DEVELOPMENT OF RURAL TOURISM THROUGH ENTREPRENEURSHIP

Scientific researcher III Ph.D. Camelia SURUGIU
National Institute of Research and Development in Tourism, Bucharest, Romania

Abstract
The present paper is addressing the issue of entrepreneurship in rural tourism, identifying its potential to stimulate the rural areas of Romania. Tourism in general and rural tourism in particular are dominated by small business where the spirit of initiative, desire to achieve and the ability to identify market opportunities and to fructify effectively are essential. The Romanian entrepreneurship began to revive after 1989, the efforts initially being shy and the researches carried out indicate that Romanian developer in rural tourism is still optimistic and open to accumulate new knowledge and is interested to develop a business.

Key words: rural tourism, entrepreneurship, development, human resources

JEL classification: J24, L83, O15

1. INTRODUCTION

At the beginning of XXI century, the entrepreneurship is extremely necessary and the knowledge of the entrepreneurial practices is not only in the interest of the enterprises that are confronting with more and more complex situations, generating more changes, but also in the interest of the entire society.

The entrepreneurship represents essentially the process of identifying, putting in practice, developing a vision that may be an innovative idea, an opportunity or simply a better way to do something. The result of this process is the creation of a new venture under risk conditions and uncertainty. This is an active, creative and inventive process and its success depends on the ability “to read” and to answer to the market challenges that implies taking calculated risks using efficiently the material, financial, human resources.

The specialists consider that the entrepreneurs are born not formed through education. It is true that many of the most efficient entrepreneurs in tourism and other fields are born businesspersons, without much formal education. However, many essential entrepreneurial skills can be learnt and the entrepreneurs can appear after a personal development at the job. A characteristic for many entrepreneurs is that they and their enterprises have evolved, changed and grown in time as an answer to the confidence increases and to the opportunities or difficulties existing on the market.

The entrepreneurship offers various advantages to local, regional and national economies especially through its development. The field in which the individuals can initiate their own business are various: construction, trade, light industry, agriculture, food industry, IT, tourism and so on. In most countries, small and medium enterprises dominate the tourism industry where the entrepreneurial spirit is easier to identify and to research. The SME have a real potential of growth offering to their initiators various advantages, not only economic but also social ones through recognition, appreciation, motivation, self-confidence and so on.

Tourism represents not only a solution for the rural population to become the artisans of their one social and economic progress, but also a real chance for them to be involved in other activities bringing incomes and social recognition. In most countries around the world, communities and business leaders around the world are focusing their attention on entrepreneurship development as part of a sound economic plan (Grgona, 2007).

The entrepreneurship is necessary for revitalization of Romanian villages, offering the chance of obtaining better results in business employment growth, improving living conditions and civilization of the inhabitants in rural areas, reducing migration and stimulating the come back at least partially of the population. The support of tourism development in Romanian rural areas demands entrepreneurial human resources, capable to come with sustainable solutions to various problems.

After the Romanian revolution in 1989, the entrepreneurial initiatives in rural tourism were modest. At a time when the state showed little concern for tourism, the development of rural tourism has been led by the private sector, and coordinated and regulated by various non-governmental organizations (Light, 2006).

Romanian rural areas have a tourism potential insufficiently valorised and the tourism development in these areas offer various advantages to the local communities. The economic and social problems in Romanian rural areas are various and complex and the rising question is if the entrepreneurship in Romanian rural tourism can be stimulated and which would be the ways to sustain it?
2. THE GENERAL FRAMEWORK OF THE ENTREPRENEURSHIP IN ROMANIAN RURAL AREAS

In the Romanian economy history, there was a rich tradition of the merchant, handicraftsmen, small entrepreneurs offering goods and services to their customers and having headquarters in their living villages and towns. First forms of entrepreneurship appeared in the XV-XVI centuries at the same time with the development of the main centres of entrepreneurial activity, process that continued especially in the XIX century and at the beginning of XX century.

In communist period the excessive centralization, rigid planning, low efficiency determined the limitation and even the cancellation of the Romanian entrepreneurial spirit. Because the political, economic and social life started to be decided by the central leadership of the Communist, the managers were forced to work automatically, like robots, receiving detailed, direct orders in stead to take action.

However, various forms of private entrepreneurship coexisted with state ownership and entrepreneurship in the state enterprises during the socialist period. In time so called “grey economy” developed gradually, referring to any form of non-registered private entrepreneurial activity, but tolerated by the state (Văduva, 2004).

Because of ideological and political monopole of the Communist Party and of centralized planning, the majority of Romanians lost their spirit of initiative and the ability to make administrative decisions.

For a long time, in our country, agriculture was the base of economy, giving people food, a minimum income and resources for needs survival of people. Nevertheless, rural areas are dynamic environments and the change in these areas was involved. Most changes in rural areas in the communist period linked to the social, environmental, political, economic, technological aspects, because of industrialization, urbanization, modernization. During this period, agriculture suffered many difficult changes, leading to a surplus of the handwork, low incomes in the agricultural sector, the services decline, the abandonment of many rural areas and therefore, depopulation and intense concentration of the population in rural towns. Mutations occurred in time affected many rural areas, obliged them to confront the problems regarding the stability and economic and social development.

At the end of the communist period, Romania still had rural characters. The country was characterized by low living standards, poor infrastructure, substantial environmental problems, highly distorted economic structures and political cronyism that persisted as post-communist corruption (Hall et al, 2006).

At the beginning of 1990, the Romanian economy was overwhelmingly state-controlled and over-institutionalised, almost exclusively comprised of large state-owned companies; at the same time, a large proportion of production was focused on investment and on the exporting of goods (Ciutacu et al, 2008).

Period of restructuring and privatization of the Romanian economy from the end of 90’s led to urban migration of population made available to rural areas. Growth of the agricultural population was due to the land restitution to urban citizens and withdrawal from industry and other areas, in the sphere of agriculture.

Starting with 1991, rural Romanian was strongly linked to agriculture, and this feature will be kept in the next years. Although there were a series of government measures to support agriculture, the sector is still affected by various problems. Although Romania is among European countries with the largest agricultural population (as number and as a share of the total population), part of the land quality is uncultivated for over ten years. Also, the share of agriculture in GDP declined from about 15% at the beginning of the decade to below 10% in the last three years.

In the last eight years, the share of gross value added (GVA) in agriculture, hunting, forestry and fishing in national GVA oscillated significantly, the general trend is that fall from 13.3% in 1999 to 6.4% in 2007 (Figure 1). Though the GVA in agriculture expressed in million Euros increased, its contributions to the national GVA decreased, other activities have increased significantly their contribution to the national GVA, like constructions, financial intermediations and so on.

At the national level and in agriculture, hunting, forestry and fishing

![Figure 1 - GVA at national level and in agriculture, hunting, forestry and fishing](image)

Source: based on data issued by the NIS, 2000-2008

Despite their decreasing importance in time, agriculture can have a valuable contribution to the vitality and rural development. On the other hand, rural development cannot be based on mere restructuring of agriculture, while it loses constantly its economic importance and therefore, rural areas should be regarded from a different perspective.
In Romania, the employment in rural areas has seen a downward trend, because of restricting economic activities (e.g., agriculture, forestry, small industry). Thus during the period 1999-2007, the share of employment in rural areas decreased from 56.78% to 45.08%.

![Figure 2 - Percentage of the employment in rural areas](image)

Source: based on data issued by the NIS, 2000-2008

In the future, the specialists estimate that the shift of the active population to rural areas and particularly to the agricultural sector will increase. However, agriculture cannot absorb all the excess labour force and does not provide adequate income for a decent life. In 2007, the average monthly net earnings of employees in agriculture, hunting, forestry, and fishing are the lowest in the economy, respectively less than 225 euro compared to the national average of 312 Euros.

![Figure 3 - The evolution of the average net nominal monthly earnings](image)

Source: based on data issued by the NIS, 2000-2008

The problems facing people in rural areas are varied and they are referring particularly to: population ageing, low number of employees, population with low incomes, poor training opportunities for women and youth; reduced number of educational institutions and trainers; limited access to information and advanced technology; modest cultural offer.

In the village, through its economy, must be removed from the closed natural economy and introduced in the business environment and the rural economy must be transformed, gradually, from a subsistence economy in a commercial competitive economy (Institute of Agrarian Economy of the Romanian Academy, 2008).

An integrated approach to the rural economy, with attention to all sectors is an important part of rural development policy and the contribution of other activities to the viability of rural areas is critical for the agriculture’ future (Menezes, 2000).

In the context in which to find solutions to revitalize rural economies, tourism is a means for regeneration and economic future of rural areas, particularly where traditional agricultural activities are restrictive. Thus, in the past twenty years the rural tourism has become increasingly attractive as a mechanism to prevent problems of the rural areas. Many planners, practitioners and scientists consider that the future of rural communities is in economic, social and political opportunities created through tourism. Moreover, the national agricultural policies and promoted by the EU recognize the importance of rural tourism through a whole series of plans and programs.

The success of tourism-development plans dependent on both the administration’s ability to support-development projects and the entrepreneurs’ desire and ability to commit themselves to the development plans (Komppula, 2007).

Entrepreneurship is the key element of support and development of rural tourism. In this activity, entrepreneurs will be those managing the economic, social development at the local level. The involvement of entrepreneurs in promoting and stimulating tourism in rural areas will provide new perspectives to local communities through a greater openness and interest on their part for the effective recovery of tourist resources.

3. ENTREPRENEURSHIP IN THE ROMANIAN RURAL TOURISM

The development of rural tourism brings many benefits in rural areas, expressed by: job creation and reduced migration of the local population with the possibility of restocking in rural areas, improving living standards of the population, vocational training, alleviation of gender discrimination and among other social categories, improving the social and cultural coexistence, increased opportunities for social interaction, residents’ participation in decision-making, encouraging arts and crafts practiced by residents.

In particular, tourism helps two types of small business in rural areas, which otherwise would not have occurred in rural communities, namely those directly involved in tourism (ex. accommodation and food units representing small hotels, motels, pensions, small restaurants) and those involved indirectly in tourism (e.g. food stores, construction firms). It also develops a sense of entrepreneurship that has not
are not informed about the laws, or have faced many
guesthouses that have been approved after two years
obtaining authorization for the operation, the severe
due to bureaucracy and large waiting period before
pecuniary ones, for not paying state taxes and duties,
establishment for various reasons, in particular
Authority for Tourism (NAT), in the year 2006 there
prefer not to obtain the approval for their tourism
in rural tourism is much higher. Rural tourism
services certified by NAT.
of establishments offer accommodation and food
Romanian countryside. They offer approximately
were over 2,337 certified accommodation units (e.g.
36.64% self-employed and 0.25% workers.

Figure 4 - Employment structure by status in employment
Source: based on data issued by the NIS, 2003 - 2008

According to the data provided by the National Authority for Tourism (NAT), in the year 2006 there were over 2,337 certified accommodation units (e.g. guesthouses, villas, inns, tourist cabins, hotels) in the Romanian countryside. They offer approximately 17,700 rooms and 37,600 beds. Only a small number of establishments offer accommodation and food services certified by NAT.

In reality, the number of accommodation units in rural tourism is much higher. Rural tourism associations estimate that 30% of the pensions work on the black market. A significant number of owners prefer not to obtain the approval for their tourism establishment for various reasons, in particular pecuniary ones, for not paying state taxes and duties, due to bureaucracy and large waiting period before obtaining authorization for the operation, the severe approval criteria etc.

On the other hand, a large proportion of guesthouses that have been approved after two years no longer recertified themselves, either because they are not informed about the laws, or have faced many problems along the way.

To develop a sustainable rural tourism in Romania is a need for human resource well prepared and trained. Thus, vocational training of human resources could represent the key of rural tourism development in Romania. In order to identify training needs of entrepreneurs in rural tourism, a survey among tourism establishments in rural areas was finished during October 2007 - February 2008. The questionnaire was applied directly and via email, entrepreneurs in rural areas, respectively: Bran Moeciu, Vama (Suceava), Voronej (Suceava), Sucovita (Suceava), Brosteni (Suceava), Vadu Iza (Maramureș), Margie (Cluj), Sibiul (Sibiu), Sâliște (Sibiul), Padina (Dambovita) Siriu (Buzău) Godeni (Argeș). Over 35 people were interviewed, using random sampling and the response rate 50%, and sought to identify the different aspects related to the entrepreneurs’ activity. The results of the research are presented below:

a. The vast majority of those who started a business in rural tourism have preferred the accommodation of tourists in their own households or in a new built accommodation structure. Other activities (food, marketing handicraft or traditional products, organizing recreational activities - fishing, hunting, folklore evenings, the arrangement of sports and recreational facilities - ski slopes, sports fields, etc.) complete the main activity.

b. The number of people employed varies from one unit to another, but in most cases is about family associations that have a small number of employees (2-3 persons). Small size enterprises in rural tourism justify the decreasing number of people employed, mostly those dealing with the business owners board itself. The decision to hire a person is based either in growing size of the business either one the fact that the owners are not local or have a permanent job, and time does not allow them to take care themselves for the pension management.

c. Regarding the time since the initiation of business, it is in most cases by 2-5 years. It is interesting to note that although the problems facing tourism in general and rural areas, in particular, are more diverse and more complex, the number of people who have opened a tourism unit is growing. A small number of those who have initiated a rural tourism business after the revolution had the power, skill and chance to keep it successfully in all these years. Many gave up, defeated or overcome by the problems encountered along the way.

d. The reasons for developing a rural tourism business are diverse, but the most frequently cited were referred to the fact that they wanted to take advantage of the market demand, to enjoy meeting people. Romanian inhabitants of the villages remain welcoming hosts and glad to receive guests, despite the difficulties and problems caused by tourists. They have the opportunity to meet different people, to get an additional income and to ensure long-term sustainability of the farm, taking advantage of the location and the tourism demand in the area.

e. For most of those who have initiated a rural tourism business, this is a very important role in the
farms and ensuring their sustainability. The owners are optimistic about the work and the prospects for its development.

The interest of entrepreneurs to follow a training course is high. Although most entrepreneurs have a qualification in rural tourism, the skills, abilities, competences obtained are insufficient in fields. The entrepreneurs are interested in finishing a training course regarding the sources of finance in rural tourism, rural tourism marketing, accommodation management in rural area, developing a business plan, food and beverage management, recreational activity in rural areas, foreign languages.

The increasing pace of development of knowledge-based society requires opening to the assimilation of new and diversified knowledge, and the entrepreneurial training is vital for survival in a globalize economy. Local and central governments should encourage entrepreneurship in rural areas especially by increasing the knowledge and skills of those involved, the opportunities for local development and vocational training.

4. STIMULATING THE RURAL TOURISM DEVELOPMENT

Taking into consideration the direct and indirect effects of rural tourism, its positive impact on the local communities, the major objective of the policies and strategies in the field should aim its development, encouragement and stimulation. Achieving this objective involves focusing on three levels, namely:

- Improving living conditions, boosting the stability of the active population and stop migration from rural to urban areas and stimulate the return of the population in urban areas to rural areas;
- Prosperity of rural communities;
- Preservation of rural environment as a tourist attraction.

Initiated measures and programs to stimulate economic sectors in rural areas should take into account the principles of sustainable development and conservation of the natural environment, which is the raw material of any initiatives.

In many cases, central and local governments are the rural tourism entrepreneurs being involved in training, provision of direct assistance, regional planning, the technical infrastructure, tax regulations, the development of tourist attractions, tourist villages support, drawing up marketing strategy, creation of tourist information offices, tourist guides, rural tourism indicators. Promoting entrepreneurship should be a more substantial part of local, regional and national development strategies.

Each rural area creates its own entrepreneurial culture that is reflected both in the image that the area has as a tourist destination, and the experience offered to the tourists. People are not used to behave like entrepreneurs. Social context or local society can prevent the emergence of trust as a basic essential for entrepreneurship and for transactions between entrepreneurs. Studies show that successful entrepreneurs spend more time creating partnerships and that they are important in to obtain success. Therefore, supporting partnerships can stimulate creativity and innovation and thus growth and diversification of the tourism product in an area.

Due to major positive implications that rural tourism has in the economic, social, cultural and environmental impacts, local communities and governments must be involved in developing an organizational development and promotion of its programs with consistent and well founded.

The adoption of strategies and policies at regional and national level is the responsibility of government, he was the one who sets the legislative and regulatory for tourism activities, conduct policy, investment strategy and marketing, which clarifies the role that tourism plays in the economy and social resources that can be used to develop tourism markets, which can be appealed (Veer, Tuunter, 2005).

In time, governmental efforts of European countries, made to stimulate the growth of rural tourism have resulted in:

- Investments in general infrastructure and tourism infrastructure, such as transport, public services, communications, recreational areas, natural parks, developing arrangements for the practice of sports (e.g. skiing, hunting and sport fishing, golf);
- Administrative support to support a faster start of a business, easier access to information;
- Financial or tax incentives, especially in the early stages of development of rural tourism at local or regional level (e.g. lower taxes, subsidies);
- Security systems for loans or mutual guaranties, which may help entrepreneurs to start or expand their business (e.g. the granting of loans with subsidized interest or beneficial and favourable terms);
- Promoting rural tourism supply and finance the completion of tourist information offices;
- Educational and technical assistance, particularly useful for businesses in rural areas (e.g. free training, technical assistance in marketing, development of feasibility studies, development of local development projects in the countryside).

If in some countries, rural tourism contribution to the economic and social revitalization of the rural areas is recognized (France, Austria), in others its support can be limited. The national administration focuses on policies and strategies to increase the number of tourists and their spending is stimulated especially known destinations and attractions, while the tourist potential of rural areas is less exploited. In turn, those who carry out rural development policies given to lower business travel due to high investment and the fact that incomes are often low. Moreover, national tourism authorities and bodies responsible for
agriculture and rural development do not always coordinate their policies on tourism.

In most cases, planning and tourism development in rural areas is the responsibility of specialized agencies of the government that need to combine planning with rural tourism. Sometimes these policies developed by the administrative departments are lacking consistency, due to poor communications, administrative problems, which affect the sustainable development of tourism in rural areas.

5. SUSTAINING THE ENTREPRENEURSHIP IN ROMANIAN RURAL TOURISM

In most Romanian rural areas with tourism potential, the entrepreneurship will be supported. Entrepreneurship can be acquired over time and if a policy of awareness on rural tourism importance for personal benefit and for its positive effects on local communities. To encourage entrepreneurship is necessary for central and local authorities to ensure first the elements of infrastructure and utilities to create a climate in which the entrepreneurs to feel appreciated for their initiatives.

In rural areas where there is an un-valorised potential tourist or insufficiently exploited, should consider supporting the development of entrepreneurship through appropriate measures, namely:

a. Creating a stable business environment, less bureaucratic, to facilitate the initiation and development of private initiative (e.g. the opening of hostels, food unit, rural recreation).

b. Financial or fiscal support especially in the first stages of creating a business. If tourism policy is regarded often as focused on encouraging the private sector and stimulates competitiveness, in rural tourism, where the activities are closely linked to the local community and identity, a different orientation is necessary. Moreover, there are small businesses that provide new features and business approach in an isolated manner will not work, especially if the main aim of policy is to promote the vitality of rural area as a whole. Tax reductions (e.g. of rate income tax, VAT) in the early years (5-7 years) of a business is critical especially in rural areas where tourism businesses are small and the rate of profitability is low. Lower taxes stimulate entrepreneurship and financial support sustains the private initiatives.

c. Increased training of the population, ensuring in particular training which enables the development of skills and competencies necessary to initiate and to conduct a business.

d. Identification and assessment of entrepreneurial skills of the population in rural areas.

e. Advice and training offered to entrepreneurs and families of entrepreneurs to increase their skills and powers assumed in conducting business. A successful entrepreneur must possess many and diverse qualities: insight, perseverance, general knowledge and knowledge in its activity field, the ability to control and administer.

f. Creating an entrepreneurial culture at local and regional level and encourage people to assume the risk of running a rural tourism business.

g. Creating local and regional offices for entrepreneurship development in rural areas with the support of the Ministry of Agriculture, Ministry of Tourism, County Chambers of Commerce and Industry, Regional Development Agencies that provide direct support to all those interested in developing a business, entrepreneurs.

h. Creation of regional business centres with the support of County Chamber of Commerce and Industry, as well as regional forums to represent points for offering advice on improving the tourism product at the European standards, the legislative framework, national and European funding, upgrading or construction of units retaining the uniqueness of the property, preparing a business plan or exchange of experiences.

i. Promotion of the entrepreneurship importance among women and youth from rural areas and providing training programs to improve business skills, recognition of market opportunities and increase employment opportunities.

j. Stimulating competition by awarding prizes to successful entrepreneurs and entrepreneurial behaviour.

k. Creation of awareness campaigns on the benefits of entrepreneurship with the support of mass media, organizing events in the communities, awarding the best business plans.

l. Conducting a policy of regional development of rural tourism and national, regional and local marketing strategies by Agencies of Regional Development and local authorities and central government with the support of professionals in the field and to tourism operators.

m. Support the innovative ideas, especially those that protect environment and increase employment and quality of rural life.

n. Technical infrastructure development. An entrepreneur may have good ideas, but if the technical infrastructure has a low quality, then initiatives have little chance of success. When governments invest in infrastructure to create an entrepreneurial climate in rural areas, tourism entrepreneurs will appear.

In general, persons employed in the tourism establishments in rural areas do not have the card work. The “black market” activities are a widespread practice. The first step to be done to encourage the employment of legal activity is to support tourism conducted under the rules and laws in force. An incentive-penalty system may bring results in rural tourism. In Romania, unfortunately, the most relevant ways to help entrepreneurs are financial one (exemptions or tax reductions, tax relief, financing). However, the financial support may not be granted
indefinitely, and rural entrepreneurs need to become artisans of their own development and to understand the need to respect the law.

The entrepreneurship can bring significant benefits to the rural tourism being an important driving force, and its absence represents the main impediment to economic development and revitalization of the workforce affected by the restructuring. Those who want to promote tourism in an area must understand the nature of entrepreneurship and how can be encouraged and supported. Most of the tourism actions are based on the private sector or the organizations required operating in an entrepreneurial spirit. Therefore, promoting entrepreneurship should be a more substantial part of local, regional and national development strategies.

6. CONCLUSIONS

The variety of the opportunities appeared because of the necessity of diverse rural economy have created the framework of tourism appearance and development in rural areas. In many European rural communities, tourism has become a powerful engine of economic growth, transferring capital, incomes and, jobs from industrial, urban and developed areas to the unindustrialized rural regions. Tourism demands for vacations in rural areas are increasing, and tourists bring in visited areas revenues that reinvested will generate various benefits at the local level.

In our country, the transition from the communist to a market economy was a difficult process, uncompleted yet. The population is still facing with mentalities and behaviours that have marked communism and therefore, many residents lacking the courage, spirit of initiative, confidence in their own person and this is particularly true in rural areas due to poor information and lower access to a high-quality education.

The entrepreneurship has a real potential to stimulate the rural areas in Romania from economic, socio-cultural and environmental point of view. Thus, the support and development of entrepreneurship in Romanian rural tourism is possible mainly because of the tourism potential of rural areas and with increased training of human resources, fostering public-private partnerships, public awareness about the effects and needs of this activity development in the local and regional levels.

In rural areas where there is an un-valorised or insufficiently valorised tourist potential should consider supporting the development of entrepreneurship through appropriate measures, tailored to each specific rural area, to local needs.

The researches show that the interest in starting a rural tourism business is still high in our country, despite the problems that entrepreneurs have faced over the last two decades. Also, there are numerous examples of good practice that show that while behaviours have changed, the desire of accomplishment and affirmation of Romanians grew, being able to identify opportunities of the market economy and the environment’ offers.

BIBLIOGRAPHY


17. Petric, L. (2003) *Constrains and possibilities of the rural tourism development with the special stress on the case of Croatia*, University of Jyvaskyla, Finland, ERSA 2003 Congress.


