

**THE IMPORTANCE OF NON-AGRICULTURAL ACTIVITIES IN THE
DEVELOPMENT AND REVITALIZATION OF RURAL COMMUNITIES.
CASE STUDY**

**GHEORGHESCU IONUT-COSMIN¹, VELCOTĂ IONELA-IASMINA*¹,
NICOLETA MATEOC-SIRB¹**

*Banat's University of Agricultural Sciences and Veterinary Medicine, "King Michael I of
Romania", from Timisoara, Faculty of Management and Rural Tourism*

*Corresponding author's e-mail: gheorghescu_ionut@yahoo.com

***Abstract:** The paper presents the stimulation of the business environment in the rural area, by accessing european funds and using them to set up an agro-tourist boarding house.*

Since March 2008, the European Agricultural Fund for Rural Development provides funding for rural development programs, specifically in Romania of the National Rural Development Program, contributing to increasing the number of non-agricultural activities carried out in rural areas.

The role of european funds is to develop existing non-agricultural activities, to create new jobs, to increase the income of the rural population and to reduce the migration process between rural and urban areas.

For the establishment of the agro-tourist pension from Vâlcea county, Vaideeni locality, the european funds were obtained through the National Rural Development Program, sub-measure 6.4.

Key words: *National Rural Development Program, productions, rural development, european funds, agrotourism pension.*

INTRODUCTION

Vaideeni commune is located in Vâlcea county and consists of the villages of Cerna, Cornet, Izvoru Rece, Marița and Vaideeni. The village of Vaideeni is also the residence of the commune, being located next to the Luncavăț river basin, a tributary of the Olt. The commune is located in the northwest of the county, at the foot of the Căpățâni Mountains, in the northern extremity of the Horezu sub-carpathian depression. The surface of Vaideeni commune is 15.759 hectares, of which approximately 10.000 hectares are covered by forests [14].

The first documentary attestation of Vaideeni village dates from the 16th century, when it is mentioned as "Vai de Ei". The community was born after the arrival of several shepherd families from Transylvania, mainly from the Mărginimea Sibiului due to religious oppression (forced catholicization). From the ethnocultural point of view, Vaideeni represents an area of interference between the ethnographic area of Oltenia de sub Munte and the ethnographic area Mărginimea Sibiului which has left a strong mark on the language, the port and the pastoral tradition.

The village falls into the category of rural settlements with predominantly agricultural functions, and the preservation of this profile so far has given the commune the status of a conservation nucleus of national specificity. The secondary sector is represented by the wood processing industry, the energy industry and the artisanal activities, and currently the locals have an intense preoccupation for the extension of the agro-tourist phenomenon in the area.

The location of the locality in a depression under the foothills of the Căpățâni Mountains, with a sheltered climate, protected from strong winds, frosts and excessive heat, all these forming the optimal framework for the tourist development of the area. To this natural setting is added the picturesque natural of the area that is kept original and which is completely free of pollutants.

The communication roads are well maintained, asphalted and connected to the county and national road network, 6 km from the city of Horezu, 50 km from the municipality of Râmnicu Vâlcea. They enter the natural setting of the mountains, constituting an element that favors the tourist activity in the area [15].

The traditional, picturesque and authentic national port of the inhabitants, the existence of a rich folklore, instrumental and choreographic, of a specific handicraft are also tourist attractions. The annual pastoral Nedeia from Vaideeni, "Învârtita Dorului", in which tens of thousands of visitors from the country and often from abroad participate every time, besides the main purpose, that of conserving, cultivating and defending the specific traditional national, in port, in crafts, in musical folklore and choreography, offers in the subsidiary a happy and effective propaganda in favor of the knowledge of the locality and its tourist valences. An important role in the same sense has the fact that, in the immediate vicinity and in the area, in easily accessible conditions, there are major objectives of national and zonal tourism: oltenian monasteries, Hurez, Bistrița, Polovragi, caves in the area, Liliecilor Cave, Polovragi Cave, Muierilor Cave, Bistrița Oltene Gorges, Oltețului Gorges, The pyramids of salt sediments from Slătioara, the finds from the sand quarries from Costești, the ceramics from Horezu and the numerous museums. The proximity to the multiple spas of Vâlcea County, such as: Băile Govora, Băile Olănești, Călimănești, Cozia and Ocnele Mari, are tourist values of great importance, which can be taken into account.

At the same time, starting with July 16, 1973, the village of Vaideeni, together with 13 other localities, was declared, experimentally, a village of tourist interest called "tourist village", and in 1993 it was nominated among the pilot localities in mountain agro-tourism.

MATERIALS AND METHODS

N.R.D.P. 2014–2020 is the program through which non-reimbursable funds are granted from the European Union and the Government of Romania for the economic-social development of the rural area in Romania [2]. The process of ensuring the financial and technical implementation is provided by the Agency for the Financing of Rural Investments [13]. Entrepreneurs, farmers and processors can access European funds to make investments at high quality standards, which are efficient and profitable [1].

The granting of European funds aims to develop and revitalize the rural area, and the main objectives are:

- encouraging and rejuvenating new generations of farmers by supporting young farmers facilities;
- the development of infrastructure in the rural area is one of the important aspects for attracting investments, creating new jobs and revitalizing the rural space [3];
- supporting the fruit sector by accessing specific funds, allocated through a financing subprogramme [4];
- encouraging and supporting local development through LEADER [5].

The investments supported under sub-measure 6.4 are aimed at micro and small enterprises in rural areas, which create or develop non-agricultural activities in rural areas [6].

Objectives of the sub - measure 6.4. are:

- stimulating the rural business environment, contributing to the increase in the number of non-agricultural activities carried out in rural areas [7];
- developing existing non-agricultural activities and creating new jobs, as well as increasing the incomes of the rural population and reducing migrations between rural and urban areas [8].

Beneficiaries of the sub-measure 6.4. are:

- existing micro and small enterprises in rural areas;
- micro-enterprises and newly established small enterprises, from the rural area, which prove the co-financing [9];
- farmers or members of agricultural holdings who diversify their basic agricultural activity by developing a non-agricultural activity within the already existing enterprise that can be included in micro and small enterprises [10];
- The value of the grant was 90% of the total cost of the project:
- the project will not exceed 200.000 euros and will run for 3 fiscal years [12];
- will comply with the provisions of Regulation 1407/2013 on de minimis support[11].

The research we carried out presents the business plan of a pension in Vaideeni Commune, Vâlcea County as well as the way to access European funds, which were used to make the investment.

RESEARCH RESULTS

The results of the researchers present the business plan of a pension from Vaideeni Commune, Vâlcea County as well as the way to access european funds, which were used to make the investment.

1. General description of the business

The firm S.C. "Pensiunea Vaideeni" S.R.L. was established on 30.06.2015, proposing the establishment of an agro-tourist pension by accessing european funds, through the National Rural Development Program 2014–2020, sub-measure 6.4.

The business aims to offer the best quality services in the field of agrotourism in the Vaideeni area and beyond, these being one of the main objectives. The other proposed objectives are: popularization of the area, highlighting the riches and traditions of the village, promotion at national and international level of agro-tourist gastronomic products certified as "mountain products", which can be consumed and marketed in the pension. Current market trends in this area are growing due to the increase in tourism in the area and the standard of living of the population. The project will help the sustainable development of the area by encouraging the use of local labor, traditional products and by promoting tourism in the area.

2. Products and services

Accommodation conditions are the main asset of the business.

The pension also includes the services offered by local guides who provide travel by traditional means of transport. They will also accompany tourists on excursions or when visiting the Vârful lui Roman, Voineasa and Rânca areas, as well as other activities for tourists, such as: campfire, pottery, fishing, as well as other traditional activities.

The following can be offered as additional services:

- sports services (renting bicycles, renting ATVs, organizing horseback riding trips, practicing outdoor sports: gymnastics, volleyball, football);
- hiking and outdoor activities, traversing multiple tourist routes in the area of Vaideeni commune such as:

Tourist routes in the Căpățâni mountains: Vaideeni – Vaideeni (610m) - Luncavățului Valley - Pasăre Bridge (909m) - Balota Lake (1200m) - Balota Sheepfold (1600m) - Căpățâna Peak (2097m) - Căpățâni Mountains, Vâlcea County. This tourist route connects Vaideeni and Căpățâni Peak, where the main road of the Căpățâni Mountains passes. The route has a high degree of difficulty especially in the final part (Balota Lake - Căpățâna Peak, the level difference being from 610 meters to 2097 meters, this route is recommended in summer and autumn, but it is accessible in winter for trained people.

Tourist route: Balota Lake (1200m) - Tribunalul Haiducilor (1549 m) - Căpățâna Peak (1740m) - Căpățâni Creek - Balota Lake (1200m) Căpățâni Mountains, Vâlcea County.

Circuit route made for tourists who stop for a longer time at the Vaideeni agro-tourist pension. The degree of difficulty is small but with increased attention in the rocky sector of the Tribunalul Haiducilor. Those who do not want to continue the route to Culmea Căpățâni can return on the same route after the ascent of Culmea Tribunalul, the duration of the route being 4-6 hours.

3. Marketing plan

• Market

Although Romania's domestic and international tourism has a shy growth trend, rural tourism has gained momentum in Romania, especially in recent years. Agro-tourism has emerged as a viable alternative, to which more and more tourists from the country and from Europe have turned.

In Romania, a great variety of accommodation spaces is identified, starting with those with small accommodation sizes, up to those that can provide accommodation for over 30 people. The vast majority of rural tourism units provide a complete package of services.

The pensions meet, with small exceptions, all over the country, having a higher or lower density, depending on the area and the existing climatic conditions, the involvement of local authorities in the zonal development and the financial possibilities of the inhabitants.

• Customers

Rural tourism addresses both Romanian and foreign clients. The segment that most often uses this type of service is that of people over 40 years of age. They prefer the quiet of such a pension, instead of the noise and bustle of crowded resorts on the coast or in the Prahova Valley. Young people should not be neglected either, but their share is lower, precisely due to their preference for the sea or the mountains, for more dynamic tourist places.

Foreign tourists who most often resort to agro-tourism are those interested in knowing the history and traditions of Romania, by visiting picturesque areas of special beauty, which preserve ancient customs related to: house architecture, port, traditional crafts and gastronomic specialties .

From a financial point of view, those who use these services fall into the category of those with medium and small material possibilities, taking into account the fact that rural tourism requires less money than accommodation in the hotel system. The category of tourists with higher incomes, who prefer agro-tourism out of curiosity or for rest, peace and relaxation, should not be completely excluded either. Also, the quality of services is maintained at the highest standards, regardless of customers.

• Competition

Agro-tourism services have taken on a special scale, being present today in almost the entire country. The areas where there is the highest density of these agro-tourist units in Vâlcea County are: Băile Govora, Băile Olănești, Ocele Mari, Călimănești, Horezu, Voineasa and Vaideeni, most areas have a high tourist potential. However, there are enough untapped resources, considering the huge possibilities offered by Vâlcea County through the variety of relief and the picturesque nature.

The opening of a new rural tourism unit in the areas mentioned above is more difficult, requiring services of impeccable quality. Compared to the direct competition with the units of the same profile, the indirect competition with other organized forms of tourism from the respective geographical area must also be taken into account.

- **Promotion**

An important method of promoting rural tourism is the quality of services provided, which determines the satisfaction of tourists, which can turn them into loyal customers. Moreover, they can recommend the boarding house where they felt very well to other people and, through this verbal advertisement, the occupancy rate can increase considerably.

Of course, the existence of a site to draw attention to the existence of the pension and to popularize its offer is always welcome and necessary. And promotion through the written press, social networks, radio, TV, magazines or shows on travel and rural agro-tourism is one of the ways to expand the boundaries of marketing. Other ways of promotion used will be: registration on sites and virtual tourism portals in Romania, appearing in advertisements and publications in the area but also in national magazines and publications, especially in those with tourism and making and distributing a book that illustrates and describes the conditions and offers offered within the Vaideeni pension.



Figure 1. Vaideeni commune promotion and Vaideeni pension

Source: Own source

Another classic method of promotion used is that in which an employee of the pension goes to various cities and distributes business cards, so he will advertise to lead tourists to the pension. Also for advertising will be used to travel agencies, which can provide advertising by promoting the conditions offered and affordable prices. Upon arrival, guests will receive a file with all the information about the pension, the map of the respective area, the entertainment program that will take place within the pension and in which they can take part. Discounts will be offered for children and loyal customers. Upon departure, tourists will receive a souvenir specific to the Vaideeni area.

The accommodation sheets have a section for the email address, so new offers will be sent to customers' email addresses and a link will be maintained with customers to give them the pleasure of stepping on the boarding house threshold again in the coming years.

4. Operational plan

- **Employees**

For the good functioning of the Vaideeni Pension, the necessary staff consists of:

- a manager
- a cook
- an assistant cook
- a waiter

- a housekeeper
- a guide for hiking and adjacent events.

Regarding the relations with the Financial Administration and other state authorities, they are entrusted to a collaborator specialized in accounting and authorized to honor these obligations.

- **Company**

The space destined to the agro-tourist pension is composed of:

- a building with rooms for rent, consisting of six bedrooms with two beds, four bathrooms, a living room, a dining room and a kitchen;
- a building consisting of two bedrooms for the administrator, a bathroom, a laundry room and a room that will be used to store food supplies;
- parking for cars.



Figure 2. Vaideeni Pension

Source: Own source

Each bedroom has an area of 10 square meters (double rooms). Access to the bedrooms and bathrooms is direct, without going through other rooms. Vaideeni Pension provides the utilities imposed by the tourism norms, respectively the sewerage network and running water, electric lighting and heating. At the same time, the pension offers tourists a mobile phone, a landline and high speed internet.

- **Start-up costs**

Most of those who start a business in the field of agro-tourism are those who turn their own home into a pension. So the costs of the debut phase would include those expenses determined by increasing the surface of the house, creating civilized accommodation conditions or expanding existing facilities, arranging rooms and annexes, other improvements (bathrooms, heating system, etc.). Compared to other fields of activity, we can appreciate the costs of starting a business in rural tourism as low, especially considering the possibility of carrying out some or all of these works with own funds or with local labor, very cheap.

But the Vaideeni pension was built by accessing European non-reimbursable funds, being respected and timely implementation of all requirements imposed by the project, so

the quality of construction is exemplary. The financing from the European funds was of 180.000 euros and the difference of 20.000 euros was constituted by the own funds.

- **Training and qualification**

Within the tourist services in general and in the situation of rural tourism in particular, there are two main categories of elements that determine the success or failure of the business: on the one hand the endowments (construction, finishes, equipment, furniture), and on the other hand the qualities of the staff (kindness, politeness and availability).

The staff employed at the Vaideeni pension has over time proved the presence of all the qualities listed above, having many positive reviews from tourists and multiple recommendations at national level.

- **5. Management and organization**

The management will be carried out by the manager of the pension, who is also the only associate, graduate of the Faculty of Management and Rural Tourism within the Banat's University of Agricultural Sciences and Veterinary Medicine, "King Michael I of Romania", from Timisoara.

Before the financial audit authorities, the company is represented by the collaborating accountant, because it has all the necessary skills to act on behalf of the company.

- **Organization**

The tourist activities will be coordinated by the tourist guide and the administrator of the pension, and meals will be served 3 times a day for those who have chosen the pension, and for those with half board, the meal will be served twice a day. Meal times are: breakfast hours: 08:00 - 10:00, lunch hours: 13:00 - 15:00, dinner hours: 18:00 - 20:00 with the possibility of adaptation depending on the duration of the trips or of the programs that take place within the pension or in the area. The menu will be chosen by tourists at the time of booking.

- **6. Financial plan**

- **Operating cost analysis**

Determining the unit cost:

Estimated operating expenses:

The following aspects were taken into account for estimating the expenses:

- sharing of expenses according to their nature (expenses with raw materials, consumables, utilities, staff costs, subcontracted services or works, secretarial expenses, security, transport, labor and environmental protection expenses, other expenses);
- the pension program is from monday to sunday and is open all year round;
- increase of salary expenses by 5% for the 3rd year of the forecast;
- indirect material expenses are kept within relatively constant limits;
- the accounting service is outsourced to a specialized company in the field.

- **The main suppliers of raw materials/services**

Table 1.

The main supplier

Providers	Annual value of purchases (lei)		
	Year 1	Year 2	Year 3
Traditional Vaideeni Products	769.200 lei	769.200 lei	769.200 lei

Source: Own source

- Annual operating expenses

Table 2.

Estimation of operating expenses

OPERATING EXPENSES	Year 1	Year 2	Year 3
Direct operating expenses, of which:	1.046.144 lei	1.046.144 lei	1.054.218 lei
Raw materials	769.200 lei	769.200 lei	769.200 lei
Auxiliary materials	38.460 lei	38.460 lei	38.460 lei
Salaries	161.484 lei	161.484 lei	169.558 lei
Utilities	77.000 lei	77.000 lei	77.000 lei
Indirect operating expenses, of which:	166.840 lei	150.860 lei	153.080 lei
Administration	44.400 lei	44.400 lei	46.620 lei
Office expenses	38.000 lei	38.000 lei	38.000 lei
Transportation costs	38.000 lei	38.000 lei	38.000 lei
Expenditure on subcontracted activities	2.400 lei	2.400 lei	2.400 lei
Labor protection expenses	1.440 lei	1.440 lei	1.440 lei
Spend them amortized	25.850 lei	25.850 lei	25.850 lei
Insurance expenses	770 lei	770 lei	770 lei
Other expenses	15.980 lei	0 lei	0 lei
TOTAL OPERATING EXPENSES	1.212.984 lei	1.197.004 lei	1.207.298 lei

Source: Own source

- **Expected annual income**

The following elements were taken into account in estimating the annual income:

- the average cost for one person is 350 lei;
- variation of the number of consumers depending on the month;

Due to the increase in the number of tourists in the area and the familiarization of customers with our offer, for the 3rd year of the forecast we anticipate an increase in the number of customers by 10%.

Under these conditions, in the following table we present the estimated annual revenues over the three-year forecast period.

Sales Year 1 = 1000 people * 350 Lei = 350.000 Lei

Sales Year 2 = 1200 people * 350 Lei = 420.000 Lei

Sales Year 3 = 1400 people * 350 Lei = 490.000 Lei

Table 3.

Estimation of annual income

Maximum capacity sales	Year 1	Year 2	Year 3
Number of people	1000	1200	1400
Estimated annual income	350.000 lei	420.000 lei	490.000 lei

Source: Own source

- **Necessary investments**

The establishment of the pension involves:

- building construction;
- arranging the pension parking lot.

CONCLUSIONS

Accessing European funds and making productive non-agricultural investments are both a factor of economic and social development, so the Romanian rural area refreshes and revitalizes its image. Economic development through investments can be achieved through a well-prepared economic and financial analysis but also through the implementation of projects with European funds aimed at establishing and developing non-agricultural activities in rural areas. Investments give rise to social impacts that can be significant, as new jobs are created, as citizens are no longer able to migrate to cities to find a job, thus encouraging the development of business in rural areas and the implicit development of it. The social impact of investments is materialized through the salaries obtained by employees, the increase of their standard of living. Agro-tourism is one of the income generating activities in Vaideeni.

The main goal of the business is to develop, over time, a renowned restaurant in the area, which offers quality customer service, a tasty meal of superior quality, in a destination with a fairytale landscape. The company's goal is in line with the general objective of any company to maximize its value and present credibility in the market.

REFERENCES

- [1]. **FEHER ANDREEA**, 2009, *Finanțarea agriculturii și dezvoltării rurale. Politici comunitare*, Editura Orizonturi Universitare, Timișoara
- [2]. **GAVRILESCU CAMELIA**, 2017, *Romanian international meat trade- post accession evolutions and trends*, *Lucrări Științifice Management Agricol, Seria I, vol. XIX*, pp.176-181, USAMVB Timișoara, pp. 67-73
- [3]. **HURDUZEU GHEORGHE, KEVORCHIAN CRISTIAN, GAVRILESCU CAMELIA, HURDUZEU RALUCA**, 2014, *Hazards and Risks in the Romanian Agriculture Due to Climate Changes*, *Procedia Economics and Finance*
- [4]. **LUCA L.**, 2014, *Romanian Land Market Regulatory Framework: The Legislative Correction in 2014*, *Agricultural Economics and Rural Development Journal, Volume 11, Issue 2*, pp. 203-212, București
- [5]. **MATEOC-SÎRB NICOLETA, MĂNESCU CAMELIA**, 2012, *Dezvoltare rurală și organizarea teritoriului*, Editura Mirton, Timișoara
- [6]. **MĂNESCU CAMELIA MARIA*1, MATEOC TEODOR1, DASCĂLU IONUȚ1, MATEOC-SÎRB NICOLETA1**, 2017, *Labour resources in Romanian agriculture*, 2017, *Lucrări științifice Management Agricol, Seria I, Vol. XIX (3)*, pp 295-298
- [7]. **MĂNESCU C., CRISTINA A. F., SICOE-MURG O., GĂVRUȚA A., MATEOC T., TOTTH A., MATEOC-SÎRB NICOLETA**, 2016, *Analysis of the importance of agriculture sector in Romanian economy*, *Scientific Papers Series "Management, Economic Engineering in Agriculture and Rural Development"* Volume 16, Issue 1/2016, București, pp. 271-278
- [8]. **MĂNESCU CAMELIA, CRISTINA ADA-FLAVIA, SICOE-MURG OANA, GAVRUTA ADRIAN, MATEOC TEODOR, TOTTH ATTILA, MATEOC-SIRB NICOLETA**, 2016, *Analysis of the importance of agriculture sector in Romanian economy*, *Scientific Papers-Series Management Economic Engineering in Agriculture and Rural Development*, Volume: 16 Issue: 1, pp. 271-277
- [9]. **OTIMAN PĂUN ION, MATEOC-SÎRB NICOLETA, MĂNESCU CAMELIA, MATEOC TEODOR, GOȘA VASILE, BĂNEȘ ADRIAN**, 2013, *A Study of Romania's Territorial Division and Regional Development*, *Revista de Cercetare și Intervenție Socială*, Volume: 43, pp. 80-99

- [10]. **STERIU V., OTIMAN P.I.**, 2013, Cadrul strategic national pentru dezvoltarea durabilă a spațiului rural în perioada 2014-2020-2030, Comisia Prezidențială pentru Strategia Agricolă a României, Editura Academiei Române
- [11]. **ȚĂRĂU DORINA, MATEOC-SÎRB NICOLETA, MĂNESCU CAMELIA, CÂMPAN CRISTIAN, MATIAȘ CRISTIAN**, 2011, Implementation of rural development projects of the County Office Of Payments For Rural Development And Fishing (COPRDF) from Arad county, *Lucrări științifice- Management Inginerie Economică în agricultură și Dezvoltare rurală*, vol. 11 (3)/2011, București
- [12]. **VELCOTĂ IONELA IASMINA, GHEORGHESCU IONUȚ COSMIN, MATEOC-SÎRB NICOLETA**, 2019, The evolution of agriculture in Romania after accession to the European Union, *Lucrări Științifice, Seria I, Vol. XXI (3)*
- [13]. ***<http://www.madr.ro/>
- [14]. ***<https://primaria-vaideeni.ro/VAIDEENI/comuna/trasee-turistice/>
- [15]. ***<https://www.turistinfo.ro/vaideeni/>