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IMPORTANCE OF FAMILY AGRICULTURAL HOLDINGS IN SUSTAINABLE DEVELOPMENT OF RURAL AREAS IN SERBIA¹⁵

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Summary: In paper will be presented the importance of family agricultural holdings in sustainable development of Serbian rural areas, throughout the observation of the economic value of agricultural holdings, other profitable activities on farms and trend of unemployment rate. Under the state support, with the application of good agricultural practices, environmental protection and promotion of sustainable rural development, agricultural holdings in rural areas of Serbia should create a good material base for covering of complete domestic demand, as well as for export of agricultural products on foreign markets.

Key words: family agricultural holdings, rural areas, sustainable development, Serbia.

Introduction

Small business and entrepreneurship in agriculture and rural areas imply: 1)

¹⁵ Paper is part of project III 46006 - Sustainable agriculture and rural development in function of achieving strategic goals of Republic of Serbia within Danube region, funded by Ministry of Education, Science and Technical Development of Republic of Serbia. Project period 2011-2015.

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Small-medium-sized enterprises in the field of agriculture, forestry and fishery, as well as their production, processing and service sections in the rural areas; 2) Private initiative in production and services of rural manufacturing; 3) Small-sized enterprises, handicraft workshops and agencies for rural and hunting tourism; 4) Entrepreneurial engagement in development of projects and programs within the agriculture, fishery, forestry, water management and life in countryside (Milanović, 2006).

In those countries which have been characterized by developed agriculture, agribusiness is defined as a sum of the primary crop and livestock production, storing agrarian and related raw materials and products, transportation, packaging, marketing, financing, education, mass communication, institutions and state which serve these segments of economy (Ljutić, 1995).

In Serbia, there are a lot of unused opportunities for development of family agricultural holdings in terms of small-medium-sized enterprises in agribusiness of rural regions.

In terms of constant changes at the world and local market, in the same way as enterprises, holdings are constantly adjust to the economic environment by its reorganization and diversification of production activities, in the sense of maintaining their competitiveness and financial stability. Similar to enlargement of enterprises, where big enterprises replace the small-medium sized companies, which later connect in different forms of association (clusters), improving their flexibility and ensuring the competitive advantage on global level (Gulan et al., 2007), the family husbandries can use their potentials to the utmost only by their enlargement, which in economic crisis periods can be provided only by their joining.

Identical limitations are following the reorganization of small-sized family enterprises oriented to agriculture and family agricultural holdings. They come to frequent legislation changes, resistance of employees due to fear they will be fired, difficult respond to the economy instability, inconsistency in practicing the systematic solutions (Tomić et al., 2015).

According to definition of the World Commission on Environment and Development (1987) sustainable development implies development which satisfies current needs, without prejudice that future generation will be not able to satisfy their own needs.

By implementation of the principles of sustainable development in rural areas, as well as with activation of rural population in establishment of small agricultural companies, it can be expect creation of products that do not endanger the environment, which are technically applicable, economically feasible and socially acceptable. In same time it can be expected the reduction of unemployment and prevention of young staff of all profiles outflow to the cities, as well as their migration to Western Europe countries.

About 85% of Serbian territory has status of rural areas. There lives 55% of the population, and they generate 41% of the national GDP. Economic structure of the rural areas in Serbia is highly dependent on the primary sector and it is still based on the depletion of natural resources. "Rural areas are characterized by a high level of differentiation in terms of: natural, infrastructural and other conditions for agricultural production and development of other economic activities, market closeness and conditions for market realization of products, as well as in terms of settlements size and

morphology. This differentiation is also shown on the level of economic and social development, demographic characteristics and trends, cultural peculiarities, etc., so it strongly affects the economic efficiency and quality of living" (Bogdanov, 2007).

Material, methodology and data sources

In paper will be presented the importance of family agricultural holdings (agrarian entrepreneurship) in the sustainable development of Serbian rural areas, based on indicators of unemployment rate, economic size of holding, pallets of additional profitable activities at holdings, introducing a few examples of good practice.

In interpretation of results was used the descriptive method, according to data of reference institutions and previously published papers on the theme of family entrepreneurship in rural areas development. Mentioned in paper can be good basis for recommendations further development of the agricultural holdings and small family enterprises in rural areas turned to agribusiness.

Results with discussion

Considering that Serbia has great potentials in the form of agricultural land, available natural resources and favorable geographical position, development of family agricultural businesses and holdings in rural areas is emerging as a logical solution in order to reduce unemployment and make stronger overall competitiveness of the national economy.

This can be supported by the data from the Serbian Statistical Office (Census of Agriculture, 2012), where the average economic size (power) of the agricultural holding in Serbia in 2012 was 5.939 EUR. It can be interesting that according to organizational-legal form of agricultural holdings, mentioned indicator is: (a) in the sector of family holdings – 4.990 EUR; (b) in the sector of legal entities and entrepreneurs – 204.755 EUR. Value for the average economic size of agricultural holding in Serbia dominantly defines the sector of family agricultural holdings, as they take around 99,5% of total number of agricultural holdings in Serbia (Paraušić, Cvijanović, 2014).

Observing by regions, compare to the economic power of the agricultural holdings in Serbia, economically weaker holdings are located in the regions of Southern and Eastern Serbia, as well as regions of Sumadija and Western Serbia, while the most of the economically stronger agricultural holdings are located in the Region of Vojvodina. Also, on the territory of Vojvodina was realized the largest economic size of some agricultural holding (12.032 EUR), while the lowest (3.414 EUR) was recorded in the region of Southern and Eastern Serbia. According to type of agricultural production, Serbian agriculture is characterized by the dominance of mixed family holdings (more than half of agricultural holdings, 53,7%), (Cvijanovic et al., 2014):

- Mixed holdings involved in plant and livestock production (31,4%);
- Mixed holdings involved in livestock production (13,3%);
- Mixed holdings involved in plant production (9,0%).

Presented distribution suggests that there are specialized holdings, which in the form of family agricultural businesses can be competitive and can create products that would encourage the sustainable development of rural areas.

According to results of the comparative analysis of the economic size of

agricultural holdings in Serbia and selected EU countries¹⁹ (Paraušić, Cvijanovic, 2014), Serbia is on the penultimate place in line to average economic value of agricultural holding, just ahead the Romania. So, the holdings in the Netherlands, Czech Republic and Germany are economically higher by 44, 28 and 23 times compared to Serbian holdings. Besides that, 77,4% of agricultural holdings in Serbia has property up to 5 ha, so in national agriculture dominate small and medium sized holdings with low economic power.

According to current division, in Serbia out of 628.552 family agricultural holdings:

- 326.015 holdings do not have OPA²⁰;
- 302.537 holdings have OPA;
- 77.826 holdings have OPA related to holding;
- 269.560 holdings have OPA that are not related to holding.

By the analysis of the OPA (that are/or are not in relation to holding) Subic and Markovic (2014) come to the conclusion that in total number of agricultural holdings (family farms, legal bodies and entrepreneurs) in Serbia, around 12,4% of them have other profitable activities related to holding, while 42,9% of them have other profitable activities that are not related to the holding. In this way, there are left a lot of space for family agricultural holdings and rural entrepreneurship advancement, as well as strengthened of their economic power.

Observing the general unemployment in the period 2010-2014, at working age population (15-64), within the sub-period 2010-2012, increase of unemployment rate from 20% to even 24,6% was noticed. In 2013, there was a slight decrease in the unemployment rate (for 1,4%), while in the last quarter of 2014 it was around 17,6% (database of SORS, 2015). So, diversification of activities on holdings may also have an positive impact on the aforementioned tendency, as on national level, as well as within the regions where agricultural holdings with the lowest economic power are located (Southern and Eastern Serbia, region of Sumadija and Western Serbia).

According to importance of agribusiness in/outside the national economy, it is necessary to examine all possibilities for the transformation of agricultural enterprises and holdings, since they have the best chance for recovery and to meet the needs of surrounding markets. As in rural areas there is available human and natural capital (resources), development of family holdings should be directed to the processing industry, based on primary agricultural products as raw materials.

In relation to product groups, the production programs of family holdings (enterprises) can be classified into: cereals and mill products; meat and meat products; milk and dairy products; processing and export of fruit and vegetable; industrial crops and preparations; products obtained after processing of medicinal, aromatic and spice plants. Within the mentioned groups, agricultural family holdings (enterprises) can be directed to the creation of the brand, which will increase their competitiveness, with the

¹⁹ It was observed the economic size of agricultural holdings in the Netherlands, Czech Republic, Germany, France, Slovakia, Austria, Spain, Italy, Poland, Slovenia, Greece, Hungary, Bulgaria and Romania.

²⁰ OPA – Other profitable activities: a) *OPA related to holding*: activities that include profit from the realization of processed food products, incomes that come from rural tourism, fishery, etc.; b) *OPA that are not related to holding*: activities that do not require resources from holding, except labor.

adaptation to the EU legislation.

Among the features that distinguish domestic holdings (small agricultural enterprises) next can be underlined: - their undeniable importance in local market (maintenance of permanent food security, conservation of resources and creation of favorable environment for the overall economic development); - certain developmental limitations: lack of capital and favorable credit lines, market instability, low prices of final products, etc; - extensiveness and low marketability (low level of specialization of agriculture); - rural poverty; etc.

According to some successful examples of good agricultural (business) practice, as are Agranela ltd., Valjevo (plum production and export); Macval tea ltd., Čoka (medicinal herbs production); Suncokret ltd., Hajdukovo (healthy food production); Zlatiborac ltd., Mačkat (meat products production); Stamevski ltd., Stara pazova (confectionery production); Wine cellar Kuzmanović, Čerević (production of alcoholic beverages), etc., it can be concluded that small family business and holdings, as from the field of primary production, as well as from the field of processing, can be a stimulus for establishment of similar enterprises in all rural areas of Serbia. They would potentially respect and implement new technological requirements in production and processing, and hiring a part of contingent of unemployed persons.

Conclusion

Serbia has natural resources of high quality, good geographic position for agriculture and contingent of cheap and well trained workforce. In Serbia dominate small and medium-sized holdings of low economic power, so according the economic power of the average agricultural holding, Serbia takes penultimate place in relation to EU countries.

Holdings maintain their economic vitality and sustainability by diversification of their activities, where 12,4% of agricultural holdings has other profitable activities related to the holding, while 42,9% of agricultural holdings has other profitable activities which are not connected to the holding. On the other hand, since 2013 the unemployment rate has gradually decreased and in the last quarter of 2014 was 17,6%. Mentioned can be in line to thesis that holdings, beside small-medium family enterprises related to agriculture, can be a source of entrepreneurship in rural areas.

Considering that initiation of family business within the sphere of agriculture can decrease the unemployment, primarily in segment of highly qualified personnel, government should have the effect of creating a business environment that would encourage entrepreneurship in rural areas, before all through more simulative agricultural and general economic policy and market development (inputs, agricultural products, capital and land market). This would create conditions for the investment inflow, creation of sustainable products, as well as for growth of activities and overall economic development of rural population.

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EXPENDITURES ON RESTAURANTS AND HOTELS OF EUROPEAN HOUSEHOLDS

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Summary: Household's expenditures on restaurants and hotels increases when their incomes increases because spending on restaurants and hotels can be treated as luxury good. In the paper the structure of household's spending on hotels and restaurants and its share in total consumption expenditure in European countries are presented. European countries were analysed by the share and structure of expenditures on hotels and restaurants taking into consideration household income per capita.

Keywords: expenditures on restaurants and hotels, households, European countries

Household is defined as a group of persons living together and sharing their incomes and expenditures. Main factor affecting household's consumption expenditure is household's disposable income [Keynes 1936]. Macroeconomic approach is interested on the decision: how much of income to consume today and how much to save for the future. According to Engel analysis, the structure of consumption expenditures changes with disposable income [Utzig 2011]. As income rises, the proportion of income spent on food falls, despite of actual expenditure on food rising.

When household income increases expenditures on luxury goods are going up. Spending on hotels and restaurants can be seen as such a luxury goods.

Expenditure on restaurants and hotels are determined by factor similar to expenditures on holidays. They are as follows: personal restriction (income and