foundation of different associative forms (35 projects for implementation, which add up to 5.45 million euro) (*Raportul anual de progres PNDR, 2012*). The biggest problem of all, which discourages the establishment of the producers’ groups, is the unequal fiscal treatment, generated by the double imposition of the members of the group. There is an urgent need for guidance and consulting regarding the functioning of the associative forms, next to the facile access to the financial capital and the taxation. In order to address the situation, in the first phase, a community easing is needed, which means bringing together the farmers, the producers and the entrepreneurs for discussing and addressing the issues and then identifying the potential solutions. The second phase presumes the coagulation of the group, the definition of working in an associative form, the identification of the legal body for the entity, the analysis of the implications which come from choosing a specific legal body, the elaboration of the organizational development plan and of the business plan.

## CONCLUSIONS

The agricultural sector is the ground floor the development of the agro-tourism. They represent an important resource and the competitive advantage of the Romanian economy. In order to benefit the maximum from their potential, a number of actions need to be undertaken at all levels.

At the level of government actions in the area of fiscal relaxation, infrastructure investments and different impulses to revitalize the agricultural sector could be the drivers relish the activities and the income from these sectors, which would have a positive impact on the national budget. Also the high bureaucracy which affects not only the two sectors in discussion but also all the economy sectors should be a preoccupation for the ones ruling and for the law makers, as less paperwork means more time for the activity itself. Also the stability and the good forecasting of the business on the long run are being ensured by the constancy of the law. The changes and the alteration of the law create lack of trust, disturbance and turmoil in the activity of the enterprises.

At the level of the local/regional administration and of the specific institutions, it is important to be understood the fact that their high

speed reaction and a good interaction with the enterprises of these sectors are the supportive keys which make the business flow smoothly.

At the level of the actors, the focus should be on the market and on the consumers and tourists interest, needs and behavior, in order to understand the trend of the market and to observe the potential opportunities. Also the continuous training and the research in the field should be the main preoccupation at this level. The entrepreneurs joining forces and finding different sources to assert their issues will achieve more and will make their voice to be heard.

Nevertheless the joint action and the cooperation of all the above mentioned levels are the solution for ensuring the success of these sectors. The partnership of all actors is the key reaching the goals and obtaining the highest results.

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