

## Strategic Plan in Management of Regional Development and the Perspectives of Rural Tourism in the Czech Republic

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### Abstract

EU member states in general want to keep sustainable development in regions, increase life quality, clear or mitigate regional disparity. This whole process is well planned and managed. Goals for the development of a region are set on productivity and competitiveness with the use of proactive, planned and strategic realisation. Strategic planning is therefore main tool for the social-economic rural development.

The article deals with characterisation of new regional development approaches with usage of strategic management methods. Author identifies core problems, which eliminate their application and disable the individual use of strategies of particular entrepreneurs. It is especially the absence of developing projects and the concentration on the development of individual regions, there is a lack of will to cooperate, local resources are not effectively used, and local community is not adequately involved. The basic issue for the sustainable development of rural areas can be seen in diversification of agricultural activities, creation of small enterprises and development of tourism together with sustaining the countryside specifics.

**Key words:** Sustainable development, regional development, rural areas, strategic plan, management, rural tourism.

### 1 Introduction

Society's impact on the environment is strongly related to its need for resources and that in turn it is influenced by population and technology. In the past, when populations were small and the level of technology was low, the demand for resources was limited and the human impact on the environment was minor. As economies grew, both fiscally and geographically, and technological advances, particularly in the energy field, encouraged the use of more resources, the impact on the environment increased until it became global. Attempts on reducing that impact have involved consideration of sustainable development and resource recycling, as well as a return to renewable resources, which are seen to be less harmful to the environment.

According to this, focus on sustainable development is different for municipalities and so called „open space“ areas, which can be rural areas. In many countries rural areas are less

developed areas which have many specific problems. This is also the case in the Czech Republic, where rural areas have been out of general public interest for many years. The situation has changed after the EU entry. EU member states in general want to increase quality of life, clear or mitigate regional disparity and keep sustainable development in rural areas. The whole process is planned and managed. Goals for the development of a region are set on productivity and competitiveness with the use of proactive, planned and strategic realisation. Strategic development of rural areas is one of basic tasks of municipality managers. Strategic planning is therefore main tool for the social-economic development. The plan is a key document and there are many issues that positively or negatively influence such strategic plan. The basic issue for the sustainable development of rural areas can be seen in diversification of agricultural activities, creation of small enterprises and development of rural tourism together with sustaining the countryside specifics.

## **2 Literature review**

### **Environmental problems and the importance of Sustainable development**

Ecology and environmental protection are notions inflected in many cases at the beginning of the 21<sup>st</sup> century. Climate change belongs to the most significant ecology problem due to which the temperature of the Earth slowly rises. Global warming, ozone depletion, drought, acid rain – their cases are viewed as extraordinarily complex; their effects are assumed catastrophic. It is not however the phenomenon caused by natural phenomena but one, on which inhabitants of the planet participate in their activity. For example by fossil fuel combustion, burning forests etc., greenhouse gas evolves to the atmosphere, which creates so-called greenhouse effect causing the warming of the planet. In the last 200 years the temperature increased by 0,6 °C. Scientists predict that in the next century temperature will increase from 1,4 °C to 5,8 °C. Climate change will not only bring higher temperatures but there are also predicted natural disasters, such as floods, droughts, tornados and tropic cyclones, damages of ozone layer, glacier discharge, sea level rise, damages of plant and animal varieties, primary ecosystem destructions and other serious problems [1]. Emissions reduction, waste and regulation of other problems related with environment protection can be also reached by sustainable development.

In the world of interdependences, limited number of sources, population growth and heavily damaged environment, the conception of sustainable development globally comes to be an important and urgent aspect of further evolution of mankind. Orientation toward sustainable development became a significant trend in today's modern society. Sustainable development is development judged to be both economically and environmentally sound, so that the needs of the world's current population can be met without jeopardizing those of future generations [2]. It grew out of the work of the World Commission on Environment and Development (WCED). Sustainable development stands on three pillars: economic sustainable development, social sustainable development and environmental sustainable protection. Principle integrity of the environmental problems along with economic and social aspects of sustainable development was accepted already in 1992 at the UN Conference on Environment and Development (UNCED) in Rio de Janeiro.

The development of rural areas in the European Union is realised through the principles of regional policy in co-operation with the Common Agricultural Policy. Regional policy as the main instrument of regional development aims to reduce economic and social disparities within country regions. It also aims to increase quality of life and keep sustainable development in rural areas. Discussion on rural development often leads to the question of the role of agriculture. Its place is often questioned by arguing that agriculture is not able to

provide economic stability of rural areas. Therefore, the focus is directed to non-agricultural entrepreneurship (for example enterprise in rural tourism or agro tourism).

### **3 Objectives and methodology**

Article demonstrates core problems upon the analysis of the strategic documents of the rural community development. These core problems limit their future usage and they can also result in barriers to successful implementation of individual strategic plans of local entrepreneurs. The main goal of this article is to stress out the necessity of exercitation of the effective planning and marketing approach as a key aspect in rural tourism entrepreneurship. The other goal of this study is to determine conditions and preconditions for the development of rural tourism in the Czech Republic. A SWOT analysis has been performed with the aim to determine opportunities for rural tourism in the Czech Republic and other related conditions to be created.

The analysis of main strategic business rules are based upon information from a large number of literature and practical experience of the author. She analysed strategic documents and gathered lot of information. Further information was gained from research performed at the beginning of 2007 through an electronic questionnaire sent to mayors of municipalities in Hradec Kralove region.

## **4 Results and discussion**

### **4.1 Strategic plan as a tool for rural areas development**

Strategic development and social economics require open and sensitive political system [3]. On one side there is a businessman with his business plan, on the other strategic plans of the municipalities as one of the key documents of socio-economic development of the relevant region. The aim of most regional strategies is to identify main trends of development of micro regions. However the real use of the documents is much more limited, which can result in barriers to successful implementation of individual strategic plans of local entrepreneurs in rural tourism. It shows in results gained from analysis of strategic documents and in research through an electronic questionnaire.

The following can be concluded:

- Almost all villages have strategic plans.
- Most of them are expert based.
- Strategic focus is often missing (documents are not often used to implement micro regional development, but mainly as instruments for receiving financial support).
- They are often economically oriented (social and environmental issues are missing).
- Activities of the main focus often lead to repairing existing burdens, not to new investments leading to social cohesion.
- Activities are often locally based, only rarely villages cooperate together.
- Very often they don't meet one of the basic features of strategic planning, which is the use of local resources and local community.

Solving of discrepancy between the number of regional strategies and their significance for development lies in the change of orientation of strategic documents into actual development projects, who are leading to a stable and a long-term development of the whole definite territory. It requires the strategic plans to be oriented also on the usage of three basic sorts of capitals in rural areas – social, cultural and environmental capital [4]. Such projects are aimed for the support of the local economic and business base, for employment increase of the definite territory and for the increase of micro regional identity through strengthening the significant elements of local culture and history.

## 4.2 Strategic plans and marketing in rural tourism

As any other business activity, also rural tourism is profit-oriented. Nevertheless, because it is driven by accountability principles, rural tourism should be based not only on core features of rural tourism (local biodiversity and eco-systems support, sustainable development), but also on understanding of lifestyle of the users of products and services of rural tourism [5]. This perception and understanding requires very good business planning including an environment impact assessment (environment friendliness, meeting environment management standards) with strong focus on the following issues: technical (energy and waste), economics (costs and financial sources), social (ethics, responsibility to the environment), marketing (rural tourism presentation and communication with customers) and so on [3]. Good business plan must be strategically oriented and must effectively use marketing tools.

At the beginning of this chapter common features of sustainability of a locality, and social-economics have been presented. This means that strategic plans of rural tourism business should respect principles of sustainable development [6]:

1. Sustainability oriented use of local resources.
2. Responsible and ethical approach towards artificial and natural environment (the quality of which should not decrease in the long term, but should rather improve).
3. Local benefits should be planned way ahead with respect on long-term sustainability.
4. Stakeholders (local communities, public authorities, NGOs, business partners, customers) should be informed on their relations and influence on the environment.
5. There should be some limits defined for the locality - capacity limits (number of tourists), biological (impact of visitors on the environment), psychological (environment quality and “feeling” of visitors) and social limits (number of visitors and the impact on lifestyle of the local community), ...

Strategic plans then lead to a situation analysis of the locality and community, and feasibility of the project. It should be focused on four elements:

**I. Current situation** (“Situation of the community and place”).

**II. Trend description** (“Where the community is heading”).

**III. Community development plans** (“Where it should be getting to”).

**IV. Realisation** (“How the vision will be achieved”).

Analysis of cost, benefits and risks (Cost-Benefit Analysis).

**Benefits** of rural tourism can be seen from the following criteria [7]:

*Economic* (new job creation, source of capital, housing renovation, entrepreneurship stimuli, ... – overall increases competitiveness of the area).

*Social* (public service improvement, revitalization of folklore and local traditions – increases life quality in the region, both for local inhabitants and tourists, without dramatic changes of the local people lifestyle and general attitude).

*Environmental* (increasing overall environmental knowledge of visitors and local people, increasing use of natural, cultural and historical potential, improvement of stability and biodiversity of the environment).

**Costs** relating to rural tourism development: infrastructure, energy, waste collection costs.

**Risks** of tourism: environmental damages (damages caused by visitors – soil, water and air pollution, flora and fauna devastation, damages at historical subjects, risk related to waste liquidation, ...), social-cultural changes of the region (lifestyle changes).

### **4.3 SWOT analysis of the Czech Republic for the development of rural tourism**

The SWOT analysis shows strong and weak points, opportunities and threats viewed as essential for the development of rural tourism and agro tourism in the Czech Republic. They are listed in such a way to reflect their potential positive or negative impact on rural tourism.

#### **Strong points**

- *favourable geographical location of CR (in the heart of Europe, morphology, altitude, climatic conditions, ...)*
- *dense and well marked network of touristic footpaths and cyclo paths*
- *places of interest both cultural, historical, technical and natural attractiveness (protected landscape areas, national parks and nature preserves)*
- *Prague as touristic phenomenon of the world signification*
- *preserved environment and relatively low pollution*
- *sufficient accommodation facilities*
- *flexible labour force*
- *cattle and sheep breeding tradition*
- *premises suitable for agro tourism*

#### **Weak points**

- *insufficient tourism-related infrastructure (information system, public transport)*
- *current agricultural focus don't let local people develop funds, which are essential for the renovation and refurbishing of accommodation facilities*
- *very often low quality of basic and additional tourism services*
- *insufficient promotion of the Czech Republic and the Czech regions in abroad*
- *absence of development projects and focus on the development of individual regions*
- *low level of co-operation of the particular entrepreneurs*
- *local resources are not effectively used and the local community is not adequately involved*
- *Prague remains the main destination of foreign tourist (nearly 70 % of the whole visitors)*

#### **Opportunities**

- *increased attractiveness of CR especially in the European tourism market*
- *broader cooperation between regions (such as Šumava, Jižní Morava, Krušné hory, Krkonoše, Orlické hory, Jeseníky)*
- *large and unique agricultural settlements of historical value, well suited for agro tourism*
- *large number of farmers with private property*
- *cows, pigs, goats and sheep breeding and orchards enabling direct consumption and thus creating additional added value*
- *development of wellness activities for clients (e.g. golf, horse riding, hunting)*
- *exploitation of the „Rural support program in CR for the period 2007 – 2013“*

#### **Threats**

- *underestimated importance of the entrepreneurship legislation and quality control including consumer protection*
- *lack of financial funds for the stabilization and further development of tourism entrepreneurship*
- *underestimated signification of the co-ordination of joint process of state-owned institutions, regional development agencies, regional tourism associations and professional tourism associations*
- *shortage of finance and limited accessibility to external resources necessary for renovation of tourism activities*

- *lack of state interest and state authorities to deal with the specific problems of micro regions, low support of local activities focused on the improvement of tourism*
- *competition (other traditional tourism products especially spa tourism, congress tourism)*
- *insufficient professional preparation of experts*
- *lack of consultancy and education activities for the tourism entrepreneurs.*

There is no doubt that more intensive development of rural tourism and agro tourism would improve the overall economic, social, cultural situation of the Czech Republic. Thus tourism is one of the factors contributing to the improvement of the standard of living of inhabitants in the Czech micro-regions, decrease of the migration and preservation of the cultural face of landscape and municipalities. However, it presents a number of problems, solution of which exceeds the power of particular regions.

First of all, Czech farmers lack initial impulse, kind of thinking and entrepreneurial approach. If they happen to take agro tourism into account, in the majority of cases their visions are distorted. The distortion lies in particular in the fact that farmers don't perceive agro tourism as a supplementary activity to farming, enabling them to earn extra money, but rather as „massive“ influx of people having negative impact on natural resources in the area. At the same time, farmers often limit agro tourism to the mere provision of accommodation regardless of other services the visitors should be offered.

Another problem is that farm owners don't dispose sufficient funds to cover the costs of renovation of their premises to meet certain accommodation standards and sanitary and safety requirements. Solution of any of the above mentioned weak points will require large investments. For rural tourism entrepreneurial support there are both European Union funds from the Czech Ministry of Agriculture available. The Ministry of Agriculture provides funds within the „Rural support program“, which are from the European agricultural fund for the rural development 2007-2013.

External activities aimed at promotion rural tourism and agro tourism should be interlinked and should focus primarily on the following areas:

- **development of infrastructure for rural tourism** (e.g. trail repair and remarking, road reconstruction, accommodation quality improvement), increase of the technical equipment of municipalities,
- increase of the efficiency for **acquisition of financial resources available** for the renovation and modernization of farm premises for the purposes of agro tourism,
- new **development projects** (strategic projects),
- mutual **cooperation** of municipalities within the micro-regions, efficient use of local resources and local community (*synergy effect*),
- improvement of **education in tourism** - this improvement should concentrate on the development of entrepreneurial thinking and would include the provision of basic information essential for tourism.

## 5 Conclusion

European history has made countless impressions on the life of the modern Czech Republic and its rich cultural and historical heritage. Pleasant temperate climate, rich and unique landscape, together with the many cultural and historical sites, placed the Czech Republic in the position of one of the favourite travel destinations in Europe. The immense richness of the Czech Republic gives ample opportunity for private and business trips, sports and leisure activities. Gently rolling landscape with lowlands and mountains provide good conditions for

all types of rest and recreation – family holidays, cycling, horse riding, but also adrenaline sports. Apart from hiking, there are good opportunities also for hunting and fishing.

At present, the Czech Republic is scarcely visited by rural and agro tourists. But the Czech rural regions have some background for the intensive introduction of these kind of tourism which could have a positive effect on the decrease of unemployment and out-of-the-region migration countryside inhabitants and contribute to the improvement of the standard of living of local people. The analysis has shown that there is a firm base for the development of tourism in the Czech rurals.

Sustainable development is based on the idea of “Think globally and act locally”. Surveys present deficiencies which indicate that the real use of the strategic documents is much more limited. Individual activities are predominantly dependent on personal will of politicians. That means focus on development-based activities, cooperation, and maximal use of local resources, including local community. Strategic documents of rural micro regions should have wide reach; should be used as tools for discussion about main problems and solutions, should reflect strategies of local entrepreneurs. It is the only way to realize strategies of individual entrepreneurs, as well as entrepreneurs in rural tourism and to develop Czech rural areas.

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