

## Rural Tourism as an Alternative Income Source for Rural Areas along the Hortobágy

Der ländliche Tourismus als alternative Einkommensmöglichkeit auf dem Lande bei Hortobágy

Bernadett SZABÓ

### Summary

I have been doing research in four rural settlements along the Hortobágy, where agriculture played an important part in the income sources before the change of regime. At present, however, it has lost its population maintaining power. Alternative income sources besides agriculture, such as bio-farming, herb producing, rural tourism have had greater and greater importance for rural areas. I have made a survey among rural hosts along the Hortobágy aiming to consider their qualifications, services, prices and costs. On the basis of these data I constructed a model, which is suitable for reflecting the cost-yield-profit and recovering relations of rural tourism by examining three types of services and seven investment conceptions.

**Keywords:** agriculture, rural settlements, rural tourism

### Zusammenfassung

Meine Forschungen führe ich in vier ländlichen Siedlungen am Hortobágy durch, wo die Landwirtschaft eine grosse Rolle in dem Einkommen der auf dem Lande lebenden Menschen gespielt hat. Sie hat aber bis heute ihre Rolle, die Bevölkerung auf dem Lande zu erhalten, verloren. Auf dem Lande kann deswegen den alternativen Einkommensformen - wie zum Beispiel dem ländlicher Tourismus, der biologischen Landwirtschaft oder dem Heilpflanzenbau - eine immer grössere Bedeutung beigemessen werden. Ich habe eine Befragung unter den Gastwirten der von mir untersuch-

ten vier Siedlungen vorgenommen. Auf Basis dieser Angaben habe ich die Einkommenswirksamkeit des ländlichen Tourismus bei Hortobágy analysiert. Dabei werden 3 Dienstleistungstypen und 7 Investitionskonzeptionen untersucht.

**Schlagnworte:** Landwirtschaft, ländlicher Raum, ländlicher Tourismus

### **1. Introduction**

Although there are 22 communities along the Hortobágy, I demonstrate their economic, ecological and social conditions, the role of agriculture and alternative income sources by studying four of them, namely Balmazújváros, Hortobágy, Egyek and Tiszacsege. They situate in the county of Hajdú-Bihar, form one statistical subregion and have strong relationships with the Hortobágy National Park. As the role of agriculture has decreased, alternative activities, such as rural tourism may have greater importance in the future. My goals were to study the situations of rural hosts along the Hortobágy by a survey, and to show the profitability of this activity by constructing a model.

### **2. Meaning of Rural Tourism in Hungary**

Rural tourism in Hungary, in classical meaning, is a kind of touristical activity, which provides supplementary income for those who have other main occupations (e.g. agriculture, industry) by taking their unused accommodation into the service of tourism. The atmosphere and the environment of the village remains in its original conditions (CSIZMADIA, 1992).

According to KÖNYVES (2002) rural tourism takes place in rural areas, which means providing accommodation from the point of view of the host, and active holiday for the guest and contributes to cultural heritage, alternative income source for families by utilising local resources and the attraction of rural areas.

### **3. Situation of Agriculture along the Hortobágy**

Agricultural co-operatives and the state farm used to have a relevant role in ensuring local employment and restraining people from leaving in the

communities examined. Privatisation and transformation of co-operatives and the state farm resulted in a decreasing number of agricultural workers: they dropped into 10 to 25% of the situation of 1985 in 2000. The income mass from agriculture has also dropped to its 5 to 10 %, and the income projected to one agricultural worker to its one third in average. In this way it is relevant to ensure livelihood for people getting out from the sector, and to find other alternative income sources for agricultural workers.

The closeness of the Hortobágy National Park, the unique natural conditions, the National Agricultural Environmental Programme and the imminent EU-transition make the extensive farming and alternative income sources of agriculture, such as bio-farming, herb production and rural tourism, necessary in this area.

#### **4. Positive and Negative Factors for Rural Tourism**

I have studied the economic, ecological and social conditions suitable for rural tourism in these settlements that have real facilities in joining and developing rural tourism. Intensive tourism may not be realised due to the closeness of the national park, which has been the part of the World Heritage since 1999 and strict environmental regulations coming from this fact. The eco-tourism, however, saves the natural, cultural heritage and the landscape and shows them in their reality. Furthermore, the Hortobágy National Park takes part in founding rural tourism and supplementing the income of rural hosts. There are already 64 rural hosts in these settlements.

The settlements examined may count on natural values such as the closeness of Hortobágy National Park, the River Tisza and thermal water, they have traditions and history, architectural and monumental values, as well as already existing accommodation places. On the other hand the level of infrastructure and the qualification of people should be improved and even utilisation of the existing capacity is very small.

#### **5. Survey among the rural hosts along the Hortobágy**

I have made a survey in April of 2002 in the four examined communities and interviewed 35 of the 65 hosts of rural tourism. I studied their qualification and foreign language knowledge, asked for their opinions

about their aims, and for the characteristics of the accommodation, services, prices and costs, and any investments made.

Near half of the rural hosts are between 41 and 60 years of age, and 43% of them are above 60. In this way it is for supplementing income for those who are in their middle ages and for pensioners. Examining the distribution of rural hosts according to their main occupations (Figure 1) it can be seen that it is attached to the third sector and not to the agriculture as in classical meaning.

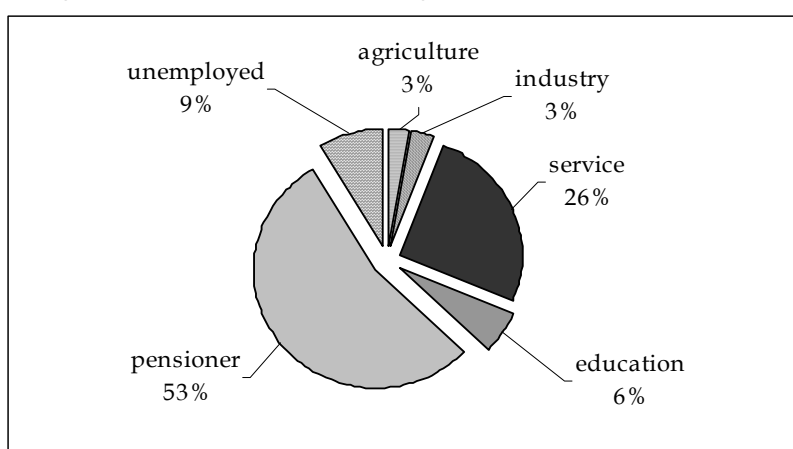


Figure 1: The Main Occupations of Rural Hosts along the Hortobágy  
Source: OWN SURVEY (2002)

Gardening and animal keeping around the house should have significance at these rural hosts, which may serve as programmes for the guests, such as harvesting vegetable and fruit, and animal feeding, but small plots and bad soil conditions make it difficult for them. Rural tourism is a very new-born activity in these areas, which is shown by the fact that these host started rural tourism during the last 5 to 10 years.

To carry out their activities on a high quality and to have an appropriate knowledge relating to new information of rural tourism it is necessary to enrol for a rural tourism course before starting their business. Only 40% of the asked rural hosts completed such a course. Due to the closeness of the Hortobágy National Park significant number of foreign

tourists visit these settlements. In this way it would be important that these rural hosts should speak foreign languages. More than half of the asked, however, do not speak any foreign language, 40% of them speak German and 6% speak Russian on basic level. Studying the organisations of the work of rural hosts, 80% of them belong to an association of rural tourism.

As Figure 2 shows, near half of the asked rural hosts started this activity because of the supplementing income sources and one third of them chose this form of tourism as they have had unused capacity especially by older host where the young have already moved away or to another settlement.

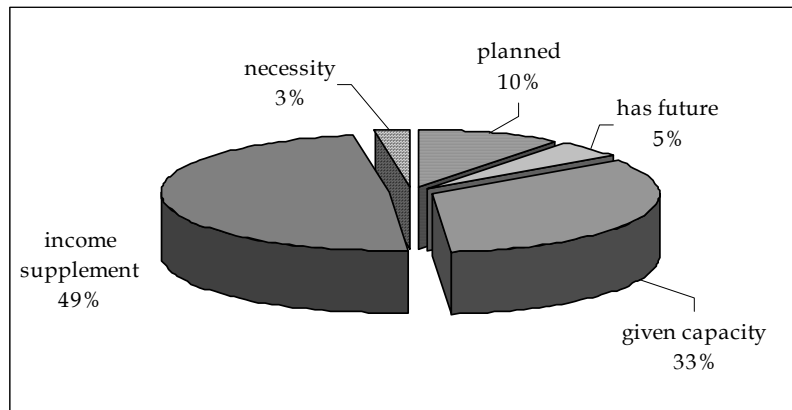


Figure 2.: Reasons for Starting business as a host

Source: OWN SURVEY (2002)

There are only few of them who built their houses originally for rural tourism. 80% of them did not regret to start rural tourism, the others think that it is a great burden for them, realising a small amount of income and these hosts do not trust in the guests.

The hosts try to provide high quality service, that is 84% of them have 3 and 4 "sunflower"-qualified accommodations. I show the number of places, guests and guest nights in Table 1, which reflects also the county, regional and national averages.

Table 1: Data of rural tourism along the Hortobágy in comparison with the averages in Hungary

	(6)	(7)	(8)	(9)
Places	242	474	3262	33502
Hosts	35	92	541	6109
Guests	1680	1323	9451	109832
- foreign	566	461	966	40658
Guest nights	4307	2777	36707	518488
- foreign	1425	982	4135	221126
(1)	6,9	5,2	6,0	5,5
(2)	2,6	2,1	3,9	4,7
(3)	123,1	30,2	67,9	84,9
(4)	22264	43608	300104	3082184
(5)	19,3	6,4	12,2	16,8

Source: DATA GATHERING (6), REGIONAL STATISTICAL YEARBOOK (2000) (7-9)

Note: (1) - number of places at one rural host, (2) - average staying time, (3) - average number of tourism nights at one rural host, (4) - potential number of tourism nights during summer, (5) - efficiency of using capacity, (6) - the average of the four communities examined, (7) - County of Hajdú-Bihar, (8) - Region of North Plain, (9) - Hungary

The number of places at one rural host along the Hortobágy is higher than the averages of the county, the region and the country. The average staying time is very low in Balmazújváros and Hortobágy, which is the result of the one-sided touristical supply. Furthermore, this low staying time may result in increasing costs. The average number of tourism nights at one host is high in Balmazújváros due to the high number of guests, who look for the natural values in the Puszta and have a rest in the thermal bath, and have opportunity to ride. This number is high even in Tiszacsege, where the average staying time is also longer. Thermal bath and the River Tisza have significance in the tourism of the settlement, which make the development of thermal, water and angling tourism possible besides rural tourism. Besides Balmazújváros utilising capacity in the researched villages regarding three summer months is lower than the national average.

The difference between rural tourism and "Zimmer frei" is that besides providing accommodation, serving meals and programmes have great importance in introducing local traditions and the settlement itself.

Only 54% of the asked rural hosts serve meals and just 40% of them organise programmes for the guests, such as harvesting, animal feeding, cooking traditional meals, or trips.

One third of the rural hosts did not make any renovation for rural tourism, 54% of the others separated the economic yard and the garden, 22% of them renovated their bathrooms and other 22% built a totally new room to increase the quality level of the house. More than half of them is not willing to do any renovations in the future because of financial problems. According to them, the main helping factor for rural tourism is the closeness of the Hortobágy National Park (HNP) (Figure 3.). The HNP, however, draws away potential tourists from small settlements, such as Egyek. These settlements have to create own images, and should be seen as a supplement of the touristical supply of Hortobágy.

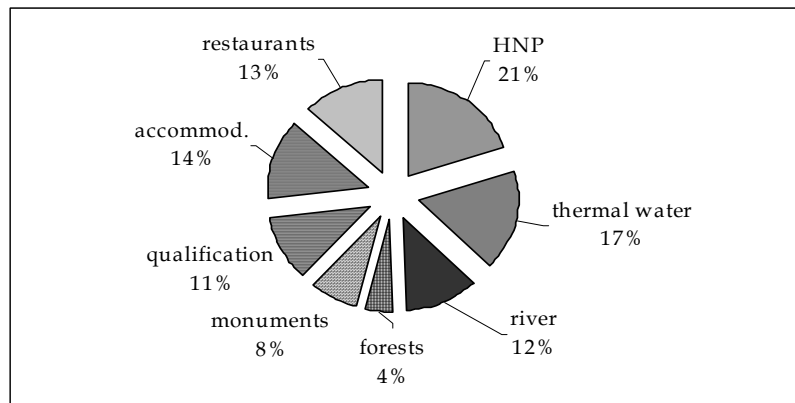


Figure 3.: Factors Helping Rural Tourism  
Source: OWN SURVEY (2002)

There was a question in the survey relating to the fixed and variable costs of rural tourism. The fixed costs included membership fees, and the cost of qualifying the house for rural tourism. I could not get an exact answer in connection with variable costs. If they do not know these costs, one cannot calculate the income of their activities. In this way rural tourism in these settlements seems to be ad hoc, which is not based on financial plans. It is important to make rural tourism con-

scious, which needs economic calculations to show its result. That is why I have made a model for starting rural tourism, which shows the net and gross income of the activity by examining three types of services and seven investment conceptions.

## **6. Model for Starting Rural Tourism**

The capital need of the would-be activity depends on the standard and whether the already existing capacity will be used or whether it is necessary to renovate or build a new room. In this way the following investment conceptions can be outlined:

- by using the already existing capacity (without any additional investment),
- by renovating the guest room,
- by renovating the bathroom,
- by renovating both a guest room and a bathroom,
- by building a new guest room,
- by building a new bathroom,
- by building both a new guest room and a bathroom.

I showed the efficiency of these investment conceptions:

- by providing only accommodation,
- by providing accommodation and breakfast,
- by providing accommodation, breakfast and dinner.

I divided the costs incurring due to rural tourism into fixed and variable costs. Fixed costs include membership fees, insurance, and costs of advertisement, amortisation and improvement. Variable costs include the costs of raw materials for breakfast and dinner, energy, water, washing powder and detergents, own wage for net income and tourism tax. Revenue of rural tourism comes from providing accommodation and the accidentally eating service. Regarding own wage, net income can be calculated, which can be seen in Table 2. in comparison with gross income both projected to one guest night.



Table 2: Net Income and Gross Income Projected to One Guest Night in EURO

		Net Income			Gross Income		
		1.	2.	3.	1.	2.	3.
Already Existing Capacity		1,4	2,0	3,6	1,7	2,5	4,2
Renovation	Room	1,1	1,8	3,3	1,4	2,2	3,9
	Bathroom	1,1	1,8	3,3	1,4	2,2	4,0
	Both	0,3	0,9	2,5	0,6	1,3	3,1
Building	Room	0,0	0,6	2,2	-0,6	1,0	2,8
	Bathroom	1,5	2,2	3,8	1,8	2,6	4,4
	Both	0,1	1,2	3,5	1,0	1,8	3,6

Source: OWN CALCULATIONS (2002)

Note: 1. Accommodation, 2. Accommodation with breakfast, 3. Accommodation with breakfast and dinner. If 100 tourism nights are calculated, it is clear that this income is not for subsistence, and it incurs mainly in the summer months. On the other hand, it is suitable for supplementing income from other sources, moreover, the costs of rural tourism have good efficiency. Regardless the amortisation the reachable income may increase by 60 % in average. If the cost of advertisement is not calculated, as membership in an association of rural tourism means automatically advertisements in the catalogue of the association, the income may increase by further 20 %. If the cost of improvement is corrected according to investment conceptions (after renovation or building less improvement cost is expected than without any additional investment) the income may grow by 60 to 80 %. Table 3. shows the ratio of income projected to total costs.

Table 3: Ratio of Income Projected to Total Costs (%)

		Rate of Net Income			Rate of Gross Income		
		1.	2.	3.	1.	2.	3.
Already Existing Capacity		38	40	53	49	51	67
Renovation	Room	29	33	47	39	44	60
	Bathroom	29	33	47	39	44	60
	Total	10	17	33	17	25	44
Building	Room	4	12	26	9	18	35
	Bathroom	33	36	48	42	46	61
	Total	5	16	34	18	25	41

Source: OWN CALCULATIONS (2002)

Note: 1. Accommodation, 2. Accommodation with breakfast, 3. Accommodation with breakfast and dinner

When analysing these investment conceptions by discounted recovering time and net present value and planning 15 years of working, the following can be seen (Table 4). A positive mark show the conceptions, which will be recovered during the planned working time, and the negative mark reflects the non-refundable choices.

Table 4: Analysing of the Investment Conceptions

		Discounted Recovering Time (year)			Net Present Value		
		1.	2.	3.	1.	2.	3.
	Already Existing Capacity	3,4	2,3	1,4	+	+	+
Renovation	Room	9,6	6,6	4	+	+	+
	Bathroom	7,3	5,2	3,3	+	+	+
	Total	16,4	11	6,4	-/+	+	+
Building	Room	36,7	29,5	20,5	-	-	-/+
	Bathroom	13,2	10,8	7,7	+	+	+
	Total	25,7	21,9	16,6	-	-	-/+

Source: OWN CALCULATIONS (2002)

Note: 1. Accommodation, 2. Accommodation with breakfast, 3. Accommodation with breakfast and dinner

Using the already existing capacities, renovating a room or a bathroom will be recovered under all of the service conditions. Renovating both a room and a bathroom will only be refunded in only accommodation service, if the rise of the prices of inputs for rural tourism will be lower than the prices of the service. When providing only accommodation, building a room and building both a room and a bathroom will not be recovered while building a bathroom will be refunded during the planned working period. The situation is the same when providing accommodation and breakfast. When the service is supplemented with even dinner, building a bathroom will be refunded. Building both a room and a bathroom, however, will only be recovered if positive future is supposed.

## 7. Conclusions

- Rural tourism in these settlements is not working in a classical meaning: it is not attached to agriculture and the hosts hardly provide eating facilities and programmes, although cost efficiency is much better when providing breakfast and even dinner.
- Hosts cannot market their own products to the guests, as there are small plots around the houses, mainly in the village of Hortobágy, with bad condition of soil, which is not suitable enough for gardening and animal keeping. That is why they hardly provide such programmes like animal feeding, harvesting.
- Human capital for rural tourism needs development. Courses relating to rural tourism and foreign languages supported by local governments and existing relationships with similar foreign communities may inspire to know other foreign languages.
- Rural tourism is based on natural conditions and already existing accommodations, but its economic conditions, such as the infrastructural background, should be improved.
- Their activities are organised by several association of rural tourism, but are not based on financial plans. They cannot calculate the income from rural tourism.
- According to my calculation the most income may be reached by utilising the already existing capacity and providing eating facilities besides accommodation.
- Building a new room or building both a room and a bathroom needs to plan longer the working time for recovering. On the other hand these conceptions may increase the quality level of the house, which may result in higher revenue and income and shorter recovering time. Good advertising facility, creating own programmes may contribute to increasing the number of guests and the average staying time and decreasing costs relating to guests, which also cause higher income for rural hosts.

All in all rural tourism may create working facilities, decrease unemployment, provide alternative income and improve the state level of the guesthouse. It is a cheap travel form for the guest who can get to know the traditions, histories of rural settlements and nature. Rural tourism may help rural settlements in restraining people from leaving through

increasing income for rural people and indirectly may contribute to social and economic development of rural areas.

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### Affiliation

Bernadett Szabó, Ph.D. Student  
University of Debrecen, Centre for Agricultural Sciences,  
Faculty of Agribusiness and Rural Development,  
Department of Farm Business Management  
4032 Debrecen, Böszörményi St. 138. Hungary  
Tel.: 00-36-52-526-922  
e-Mail: bszabo@vg.date.hu