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On the path of development of the economic thought and building a wide network of research and professional cooperation with other countries in the world, we set new goals, criteria and challenges in order to improve the journal's quality. In this regard, during 2010 and 2011, significant changes have been made in editorial policy, design and its availability to broader academic and professional public in the region and worldwide. As result of all this changes, starting from no.3/2010 "Economic Development" will shift into international journal, will be published in English language and will be distributed in all countries of the region and worldwide.

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Skopje, May 2015

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# POSSIBILITIES FOR DEVELOPMENT OF AGRO-TOURISM AND GASTRONOMIC TOURISM IN THE REPUBLIC OF MACEDONIA

#### **Abstract**

Agro-tourism and gastronomic tourism as an integral part of alternative tourism represents a major opportunity to improve the performance of agricultural holdings and the economic prosperity of rural areas in the country.

The paper starts from the standpoint that global changes in the world's main development directions initiate new trends in the field of tourism needs, it sets new challenges for the tourism offer, and the trends indicate increasing demand for alternative forms of tourism. In this context, the paper stresses the role of agro-tourism as a form of alternative tourism which contributes farmers to increase their income through various forms of activities.

Particular attention is paid to labor contribution, agrotourism to the creation of new or to the generation of added value to the traditional production of food and wine, rural culture, as well as certain activities related to farming. Alternatively, agro-tourism can contribute to the

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initiation of new businesses that have no direct link to agriculture. This research is mainly perceived that businesses related to agrotourism have aims as: to keep farmers on farms, provide new jobs, improve living standards of the rural population and to increase the volume of economic activity in specific rural areas.

Empirical research is based on interviews and focus groups in selected rural areas. Participants in interviews and focus groups from all backgrounds, to one way or another, are related to agro-tourism and gastronomic tourism.

**Key words**: Agro-tourism, gastronomic tourism, rural development, Republic of Macedonia

JEL Classification: Z32; Q12; Q13

#### Introduction

Global changes in the main development directions secular initiate new trends in the field of tourism needs, it sets new challenges for the tourism offer. Secular trends indicate increasing demand for alternative forms of tourism. In this type of tourism belongs agrotourism also, that as newer selective form tourism is developing with accelerated dynamic.

Agrotourism as a form of alternative tourism contributes farmers to increase their income through various forms of activities. Agrotourism can contribute to the creation of new or to the generation of added value to the traditional production of food and wine, rural culture, as well as certain activities related to farming. Alternatively, agrotourism can contribute to the initiation of new businesses that have no direct link to agriculture. Some of the businesses associated with agrotourism is seasonal, while others may offer services throughout the year, but they all have same goals: to keep farmers on farms, provide new jobs, improve living standards of the rural population and increase the volume of economic activity in specific rural areas.

In Macedonia there are vibrant rural areas where they still cherish the traditional lifestyle of farming, breeding of plants and animals. It is an important base for attractive motivic development of agro tourism. Unfortunately, these potentials, tourist insufficiently evaluated and put into operation in attracting foreign and domestic tourists in that there is more interest in this kind of tourism. Agrotourism in the country is far

from long-term , strategic organized and supported but lately appear numerous private and government initiatives for the development and financing of agro-tourism (mostly indirect) and paying more attention to coordinated regional approaches to agro-tourism as a strategy for growth and development of private rural business.

There is a lack of knowledge nationwide for agrotourism and gastronomic tourism, limited level of information of their added value on farms around the country.

#### 1. Theoretical aspects of agro-tourism and gastronomic tourism

Agrotourism and gastronomic tourism are rapidly becoming important factors in the growth of rural and regional communities. We think there are two key factors for this growth. The first factor is related to the changes in the agricultural sector such as structural and market adjustments that forced the farmers to seek additional sources of income particularly agrotourism and gastronomic tourism. And the second factor is related to the increasing desire of people from the city to rural life and the origin of the food they consume. Wine tourism and recreation slowly come to life in this area can provide visitors an opportunity to enrich their knowledge for food and wine and the style of living on a farm.

The combination of these trends and incorporates that cause changes in the rural sector and in consumer preferences and changing traditional views towards agriculture as a sector. With the development of agrotourism can be slow and some negative trends in the village such as rural-urban migration and temporary or permanent migration to town.

These trends are forcing some rural and regional areas to use innovative ways for diversification of existing products and services. These diversifications lead to significant changes in farming communities. Many farmers who receive only income from farming are facing financial and existential problems. They must also be adjusted in various ways such as expanding farms, specialization in the production of food and animals, selling land, machinery and goods, or searching for employment outside the farm. Agrotourism and gastronomic tourism represent one way of diversifying agricultural economies.

Agrotourism is business or activity that attracts visitors on a farm or rural community to enjoy in agricultural products and natural

surroundings.<sup>4</sup> This definition is based on the assumption that agrotourism and gastronomic tourism are different from the general categories of tourism. In this paper the regional agrotourism is assumed to be closely related to gastronomic tourism. He is identified with the act of going to a particular region to visit the farm, winery or object in any way connected with food (restaurants, markets, production and processing facilities, natural attractions, etc.) for enjoyment, education or active participation activities and events.

The nature of agrotouristic regions vary and depend on natural resources, competitive advantages (type in production of certain products, gorgeous vistas, traditions, events, celebrities, etc.) etc. Agrotourism involves different stakeholders, educational and monitoring activities that occur on farm, agrotourism and also recreational outdoor activities such as fishing, hiking, horseback riding and the like. Agrotourism has an educative role as wine tours and wine tasting, cooking classes, educating students, work the farm, etc. Agrotourism associated with recreation and entertainment as festivals of food and wine, carnivals and so on. As well as accommodation in rustic style, offering local products and specialties, individually picking of products sold on local agricultural markets.

Companies that deal with agrotourism and gastronomic tourism can contribute to increasing the income of farmers through replacement of production or by supplementing the traditional farm operations with innovative activities. Different types of farmers operations can take different forms. They can produce food or to have nothing to do with the processing of land. They can generate new or unique crops or animals, or to add value to traditional production. They can generate new or unique crops or animals, or to add value to traditional production. They may provide recreational or education services. They can use traditional farming practices or introduce alternative methods such as organic production. They can be seasonal or year-round work. But they all have the same characteristic: contributing farmers and farmers to stay on the farm and in the village.

<sup>4</sup> Agritourism: Frederic P. Miller, Agnes F. Vandome, John McBrewster 2010, p.43.

<sup>&</sup>lt;sup>5</sup> Agritourism: opportunity for farm diversification in Nevada: Kynda R. Curtis, Joseph Monson, Nevada Cooperative Extension ,2005 p. 6.

# 2. Reasons for dealing with business in agro-tourism and gastronomic tourism

For the purpose of this paper empirical research<sup>6</sup> was conducted so that many different reasons can be recognized as motivation to engage in business related to agrotourism and gastronomic tourism. The desire to increase or retention of revenue is the most common reply from the respondents of questionarie, about what motivates them, next follows the answer that they require a new way of life and then the desire to educate people about farming and rural issues. Other reasons are that people want to work from home and develop a home business that would leave to their children.

innovations in agriculture
new life style
prfesional and private interests
divesifications and increasment of rewenues

**Figure 1:** Main reasons for practicing agrotourism and gastronomic tourism

Source: Obtained data from conducted research

As for the results made in an interview about the motivations for practicing agrotourism and gastronomic tourism they are that: most of respondents 50 % said that diversification of income is the main reason to keep agrotourism and gastronomic tourism. About 30 % said that they

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<sup>&</sup>lt;sup>6</sup> Research was conducted during the period june-july 2015 on 60 respondents in the Republic of Macedonia.

are dealing with the business from professional and personal interests and 10 % said they wanted a new way of life. About 10 % said they wanted to make a change from strictly agricultural activity like to introduce something new.

These responses show that people are giving up agriculture in the whole to keep agrotourism and gastronomic tourism, but are interested in additional earnings and labor diversification

As related to previous research, main reasons for practicing agrotourism and gastronomic tourism can be treated and explained as follows:

#### a) Increasing of income diversification

Overall access to agrotourism can be divided into two main groups: one where, access and dealing with agrotourism is mainly oportunistic, and existing facilities are used that use informal marketing tools and lack any major investment; and second one, where dealing with agrotourism is core business and have invested in facilities and infrastructure, and strive to promote their business.

Many farmers mention the benefits of income from agrotourism providing cash flow in times when there is a slowdown in income from farming, or when prices of agricultural products and meat are small and do not meet the needs .

#### b) Way of leaving

Respondents who motivator for practicing agrotourism and gastronomic tourism are finding in way of life are elaborated in Figure 2. The Diagram shows however that not only the way of life but also the business is significant reason for practicing in agrotourism. The 50% reported that only attracts business alike, while 24% reported that more business than lifestyle attracts to keep agrotourism. From farmers 25% stress that is equally important business and lifestyle, while 1% said that just the way of life is motivation factor.

What refers to this part of the qustionarie there were interesting additional explainations from respondents as: an elderly couple said that retired people and that this is more a way of life; others said they work hard 5 days a week and on the weekend keep agrotourism; third stated

that because of the investment in agrotourism it was increasingly accepted as a business and a way of earning.

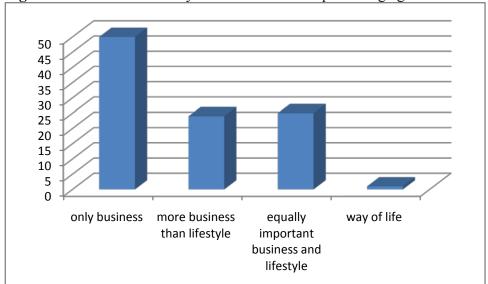


Figure 2 Business and lifestyle as motivators for practicing agrotourism

Source: Obtained data from conducted research

Some managers stressed that it is paid more to sell their organic farm products ,which is a kind of agrotourism, than to transport them in stores.

### 3. Benefits from agrotourism and gastronomic tourism

Agrotourism and gastronomic tourism can produce food and wine in terms of diversification of the business and to generate additional earnings during the transition to new approaches and opportunities for creating new revenue for themselves and the local community. For manufacturers agrotourism and gastronomic tourism act as an inventor of new markets and products through better interaction with consumers and other participants in the chain .

In terms of generating income, agrotourism and gastronomic tourism is helping farmers through:

• Create a recognizable name for their agricultural products.

- Helping consumers in educating the farming and rural heritage of the region.
- Generate increased incentives for environmental protection and natural resources that are important for visitors.
- Switching to the economic development and opportunities in rural communities by attracting tourists (who still can shop, eat and stay locally).<sup>7</sup>

Main benefits of agrotourism and gastronomic tourism are social and economic benefits for the local community, increasing employment, increasing the sustainability of local farmers and helping to restore the life of the village and so on.

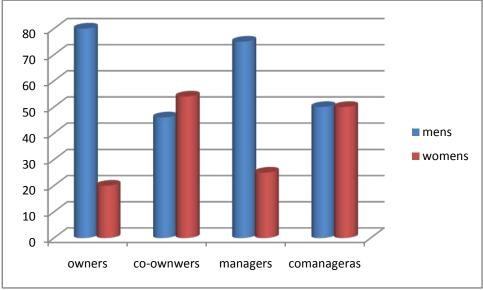
Except the above-mentioned other benefits from agrotourism and gastronomic tourism are opportunities to improve the role of women in bussiness, involvement of young people and the development of the local business sector. Women are very involved in agrotourism and gastronomic tourism. Although research shows that women as full ownership represented 20 % and 25% as main managers, these figures are slightly higher than the representation of women in other industries .

The research showed that women as co - ownership of a gastronomic business agrotourism are more represented than men with 54 % or as co -managers represented 50 %.

Agrotourism and gastronomic tourism provide numerous opportunities for women including employment in the family business, working from home and networking. Many respondents involved in this business confirm that women play an important role in agrotourism initiatives. It is not a rare case where women lead agrotourism business or work in a restaurant or shopping while the men work on the farm. There are indications that some farmers do not have manifested initiative for agrotourism until women have. Business that is based on tourism provides additional opportunities for women in agribusiness.

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<sup>&</sup>lt;sup>7</sup> <u>Rural tourism and sustainable business</u>: Derek R. Hall, Irene Kirkpatrick, Morag Mitchell, 2005 p.32.



**Figure 3:** Representation of women in agrotourism

Source: Obtained data from conducted research

Agro-tourism and gastronomic tourism have the potential to attract young people in rural communities and agriculture by providing employment. There are numerous examples where dealing with agrotourism and gastronomic tourism is handed over to the next generation of the family.

# 4. Identification of main barriers for agrotourism and gastronomic tourism in the Republic of Macedonia

There are different obstacles for agrotourism and gastronomic tourism development. For the purpose of these paper obstacles in agrotourism and gastronomic tourism are determined through interviews and focus groups in all regions. Prioritized for managers barriers are:

- Lack of subsidies
- Roads and Infrastructure
- Regulations (building permits, food safety, etc).
- Government taxes and insurance
- Lack of institutional understanding of agribusiness
- Lack of resources and capital for small businesses

None of the listed barriers are stressed as most important but the answers varied depending on the type of agrotourism dealing with respondents. However most of barriers that were mentioned are as follows: lack of subsidizing agribusiness 30 %, state regulations by 10 %, state taxes at 10 %, roads and infrastructure 30 %, availability of capital of 10 %.

Increasing urbanization in rural areas are not reflected negatively on agribusiness and gastronomic tourism but rather in some regions they improve business through better accessibility and infrastructure. The results are presented illustratively on Figure 4.

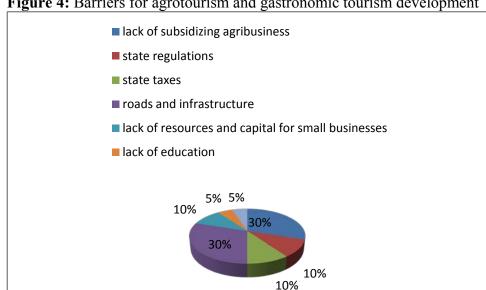


Figure 4: Barriers for agrotourism and gastronomic tourism development

Source: Obtained data from conducted research

Some of the barriers mentioned in the interview are:

- Global financial crisis
- Fluctuations in the wine industry
- Animal diseases (swine flue, avian flu, etc.).
- Competition from other tourist attractions in the region
- Small business awareness in the region

# 5. Recommendations for the development of agrotourism and gastronomic tourism in Macedonia

Recommendations for development of agro-tourism and gastronomic tourism are related to: coordination, support and other assistance in agrotourism development. This includes government, industry or community initiatives that will provide strategic guidance and support over agrotourism individual scale. A number of these types of support are identified by participants in the interview, such as:

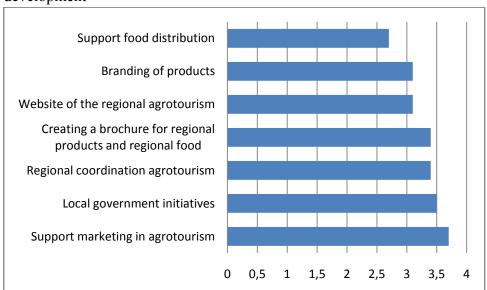
- Marketing and Market Research
- Agricultural markets
- Informal cooperation
- Restaurants and chefs of traditional food with local produce
- Communications with consumers
- Wine roads and culinary events
- Formal regional coordination

From the conducted research and received information about what type of support is needed, there were different views, but we can prioritize them as follows:

- Support marketing in agrotourism
- Local government initiatives
- Regional coordination agrotourism
- Creating a brochure for regional products and regional food
- Website of the regional agrotourism
- Branding of products
- Support food distribution

Below is an illustrative view of the priorities of farmers in this part for need of support from state institutions. It should be noted that some respondents had other ideas as the state can not help, but due to the isolation of cases they are not listed in the text and below in Figure 5

Scale of 1 to 4m on **Figure5** represents the importance of the support according to respondents in the interviews. Scale is explained as follows: 1- No matter; 2 - Somewhat important; 3 - Important; 4 - Very important, Advertised support for tourism development performed tests ranges from 2.7 to 3.7 or an average importance of 3.25 indicating that the importance of moving in the field is from important to very important.



**Figure 5** Level of importance of needed supports for agrotourism development

Source: Obtained data from conducted research

According to the first two tests, the most important supports are: Support marketing in agrotourism and local government initiatives. All others are below 3.5 as in the upper area of importance. These catalysts and institutional support in agrotourism and gastronomic tourism summarized in 4 key motivators: marketing and market research; tourism network; clusters and links; and integration and support.

# Strategic approach to regional agrotourism and gastronomic tourism

During the research for this paper we are convinced that there is a regional development coordination and support agroturizamot in some municipalities. It remains to be confirmed whether this action contains all activities for sustainable development of agrotourism and gastronomic tourism. Here are some of the activities that need to be addressed at regional strategy for agrotourism:

- Market research
- Strategic Planning
- Develop principles for agroturism region

- Regional marketing coordination, including local website
- Support systems for local food distribution
- Program of mentoring and education
- Development of quality standards for products and services
- Support local coordination

Creating a strategic plan or framework to support the development of regional agrotourism and gastronomic tourism is important for the future sustainability of such initiatives. Identification of potential problems or opportunities, discovering new partners and ways of financing are important in the early stages of development of regional agrotourism and gastronomic tourism. The consequence of not having a clear strategy leads to the proliferation of unsustainable projects in this business sector. The split development of agrotourism in separate stages is also very important. What refers to strategic planning, it should be done by regions or municipalities.

#### - An organizational support

It is evident that successful agrotourism and gastronomic tourism unfastened good organizational coordination. And also it is evident that this requires appropriate involvement of boards with their own members as well as nongovernmental organizations. Adequate organizational structures in its membership is required to have members of the tourism and agricultural sector for better coordination and organization of plans, initiatives and projects.

It is thought that this kind of support may not be required in the long term, but coordination at the local level takes an important role in the initial and early stage where it is difficult to rely solely on volunteerism

#### Conclusion

Agro-tourism is generally additional activity on the farm which integrates tourism in agri-business. Regional agrotourism is assumed to be closely related to gastronomic tourism. He is identified with the act of going to a particular region to visit the farm, winery or any object that is connected with food (restaurants, markets, production and processing facilities, natural attractions, etc.), for enjoyment, education or active participation activities and events.

Agro-tourism and gastronomic tourism has benefits for the farmer and the consumer. For farmers benefit is the sale of products and services to generate additional funds. Important for consumers to authentic recreational and aesthetic experiences that consumers will see, taste, hear, smell and feel.

Agro-tourism and gastronomic tourism in the country do not have a long tradition. These selective forms of tourism actualize the past ten years and yet, despite the great potential they hold no significant role in. The integrated tourist offers of the Republic of Macedonia, nor significantly contributes to improving the performance of agricultural holdings and diversification of their business.

Recommendations for development of agro-tourism and gastronomic tourism are related to: coordination, support and other assistance in agrotourism development. This includes government, industry or community initiatives that will provide strategic guidance and support over agrotourism individual scale.

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