

MOTIVATIONS AND CHALLENGES FOR ENTREPRENEURS IN AGRITOURISM

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Abstract

The amalgamation of the two large industries, agriculture and tourism, created a new industry called agritourism. In the last decades it has been observed a significant increase in the number of farms that have diversified their activities by engaging in agritourism. The purpose of this paper was to identify the reasons for such diversification on the basis of specialized international literature. One individual can be determined to start a business both for reasons related opportunities as well as for reasons related to necessity. There are two categories of factors that influence the decision to start a business: "push" and "pull" factors. The authors found that the reasons for involvement in agritourism ventures encompass a complex web of both economic and social motives. Also, the farmers involved in agritourism businesses are faced with a number of challenges: lack of experience of farmers in the running of a tourism business; lack of knowledge, expertise and training in the tourism field; limited marketing channels and linkages; necessity to develop new skills in order to manage the tourists and their expectations.

Keywords: agritourism, farm activity diversification, motivation

Agriculture has for centuries been the dominant and driving force of rural economies. Since the 1950s, a decline in agriculture's fortunes has been apparent, causing the so-called „farms crisis” of the 1990's, characterised by declining farm incomes, business closures and rural restructuring. Globalization, free-trade, falling commodity prices, oversupply of goods, changes in subsidy policies, and increased reliance on technologically intensive production all impacted the livelihoods of farmers and have led to a number of policies aimed at farm diversification, the aim being to reduce the dependency on traditional agriculture.

One important reason for the interest in alternative income sources is that revenue streams from farming have been declining. Along with this, there are many other motivational factors that are taken into account by farmers in their intention to diversify farms activities.

Barbieri C. *et al* (2008) identified few diversification methods used by farms, and many of these can be adjusted into the agritourism practices:

- Adding value to the existing products;
- Using of some non- traditional agricultural cultures or practices;
- Development of new marketing and distributions channels;

- Preservation of the historical buildings and sites and their adjustment for reuse;
- Suplly of contracts and services;
- Consulting and education;
- Exploring the facilities of leisure, toursim and hospitaliy.

Agritourism has long been recognised as a diversification strategy to reinvigorate rural economies and maintain the farm family way of life. (Kokko A., 2011). The exact economic impact of agritourism as a form of farm diversification was impossible to determine.

Agritourism is a fast growing sector but can't be seen as the solution to all farms problems since it does not always deliver a substantial economic increase in income. Because the relationship between agriculture and tourism is complex and the diversification becomes an almost expected practice, farmers must learn to develop new skills and capabilities to remain competitive.

MATERIAL AND METHOD

The purpose of this paper was to explore the nature of motivations for agritourism entrepreneurship and to indentify the main challenges and difficulties faced by the farmers during carrying on agritouristic businesses. This paper is entirely based on the review and analysis of published international literature. There were

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many publications relating to tourism in general, but few publications related to agri-tourism. Although the literature on motivations has grown considerably over recent years, it still lacks the geographical coverage that will allow for comparative case study analysis.

In order to have an as much as wide diversity of conditions under which the agritouristic activities are carried on and a higher relevance of results, the information supplied by various studies made in 8 countries from 4 continents have been used. The literature review process is also focused on identifying critical success factors for agritourism enterprises, to a better understanding of the reasons of involvement of farmers in the tourism sector.

RESULTS AND DISCUSSIONS

The motivation to enter the agritourism sector takes a number of forms stemming from the particular needs and interests of the farm household. In generally, the speciality literature describes 3 categories of reasons determining the implication of farmers in agritourism: social, economic, and externally influenced reasons. Based on these motivational factors, the entrepreneurs in agritourism may be classified in 3 types:

- the *multidimensionals*, who have a variety of reasons for diversifying;
- the *economists*, who are influenced by finances;
- the *influentials*, who are mostly influenced by the outsider forces. (Nickerson N. *et al*, 2001)

The study carried on in the USA by Nickerson, Black and McCool (2001) suggests that the family farms have been financially under

pressure to search in the rural tourism direction new opportunities to sustain their agricultural operations. The authors carried on an inquiry among the farms from Montana state, in order to identify the reasons for which the farmers run or have the intention to involve themselves into touristic businesses. Respondents rated each reason on a Likert-type scale of level of importance from not at all important (1) to most important (5).

The study results show that about 61% of the farmers involved in agritourism have been determined by economic causes, 23% by motives that are external of the agricultural sector and 16% from economic, social and external reasons in the same extent. The stagnation or decrease of prices for the basic agricultural products and the increase of taxes on ownership have determined the agricultural entrepreneurs to look for additional income sources or to sell a part of their agricultural land. As for many of them, the agriculture represents a „way of life” and not a “job” or a “career”, to choose agritourism as a support modality for their agricultural activities was a worthy to take into account option.

Table 1 presents the average scores in the evaluation of the importance of the diversification motives. The wish to obtain some additional incomes has proved to be the main factor that influences the agricultural entrepreneurs in their decision, gradually followed by the fully use of resources and the fluctuation of the agricultural income. Less important drivers in descending order of importance included „employment of family members”, „an interest/hobby”, „companionship with guests” and „to educate the consumer”.

Table 1

Motivations for diversifying the farms operation through agrotourism (Nickerson N. *et al.*, 2001)

Reason	Mean	Social Reasons	Economic Reasons	External Influences
Desire for additional income	4.41		X	
Better or fully use of resources	3.87		X	
Fluctuations in agricultural income	3.65		X	
Employment for family members	3.00		X	
It's an interest/hobby	2.97	X		
Companionship with guests/users	2.95	X		
Desire to educate the consumer	2.90			X
To meet a need in the recreation/vacation market	2.78	X		
Success of other farms in agritourism	2.45			X
Tax incentives	1.82			X
Losing government agriculture programs	1.68			X

Note: 1 = not at all important; 5 = most important

It is important to notice that the order of the importance of the motivational factors differs from a region to another. Thus, the farmers from the eastern part of the state Montana, which is a zone with a very developed agriculture, are more

concerned with „agricultural income fluctuations” and „loss of government support”, while western Montana farmers are motivated more by „meeting a need in the market” as well as „tax incentives”,

because this part of the state is a zone with strongly developed tourism. (Nickerson N. *et al*, 2001)

The researches carried on in different regions from UK by Evans and Ibery (1992) consider that the main reason for the involvement of the agricultural entrepreneurs in agritourism is the economic one, and the farm-based tourism is typically considered as one way of increase family incomes. Also, a survey of farmstays in the North East of UK found that 60% of respondents had diversified to generate additional income and secure long term financial security (Sharpley R., Vass A., 2006). Despite of these, the income from agritourism has been lower than expected and does not necessarily reduce the dependence on external capital.

Ollenberg and Buckley (2007) carried on a study that gathered the results of numerous researchers in the field of agritourism in different zones from UK, New Zealand, USA, Australia and Canada. According to their conclusions, the basic motivations of the agricultural entrepreneurs to start an agritouristic business are: „*additional income*”, „*social reasons*”, „*use of buildings*” and „*a desire to educate the consumer*”. Also in this case, the order of the importance of these motivations differs from a region to another, but, by rule, the economic factor remains the dominant one. For example, although income generation is a significant driver, social motivations to diversify are more important to Australian operators. (Ollenburg C., Buckley R., 2007).

Among the causes of social nature, the speciality literature frequently mentions, according to the data presented by Kokko A. (2011): „*a desire to educate the public about farming*” (Putzel, 1984); „*to satisfy the tourist’s need to enjoy the countryside*” (Evans and Ibery, 1992) or „*to preserve land*” and „*to share values of farming with general public*” (Biuso, 2007). In the same time, Young and Welsch (1993) found that one motivation of Mexican entrepreneurs was a hobby that grew into a agri-business, while Frater (1983) sustains that the „*companionship with guests*” represents a strong motivation among the farmers, and „*the social benefits of meeting a variety of people often outweigh the economic benefits, especially for farmwives.*” (Murphy P.E., 1985)

„*Educating the consumer*” is another key motivator described in the literature, being described as the most frequently met external reason. In his research on the relationship between tourism and agriculture in the state New York, Tefler D. (2000) established that all of the farms visited stressed the importance of introducing

products to the tourists and educating them as to how crops are grown and harvested.

The researches showed that there are different motivation factors for various segments of agricultural entrepreneurs: full-time or part-time farmers, retired agricultural entrepreneurs or persons who work in agriculture as hobby etc. The motivations of the different agricultural groups are very diversified, including economic as well social or external causes. Thus, the farmers who work smaller land surfaces are those who answer their basic economic needs, while the agricultural entrepreneurs who own larger land surfaces are driven by philosophy, moral or social motivations. Also, the persons who are less economic dependent by the incomes from agricultural sources (like the pensioners or those who practice agriculture as hobby) have been motivated by social causes, in comparison with those who mainly depend on the agricultural incomes (McGehee N., Kim K., 2004).

An individual may be determined to start a business by opportunity as well as by necessity related reasons, existing two categories of factors that influences the decision to start a business: “push” type factors and “pull” type factors. The motivational factors for the farmers who run agritourist businesses may be divided into these two categories according *table 2*.

Table 2

Motivational factors for entrepreneurs in agritourism	
„Push” Factors	„Pull” Factors
Additional income	Interest/hobby
To fully utilize resources	Companionship
Fluctuations in agricultural income	Tax incentives
Employment for family members	To educate the consumer
Losing government agriculture programs	To meet a need in tourism market
	Success of other farms in agritourism

It is obviously that not all the agricultural entities that start also a touristic activity will be successfully in this direction. The large farms may be in advantage, due to the easier access to the capital needed for the investments in tourism, as well as the farms situated in zones with good geographical position, special landscapes and additional touristic attractions. By the other hand, the lack of knowledge or skills in the touristic field on behalf of the farmers, might make difficult to obtain satisfactory results in their agritouristic activity (Lane B., 1994).

The diversification of activities in farms through agritourism involves for the agricultural entrepreneurs not only potential benefits, but also disadvantages (*table 3*).

The main advantages and disadvantages of diversifying farm activities through agritourism (Beus C, 2004, cited by Kokko A., 2011)

Benefits	Drawbacks
It can be a small or main part of the farmer's overall operation	May add stress to an already economically stressed farm
Could be part time or full time or become an opportunity for a spouse to work from home and make a financial contribution instead of travelling into the city, leaving children at home, and not being available to help with core business activities when needed (could also provide additional employment to children, relatives, friends and others)	The tourism product may detract from the primary source of income (being agriculture production) particularly at critical times such as planting and harvest
May add value to farm products through processing and direct marketing	Could be difficult to balance privacy with expectations to provide a clean, safe and always-ready product
Provides a valuable educational experience to the public to help create awareness, understanding and appreciation of farms and agriculture	May impose additional regulatory or insurance issues

Agritourism can be a useful way to expand and diversify a farm activity, but it doesn't work well in every situation and there are many cases where farmers got out of the agritourism because it wasn't profitable. Most surveys of farmers find that the business in agri-tourism is full of **challenges and difficulties**.

Identification of the critical success factors for agritourism enterprises is essential for the understanding of the challenges and difficulties faced by the entrepreneurs from this field. The literature review mentions as being the most important: financial/enterprise analysis; location (proximity to area attractions); viable/accessible markets; customer focused (ability to manage the visitor); acting and stage skills; revenue management; effective marketing (understanding customer needs and expectations); external agency support network; product/service quality; strong social skills; interest and passion for learning.

In order to determine the challenges from agritourism, the farmers must take into account the following aspects:

- Not all rural areas are equally attractive to rural tourists;
- Developing and organising rural tourism may require a significant investment ;
- Local communities and businesses may find it difficult to adapt to a service role;
- The quality of products and services must meet tourists demands and expectations;
- Individual rural tourism enterprises normally possess neither the skills nor the resources for effective marketing, a prerequisite to success. (Sharpley R., 2002)

International literature indicates that the main challenges within the agritourism industry are:

- lack of management and hospitality skills;

- limited marketing channels and linkages;
- health and safety concerns;
- managing the visitor's experience;
- public sector support. (Van Niekerk C., 2013)

Also according to Bernardo D. *et al* (2004), one of the major problems faced by the farmers in the agritouristic businesses is the fact that many farmers and their workers do not have the skills to have success in the agritourism business, which may lead to frustrated farmers. Beside this, it must be taken into consideration also the fact that the cost of diverting resources away from the farmer's core competency may have a negative effect on the business. In the same time, there is a legal risk in bringing the public into the farms where the farmers are not always aware with how to do it.

Based upon research into the development of agritourism in Cyprus, Sharpley R. (2002) considers that the majority of the agrotourism entrepreneurs complained about a lack of support from the government and lack of training. Most villages lack facilities and attractions to meet tourists needs, whilst a majority of agrotourism businessmen believe they lack the necessary knowledge and skills to provide an effective, quality service. Effective marketing has also proved to be problematic and the occupancy levels remain very low.

The studies carried on in the case of the agritouristic farms from the USA indicates the most common difficulties faced by the entrepreneurs in this field. Thus, the greatest challenge for the agritourism in California is "*dealing with visitors*" (Holland R., Wolfe K., 2003), while the farmers having agritouristic businesses in New Jersey mention as the most important problems they have to deal with, the following "*marketing the business*", "*liability concerns*" and "*dealing with visitors*". (Schilling *et al*, 2006). Also, according to a study carried on in Pennsylvania by Ryan, DeBord and McClellan

(2006), the most significant of the many problems facing the operators in agritourism are “*property tax problems*”, “*high insurance and liability costs*”, and “*the limits of seasonality and weather*”.

The most discussed in the literature critical success factor for tourism is “*focus on the customer*” which results in “*quality products and services*.” Understanding customer requirements is the foundation for developing and delivering high quality products and services. “*Lacking institutional support for agritourism*” is another prominent concern, as participants often feel a lack of state effort in fostering their business growth and in encouraging and educating the public about agritourism.

The studies on agritourism in Nova Scotia, Canada ascertained that the main obstacles which impede the development of agri-tourism refers to:

- the lack of agri-tourism products and the consistency in quality of the agri-tourism product. Relatively few agri-tourism operations are market-ready. (*product development*);
- lack of awareness among farmers of the value-added opportunities of agri-tourism development. (*partnership*);
- insignificant *communication* among farmers and the public.
- deficiency of information regarding tourism markets and trends. (*marketing*);
- the farmers are not familiar with the many skills required to develop and operate an effective tourism business. (*education and training*);
- *government support* at the municipal and provincial level is poor. (Colton J., Bissix G., 2002)

Also in Punjab region from India, the farmers indicate numerous problems faced by them in practising agri-tourism. The most farmers consider that the „*lack of training for agri-tourism*” is the major problem, followed “*insufficient literature related to agri-tourism practice*”, “*insufficient fund for publicity and advertisement*”, “*lack of government support*”, “*lack of knowledge and competent*” and “*weak communication skills.*” (Samjetsabam P., Ravinder K., 2014)

CONCLUSIONS

The agritourism has a great potential for the agricultural entrepreneurs who wishes to generate additional incomes, valorification of the less used assets, as well as the public education.

Agritourism motivation is comprised of a complex set of economic and social variables, as well as by external influences.

The most common reason for involving farmers in agritourism is desire for additional income, but the order of importance for motivational factors differ widely from region to region and depending on the segments of agricultural entrepreneurs.

The main challenges within the agritourism industry are “*dealing with visitors*” and „*marketing the business*”, but also many agri-tourism operators and potential agri-tourism operators lack the assistance, the knowledge and skills required to develop market-ready products.

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