

ENTREPRENEURSHIP AND TOURISM DEVELOPMENT IN RURAL AREAS: CASE OF ROMANIA

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Abstract

Interest in entrepreneurship is growing according to the move from a focus on supporting agricultural production to recognizing the rural economic development.

Rural tourism restructuring is the effect of the expansion of globalisation and the accession of many of the transition countries to the European Union, but this area involved had characteristics not found outside the new rural survival strategies.

With Romania having been accepted for EU membership in 2007 the attitude began to change: new light was cast on the relationship of entrepreneurial capacity to the growth of peripheral tourism rural areas and the idea appears to encourage women's entrepreneurship.

In this paper we present the impact of the changes regarding a primary strategy for creating and supporting rural family small tourism businesses operating in the peripheral regions of the European Union, especially in Romania.

Keywords: globalization, production, strategies, relationship, transition

JEL Classification: L83, L88, O18, P25, R11.

1. Introduction

Rural tourism has long been considered a means of achieving economic and social development and regeneration. More specifically, it has been widely promoted as an effective source of income and employment, particularly in peripheral rural areas where traditional agrarian industries have declined.

Since the 1970s, economic restructuring and the farm crisis have reduced rural communities' economic opportunities. These changes have limited rural communities' economic development options, making older development strategies less viable and forcing many to look for nontraditional ways to sustain themselves. One of the most popular nontraditional rural development strategies has been tourism and its associated entrepreneurship opportunities because of tourism's ability to bring in dollars and to generate jobs and support retail growth.

Entrepreneurship in rural tourism is considered a central force of economic development, as it generates growth and brings innovation and change.

Romania has a wide range of natural and cultural features attractive to tourists,

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most of them in rural areas, and rural tourism development is now seen as a way of creating a new service industry as traditional manufacturing industries decline. Increasing numbers of rural householders now offer bed and breakfast accommodation to visitors, and entire rural communities now find themselves drawn into tourism as a potential economic future.

2. Literature Review

Rural restructuring in the transition countries has followed a similar path to that in the rest of the world except that it was precipitated more suddenly by political events in 1989/90 and the rural areas involved had characteristics not found outside the centrally planned economies. The impact is further exacerbated by the expansion of globalization, neo-liberal economic policies and the accession after Romania having been accepted for European Union membership in 2007.

Early reforms created a new Ministry of Tourism in 1992, the work of which encompassed that of its predecessor, the National Office of Tourism. One of the first tasks of the new ministry was the production of a 10-year tourism master plan identifying development needs at a central level, as well as decentralized measures such as the consolidation of vocational associations, the support of local initiatives in urban tourism, and the development of tourism in rural areas. Increasing recognition was given to the role of the private sector in tourism development processes as well as the need to develop a flexible and demand-led industry. Legislation in 1994 established the framework for the national development of a rural tourism industry and a sum of 900,000ECU was provided by the European Union Phare programme.

One practical way to increase the birth of tourist enterprises in a community is to increase the supply of indigenous tourism entrepreneurs. To achieve this quest, it is necessary to determine the tourist enterprise creation process. Once this is accomplished, a community may then develop appropriate policies to stimulate tourism entrepreneurship.

Kalantaridis notes that economic growth in rural areas is invariably conditioned by the pervasive influence of a myriad of often small and micro-scale entrepreneurial ventures. Rural areas suffer from a shortage of potential entrepreneurs because of out migration and so the building of a critical mass of entrepreneurship is a key economic development issue. The results of their surveys throw new light on the relationship of entrepreneurial capacity to the growth of peripheral rural areas.

The literature identifies two key research issues which are particularly relevant to our study: what drives individuals to become involved in entrepreneurial pursuits, and whether spatial factors influence their decisions. Some of the negative factors specific to rural areas are small markets and in the case of transition countries, imperfect markets. This is where cross-border trade becomes important. However, production factor endowments such as human capital, land and buildings may be positive for entrepreneurs in rural areas. The Labrianidis study of entrepreneurship in

ten areas in Europe revealed that differences were greater between countries than within countries but at the same time locality mattered. Thus by focusing on two areas within one country we are minimizing national differences and maximizing local differences.

The 1995 UN Human Development Report stated that the objective of development is to enlarge people's choices. This involves equality of opportunity for all and the promotion of gender equality and other human rights. To make choices people have to see themselves as free to make decisions and to have individual agency. Under communism not only was independent action discouraged, but people felt that they did not need to think and worry about their future as the state would tell them what to do and take care of them. In agriculture the state farms absorbed the risk for farmers. Thus the loss of this umbrella of state protection with the transition has had a psychological effect, leaving many people not knowing how to make decisions and frightened by the concept of individual responsibility. From the industry perspective, the enormous economic benefits that quite clearly do still accrue from successful tourism development are too big an incentive for them to lose interest. This undoubtedly inhibits the full adoption of sustainable tourism practices. There is also the additional problem that it is not only tourism developers who religiously adopt the principles of the marketplace. Although the much quoted principles of sustainable tourism purport to protect the interests of the host community, and insist on their involvement in all stages of the planning process, for many in the less developed nations tourism, of almost any kind, is regarded as an economic savior and one that should be nurtured at all costs in order to maintain their economic growth potential.

According to the strong sustainable development approach, meanwhile, it is argued that the form in which capital stocks are passed between generations is of vital importance. In short, advocates of strong sustainability argue that natural capital cannot be substituted by any other form of capital, only by other forms of natural capital. Hence the sustainability rule for supporters of strong sustainability must be adapted to specify that not only must the aggregate capital stock remain at least constant as it is passed from one generation to the other but also that the natural capital stock should remain at least constant.

Today, in terms of the achievement of sustainable tourism, it would be fair to argue that the importance of establishing and maintaining natural resource accounts or 'environmental balance sheets' has not been widely recognized. On the other hand, in the context of the economical crisis we must answer the following questions: Where the concept is recognized, its central importance as a precondition for achieving a sustainable development strategy is not generally highlighted? How, if at all, should the impacts of the existing activities of the tourism sector be accounted for? Is a retrospective life cycle analysis of existing tourism activities required? Which form of sustainable development should be considered suitable as a goal for the tourism industry to adopt?

3. Methodology

For Romania this psychological impact of the transition may provide another reason for women undertaking entrepreneurial activity or agreeing at least to register as an entrepreneur. As such work is seen as inherently risky, it is socially more acceptable for a woman to lose face by failure than for a man. Women may feel that if their business is not successful they can move back into reproductive work and dependence on state childcare subsidies, and out of the formal labour force. On the other hand, many women find that being self-employed provides the time flexibility not otherwise available because of the lack of part-time jobs. It appears also that there are often tax advantages for the woman to be the officially registered entrepreneur in rural tourism. Women rural entrepreneurs had few links with broader civil society. Ideas of personal empowerment or individual achievement were very rarely openly expressed. Most rural women entrepreneurs saw themselves as helping their families and their community rather than trying to improve themselves individually.

The development of an entrepreneurial spirit is seen as a new beginning but we argue that, at least in the case of Romanian, it has deep roots in the past. The importance of a family history of entrepreneurship was also seen as an important characteristic of innovative entrepreneurs. Today in the post-communist economy, many entrepreneurs, especially in North-West of Romanian, complain about having to deal with competition from other small businesses.

In 1997 laws came into operation which allowed an increase in the number of people who could work in private partnerships, permitted the private sector to do business with the state sector and liberalized the operating conditions for small family-owned firms. This led to an expansion of part-time work especially in internal contracting and outside consulting for state firms. These changes did not lead to an increase in hours worked but rather, as points out, a redistribution of effort from the state to the private sector.

Regarding the rural development we identified that important measures were planned in The National Strategy on Sustainable Development. This gives priorities to investments in infrastructure (irrigation), the development of green tourism, the creation of family farms of an "optimal size" (between 50 and 100 ha) and securing the food supply by developing agricultural production and re-launching industrial sectors related to agriculture such as farming machinery. Under these circumstances it is obviously why that rural tourism became an important strategy for development both rural regions and tourism economy.

The National Association of Rural Ecological and Environmental Tourism (ANTREC= founded in 1994 and a member of the European Federation of Rural Tourism -EUROGITES, is the national organization for tapping the potential of rural tourism. In the present in Romania there are approximately 13 000 of rural communities which could offer settlement for accommodation.

The main purpose of the National Association of Rural Ecological and Environmental Tourism organization was to identify, develop and promote the Romanian hospitality and rural tourism. Its basic declared functions are:

- to identify and promote the rural tourism potential,
- to organize professional training for the travel agencies at the countryside,
- to organize advertising campaigns for trips and holidays spent in guest houses and farm houses,
- to promote rural tourism in the international market due to participation in fairs and exhibitions.

4. Results and Implications

Despite of the global development of the Romanian rural tourism, in the last years could be identified a regional disparity. In order to evaluate the disparities development of rural tourism in Romania we made an analysis on the number of units accommodation in rural areas spread on region bases. We take into account the 8 regions of development, created by the National Agency for Regional Development in order to promote a better and an appropriate development of each part of the country. Based on the results we concluded that three region are known for rural tourism and also have the potential to be promoted into the international tourism market. These are Centre (44%), North-West (13.4%) and North-East (12.3%) regions. Also the most important flows of tourists within rural tourism are recorded there.

In the international tourism market until now Romania could not develop competitive tourist products. Comparing with the neighbor countries based on the foreign tourist arrivals in 2005, Romania came in the 5th position, after Poland, Hungary, Croatia and Czech Republic. It is interesting to remark that 95% from the foreign tourists came from European countries. In the top of the European Union countries which represent the lager tourism market for Romania could be identified: Germany with a market share of 13.49%, Italy with 12.63%, France having a rise of the market share to 8% and United Kingdom at about 5.6% market share.

Rural tourism enterprise develops in interaction with the environment. In order to prevent impoverishment of resources, it is necessary to introduce in practice sustainable development and management principles. Sustainable development is connected with preservation of nature resources and other values of nature and usage of resources. Sustainable rural tourism can be characterized as balanced development of entrepreneurship and regulation of the stream of tourists, taking into consideration local resources, the capacity of environment and the level of development of infrastructure.

An important quality indicator is the number of signed contracts with waste disposal organizations. This indicator guarantees that waste will not reach environment in inappropriate kinds and places. According to the data of "Rural

Traveller", each year the number of rural tourism enterprises, which have signed contracts with waste disposal organizations, grow. If in 2002 such contract was signed only with 51% of entrepreneurs, then in 2003 - 65%, but in 2004 - 72% of rural tourism entrepreneurs.

4. Conclusion

Among the latter diversified and multifunctional activities is tourism on farm as a part of rural tourism, which gains in the importance in several with natural, cultural and some other attractions endowed rural areas. After the joining the enlarged European Union (EU-25), the new EU-10 member countries expect positive impacts of enlargement on tourism, including rural tourism development.

As many tourist recreation areas are in rural areas, where agricultural and forest land remains prevailing this provides opportunities and challenges in product diversification and product mix in rural development, which require developing new managerial and entrepreneurial knowledge and skills in rural areas. These issues are also related to environmental policies, protection of rural identity and landscape in rural development.

By the general analysis of the entrepreneurship of rural tourism development in Romania, an attempt was made to present the complex nature of the activity which is fundamentally influenced by nature risks, financial risks, ownership risks etc. All these risks affect each other.

For a rural tourism entrepreneur, it is important to analyze the possible risk and to predict it in order to control and manage the industrial process. It is important to evaluate the possibilities of risk occurrence and potential amount of losses, even though all the situations of risk are unpredictable.

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Promoting rural entrepreneurship is a necessary step to limit the negative effects of classical agricultural policy based on a linear process and attracting secondary resources to the economic process. The analysis of agricultural policy and rural development in conjunction to entrepreneurship in terms of production may represent a further step in understanding the role and importance of diversifying the rural potentials in contemporary economies.Â Food, Rural Heritage, and Tourism in the Local Economy: Case Studies in Serbia, Romania, Italy, and Turkey. \$37.50. Chapter 11.Â Importance of Plant Production in Development of Rural Areas: A Case Study City of Smederevo, Serbia. \$37.50. Chapter 13. Key words: rural tourism, rural destination, entrepreneurship in rural tourism, Vojvodina. JEL: Q01, O18.Â Rural tourism is one of the alternative development options of rural environments (Fesenmaier et al., 1995) and it leads to the development of rural areas and a better territorial balance in economic and social sense by diversifying activities (Shtaltovna, 2007).Â The most represented are economically integrated rural areas, with intensive agrarian production, and then intermediate rural areas as transitional zones with multi-crop production in countryside farms, and remote rural areas, with remains of authentic steppe ambiance, which frequently transition from the zone of rare population density into empty spaces under some type of protection regiments. 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? Revista de Turism [Nr. 8]. 66 2. the general framework of the entrepreneurship in romanian rural areas.Â 68 existed in the area. Entrepreneurs play an important role in sustaining rural tourism and formulation of sustainable strategies being the initiators of the tourism business and the engine of the local development.