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PART III

BUILDING DEVELOPMENT POTENTIAL OF RURAL TOURISM

Introduction

In recent years, the factors determining the development of modern economy have been defined in two main concepts, namely: the theory of knowledge-based economy and information society. The economic effectiveness is increasingly being determined by intellectual capital and to a lesser extent by tangible factors. Technical, economic and organizational knowledge has become indispensable in business management and at the same time contributes to the competitiveness of national and regional economies. The development of the knowledge-based economy has been acknowledged in the report prepared by the OECD and the World Bank. According to the report, in modern economy knowledge is created, absorbed, transferred and used more effectively by companies, organizations, individuals and communities, which drives both economic growth and social development.

In order to properly understand the issues related to the functioning of individual entities under the conditions of the knowledge economy it would be important to distinguish between the concepts of information and knowledge. According to S. Forlicz information is a stream of data reaching the entity while knowledge is a collection of data about the world around us gathered by the entity. It can therefore be concluded that knowledge is the use of information in practice and its usefulness is revealed in a particular application.

The economic development of regions relies specifically on market information. According to P.F. Drucker market information defines the sender and the recipient, the market as well as the economic, financial, socio-legal, cultural and technological relations occurring between the market and its participants.

In the regional perspective market information also covers communication between the entities operating in the system and is a carrier of new knowledge necessary to take specific actions. Authors of articles published in the first part stress the importance of promotional activities, including advertising, which are indispensable in creating the brand image of a region. The place image/identity has impact on the entire region and its components. It embraces almost all dimensions of regional functioning: social, economic or tourism aspects are all combined in a subjective idea. However, the effects of marketing activities are often difficult to measure. A comprehensive study of the results of place marketing, including the promotion of regions, should cover a long period of time, a detailed analysis of costs, population movements, investment, capital movement and flow of tourists.

The knowledge-based economy is also characterized by high spending on intellectual capital and information technology. However, the effectiveness of these processes requires the coordination of education, training and other information activities with the current needs of the changing economy and innovative and learning society. The use of new knowledge and innovative solutions is the subject explored in the second part of the publication. By developing bioeconomy, including the use of renewable energy sources through the implementation of the standards of social responsibility in business, as well as actions taken to protect the environment the regions are building their competitive position i.e. the position on the scale of economic and non-economic assets presented and offered to stakeholders. Therefore, in the EU perspective for 2014-2020 one of the three priorities set out in Europe 2020 strategy is smart growth understood as economic growth based on knowledge and innovation.

Also rural tourism has become the area that uses new technologies and solutions. The third part of the publication describes actions taken to develop the potential of tourism. They include information and consultancy activities and diversification of tourism products. An example is the idea of culinary tourism, which can add value to the basic product, and extend the tourist season. Thus, the multiplicity and diversity of tourism products become yet another factor in building the competitive advantage and regional development.

The problem areas presented in this publication do not cover all the issues relating to the concept of regional development in the knowledge-based economy. Nevertheless, the papers may provide a basis for further research, especially as the problem areas require continuing research of an interdisciplinary nature.

We would like to give special thanks to Professor Justyna Franc-Dąbrowska and Professor Olena P. Slavkova for reviewing all papers in this publication.

Assoc. Prof. Krystyna Krzyżanowska
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PART I

REGIONAL DEVELOPMENT IN THE PERSPECTIVE OF MARKETING COMMUNICATION

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THE ROLE OF PROMOTIONAL ACTIVITIES IN CREATING THE BRAND IMAGE OF A REGION

Abstract: The main objective of this paper is to present the possible promotional activities which can be used by local government units to create the brand image of a region. Therefore the paper explains the concept of the brand image of a region and the idea and importance of promotion in territorial marketing as well as it characterizes the basic promotional tools ensuring the effectiveness of the place branding activities. Furthermore, the paper refers to the concept of place identity which, when properly defined and created, is an important element of the offer of the region and has impact on shaping the place image. To achieve the goals the study used desk based literature review and applied the analytical and descriptive method.

Keywords: territorial marketing, place image, place identity, region, promotion.

Introduction

In the conditions of growing competition between territorial units, i.e. the increasing struggle to attract investors, tourists, and residents, the actions undertaken by regional authorities to search for ways to achieve the competitive advantage over other regions are becoming increasingly important.

The territorial units may attempt to employ the classic instruments of image brand promotion, although it can be a challenge as their product – the region – with its multidimensionality and diversity of sub-products is of rather complex nature. Promotional activities may be aimed at various target audiences: potential tourists, investors (i.e. the socio-economic environment) as well as the residents. The place image is an important aspect of the functioning of the entire region and its components both in the regional, national and international perspective. It combines almost all dimensions of the region functioning (e.g. social, economic, tourism) in one, subjective image. The effects of some of the actions undertaken locally are difficult to measure. Many projects are in fact designed to improve the quality and comfort of life, by delivering cultural events and entertainment. The measurable, financial effects of this kind of activity are hard to be traced in the short run. A comprehensive study of the results of marketing activities, including the promotion of the region, should cover a long period of time and include a detailed analysis of costs, population movements, investment, movement of capital and tourism.

The main objective of this paper is to present possible promotional activities, which can be used by local government units to build the brand image of the region. In order to achieve the goals the study used desk based literature and applied analytical and descriptive method.

Brand image and identity of the territorial unit

The brand image in the common sense of this term is the sum of experiences, attitudes and beliefs existing in the mind of an individual or a group, considering a particular entity. The entity can be a product, a person, a company or a place[1].

One of the elementary tasks undertaken by the local authorities should be to create and care for a positive brand image of a given territorial unit. The particular care for the place image should result from the awareness of the important functions it fulfils[2]:

- image is a carrier of the entity's personality, an important factor in the decision making processes concerning investment location, residence, studying or recreation (simplifying function);
- it organizes and systematizes information reaching social consciousness (ordering function);
- it allows to subjectively differentiate between cities, which can be helpful in the decision making process (orientation function);
- it supports the selection process by reducing risk, and directs behaviour in decision-making – process through the feelings of trust and credibility – the decision process is simplified (decision supporting and risk minimizing function);
- the place image gives the residents a sense of prestige e.g. when the place holds a major music, cultural or sporting event;
- positive image leads to an increased trust of the residents in the local authorities, moreover, it fosters a sense of attachment to the local sub-products (such as streets, parks, symbols or places);
- image is an important factor in the decision making process and can be helpful during the segmentation of the market;
- highlighting the individual characteristics and personality of the entity helps to distinguish it from other, similar products existing on the market (positioning function)
- positive image can contribute to the growth of consumer interest in the given territorial unit and local sub-products;
- positive image in the perception of residents helps local authorities to take the necessary but unpopular actions concerning the local community;

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[1] K. Hubner: Image, czyli jak być gwiazdą na rynku. Wydawnictwo Business Press Ltd., Warszawa 1994, p. 29.

[2] A. Łuczak: Wizerunek jako element strategii marketingowej miasta. [in:] Marketing terytorialny. T. Markowski (Ed.). Wydawnictwo Komitetu Przestrzennego Zagospodarowania Kraju PAN, Warszawa 2007, pp. 166-172.

- place image stimulates local economy development. Positive image of a region attracts investors, residents and skilled workforce.

The role of local authorities is the efficient and effective management of all subordinated areas so that the created place image was most attractive in the perception of the environment[3].

According to R. Junghardt, the accurate place image should meet several requirements, in particular it should be[4]:

- actual and credible, i.e., it should be confirmed by the actual characteristics of the territorial unit. It can, however, contain elements resulting from the realistic future prospects without losing its credibility.
- simple, i.e. based on one the most important and the most distinctive aspect of the territorial unit;
- attractive, i.e. that it should evoke positive feelings and emotions among residents and visitors. It is best to build the image based on "soft" characteristics deriving from everyday human behaviour and preferences;
- unique, i.e. exceptional, based on the original keynote. The image should accentuate the positive, individual, specific features of the territorial unit.

The concept of place identity derives from the analogous notion of organizational identity. Similarly to an enterprise a territorial unit is also a social, multi-purpose organization, with local self-governing system. It manages available tangible and intangible, movable and immovable, own and external, stable and unstable resources, with the aim to generate growth in the key parameters (qualitative and quantitative) describing the standard of life and living conditions of the inhabitants[5].

The region identity, considered as a cluster of comprehensive information about it, embraces the following groups of information characterizing the basic spheres of activity important for both the residents and visitors[6]:

- attractiveness of the place (as a place of residence, investment, recreation, etc.),
- supply of goods and services, transport,
- exhibitions, fairs,
- social services and health care,
- administration,
- culture, entertainment and recreation,
- supporting entrepreneurship.

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[3] M. Bednarczyk: Otoczenie biznesu a inwestycje zagraniczne. „Zeszyty Naukowe Akademii Ekonomicznej w Krakowie" 1999, No. 531, p. 26.

[4] R. Junghardt: ABC promocji gmin, miast i regionów. Wydawnictwo Fundacji im. Friedricha Eberta , Gliwice 1996, p. 35.

[5] A. Łuczak: Istota tożsamości miasta. „Samorząd Terytorialny" 2000, No. 10, p. 50.

[6] A. Szromnik: Marketing terytorialny – miasto i region na rynku. Wydawnictwo Wolters Kluwer, Warszawa 2012, p. 148.

The groups of elements mentioned below are the foundation of the concept by A. Töpfer and R.Müller[7] relating to the cities, but it can also refer to the region, as they list the essential elements creating the place identity:

- uniform face of the city (or the region),
- clear system of communication with target groups,
- interaction of all components of the city (or the region).

According to R. Junghardt[8], the identity of the territorial unit is the totality of repetitive, significant, content and form-related elements, used by the region to presents itself before the internal and external audience. The place identity embraces architecture and urban planning as well the city symbols, names, slogans, colours, monuments and infrastructure[9].

An important element creating the identity of the region is a system of marketing communications. It is the totality of forms and means of exchanging information with internal and external target audiences. However it is public relations, publicity and sponsorship which play the most important role in the communication between the local authorities and the internal and external audiences,. The purpose of this activity is to establish and maintain appropriate relations between the territorial unit and the environment. To achieve this the local authorities appoint a spokesman, hold regular meetings, give interviews in the media and organize meetings of the representatives of the local authorities with the residents.

The third element co-creating the identity of the territorial unit is the overall system of behaviour of all actors: residents, authorities, various kinds of social groups and all institutions, i.e. the culture of the place/region. It also includes social norms, ethic principles, customs and traditions adopted in the place or region[10].

Essence and role of promotion in territorial marketing

A mega product, such as the territorial unit, or more precisely – the marketing activities associated with it, have to a large extent the nature of a service, hence the resulting marketing concepts relating to the territorial units. One of the first such concepts is the territorial marketing mix, developed by Kotler, Haider and Reina. According to this theory, all conscious actions in the field of territorial marketing undertaken by the appropriate territorial units, come down to[11]:

- shaping the characteristics of the infrastructure, (both quantitative and qualitative),

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[7] A. Töpfer, R.Müller: Marketing im kommunalen Bereich. "Städtetag" 1988, No. 1.

[8] R. Junghardt: ABC promocji… op. cit., p. 45.

[9] J. Filipek: Symbol jako efektywne narzędzie marketingowe. „Marketing i Rynek" 1996, No. 7, p. 34.

[10] A. Stachowicz-Stanusch: Kultura marketingowa przedsiębiorstw. Wydawnictwo Naukowe PWN, Warszawa 2001, p. 36.

[11] A. Szromnik: Marketing terytorialny – koncepcja ogólna a doświadczenia praktyczne. [in:] Marketing terytorialny. T. Markowski (Ed.). Wydawnictwo Komitetu Przestrzennego Zagospodarowania Kraju PAN, Warszawa 2007, p.76.

- preparing government employees and residents to contact and serve customers through appropriate procedures of recruitment, training, motivating and information dissemination,
- initiating and organizing various cultural, sporting, music, tourist and commercial events,
- shaping the desired, positive and lasting image of the place by a broad, coherent information actions, involving the biggest possible number of entities and people.

Another concept which should also be presented here is the innovative concept of territorial marketing developed by M. Florek[12]. The author proposed the following instruments: creating an offer of the regional mega-product, communication with the environment (promotion), partnership of entities in the region, as well as creating the place identity, which according to Florek is the most important instrument of influence. The author takes into account the spatial complexity of the product (region) and stresses the need for cooperation between various entities operating in the region, and consequently the role of marketing communications, including promotional activities as one of its dimensions.

Promotional activity is rooted in information needs that arise on the demand side and the supply side. Information is needed by the consumers so that they are aware of the existence of a variety of alternative products[13]. Also in the case of the territorial offer, there is a need to deliver information to prospective consumers and persuade them to buy your product.

Promotional activities in territorial marketing should include[14]:

- precise definition of the goals of promotion,
- identification of the product to be promoted (determining the characteristics of the territorial unit, also in the competitive dimension and the development of promotional offer)
- identification of the target groups (based on customer segmentation)
- designing the message and selection of the best means and techniques of communication,
- selecting the entities responsible for promotional activities
- establishing the budget for the promotion,
- developing methods of control of the results and their indicators.

The consistency of formulated goals is extremely important, because it can affect the efficiency and effectiveness of the planned promotional activities. While successful use of promotional activities may result in creating the awareness of the region existence in the minds of potential consumers, showing the competitive

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[12] M. Florek: Podstawy marketingu terytorialnego. Wydawnictwo Akademii Ekonomicznej w Poznaniu, Poznań 2006, p. 61.
[13] M. Czornik: Promocja miasta. Wydawnictwo Akademii Ekonomicznej w Katowicach, Katowice 2005, p. 94.
[14] M. Florek: Podstawy marketingu… op. cit., pp. 134-135.

advantage over other regions, convincing potential consumers to purchase the regional sub-products as well as shaping the identity and creating a positive image of the region.

Promotional tools used in creating the brand image of a territorial unit

The condition for the effective creation of the image of a given entity is the use of basic instruments of promotion such as advertising, public relations and publicity, sales promotion, and personal selling. It is crucial to adopt a comprehensive and systemic approach in which promotion instruments, complementing each other, contribute to achieve the desired result[15]. Table 1 shows examples of concrete promotional tools used within the framework of territorial marketing mix.

Table 1. Examples of promotional tools used in creating the brand image of a territorial unit

ADVERTISING	• advertising in mass media (press, radio, television, Internet) • advertising in print media • outdoor advertising • direct marketing
PUBLIC RELATIONS	• press conferences, interviews • symposiums, seminars, conferences • outdoor events and celebrations • patronage of sporting, cultural, artistic events • cooperation with partner cities • co-organization or participation in fairs and exhibitions • initiation of activities to support local entrepreneurship • publishing monographs of a territorial unit • films devoted to the history of the region, its current situation, etc. • sponsored articles, TV and radio broadcasts • creation of the office of civil complaints • organization of meetings with opinion leaders, chambers of commerce, diplomacy, etc. • telephone helpline • creating a visual identity of the city (logo, coat, colours, flag, coat of arms.)
SALES PROMOTION	• city loan guarantees for investors • tax exemptions and reliefs • tax reliefs for the purchase, lease or rent of premises and land • donating a real estate • subsidizing certain projects from the budget of the territorial unit • provision of infrastructure for the implementation of specific projects at the expense of local self government • consultancy and training for local business

Source: A. Łuczak: Wizerunek jako element strategii marketingowej miasta. [in:] Marketing terytorialny. T. Markowski (Ed.). Wydawnictwo Komitetu Przestrzennego Zagospodarowania Kraju PAN, Warszawa 2007, pp. 178-179.

[15] A. Łuczak: Wizerunek jako element… op. cit., pp. 177-179.

As part of the aforementioned advertising activities the following measures are taken:

- television advertising – reaches a wide audience and has a powerful impact[16]. The main disadvantages of television advertising are the high costs of production and airtime, a limited content and short exposure time[17].
- outdoor advertising – billboards, posters, banners and ads. Advertising of this kind effectively shapes the brand image and brand awareness. It is characterized by a high frequency of exposure. The disadvantages are the high production costs, low audience coverage and a small selectivity in reaching target audience segments[18].
- internet advertising include static and dynamic web banners, buttons, advertising boxes, contextual advertising, video and social networking. Internet advertising offers precise consumer targeting, the possibility to interact with the consumer and lower cost of advertising campaign[19].

As part of public relations the following actions are taken:

- Visual Identification System for the territorial unit (logo, colours, anthem) – the logo often emphasizes the assets of the place, in a clear, transparent, colourful form. The reception of a logo is easier than of a coat of arms (due to the much less complicated structure than the one of the coat of arms). In promotional activities the coat of arms is often replaced by the logo. Very often the logo is selected in an open competition and the mere fact of organizing such an event is also a form of promotion of a region, or smaller territorial units. Almost always, the creation of the logo is combined with the adoption of colours symbolizing the place and a short, eloquent, often reflecting the place assets, promotional motto or slogan and sometimes a hymn or song;
- co-organization or participation in fairs and exhibitions – trade fairs are a multifunctional and complex marketing tool. They create the opportunity to present the territorial unit and its sub-products, sometimes sell them but mainly the trade fairs enable direct contacts with the target groups as well as potential and existing partners[20]. The properly prepared presentation at the fair or exhibition brilliantly supports the process of building relationships with visitors, and communicates relevant information. This form of

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[16] J. Altkorn, T. Kramer (Eds.): Leksykon marketingu. PWE, Warszawa 1998, p. 212.
[17] L. Garbarski, L. Rutkowski, W. Wrzosek: Marketing. PWE, Warszawa 1996, p. 472.
[18] Ibidem, p. 473.
[19] Ph. Kotler: Marketing. Wydawnictwo Rebis, Poznań 2005, p. 612.
[20] J. Altkorn: Wizerunek firmy. Wydawnictwo Wyższej Szkoły Biznesu w Dąbrowie Górniczej, Dąbrowa Górnicza 2004, p. 163.

communication clearly contributes to improving the image of the territorial unit in the perception of visitors and other recipients of the fair content[21];

- symposiums, seminars, conferences – direct contacts with consumers and media can be organized in the form of conferences and seminars. An essential PR tool is the use of media through press conferences or through publication of press releases communicating relevant information about the entity's activities[22]. Thematic symposia and meetings of the local authorities representatives with the residents often take the form of an open discussion panel on a particular topic;
- initiating activities to support local businesses – the local authority has a wide range of potential tools to foster local entrepreneurship. They include: tax advice, legal assistance, office provision or strategic advice.
- local telephone hotline – is a channel of communication with residents and stakeholders, through which it is possible to obtain a lot of information concerning local issues, notify of problem requiring intervention or check the status of a particular case. Hotline as a tool for public relations which can significantly affect the quality and effectiveness of communication in the relationship between the authorities and the public.

As part of the sales promotion the following measures are taken:

- tax exemptions and reliefs – incentives for entrepreneurs looking for a place to locate an investment. Tax exemptions and reliefs are a factor taken into account in the economic and financial analysis before decision-making. Often, reliefs and exemptions are valid only in the initial period of the business operations in a given area, but there is a wide range of other facilities which can be offered, such as the possibility of repaying tax liabilities in instalments or deferral of tax liability in case of financial difficulties;
- providing infrastructure for the implementation of specific projects at the expense of local government – an important factor in the decision making process about the location of the investment is the provided infrastructure including: water supply and sewerage system with adequate bandwidth gas and electrical grids as well as a convenient transport infrastructure. It is attractive to a potential investor because they do not need to allocate funds for infrastructure in the business plan;
- city loan guarantees for investors – the loan guarantee is a form of security for the loan taken in case of delays or the failure to repay the debt by the investor. If the borrower is unable to repay the loan, the guarantor (in this case – the territorial unit) will assume the obligation and the subsequent

[21] A. Proszowska: Targi i wystawy w kształtowaniu wizerunku przedsiębiorstwa przemysłowego. „Zagadnienia Techniczno-Ekonomiczne" 2005, Vol. 50, Iss. 2-3, p. 392.
[22] L. Garbarski, L. Rutkowski, W. Wrzosek: Marketing… op. cit., p. 499.

settlement will be carried out between the guarantor and the investor. For a potential entrepreneur the loan guarantee means assuming a reduced risk in the case of the failure to meet obligations to the lender. Providing guarantees to investors may build competitive advantage over other territorial units and thus may attract new businesses.

Table 1 does not show yet another promotional tool useful in creating the place image, namely personal selling. Its function is primarily in creating a positive image of the territorial unit and its sub-products, during the talks with potential investors and representatives of other cities, economic, financial or social organizations, government authorities, foundations, etc. Personal selling success does not only rely on communicating relevant information but also on the qualities of the source. Therefore, the local officials should demonstrate relevant skills and abilities such as: the expert knowledge, experience, familiarity with the problems of the local community, command of foreign languages, good manners, interpersonal skills, ability to negotiate, reliability, ability to listen and consistency in action[23].

Conclusions

The positive image of the region acts as a stimulator for the regional economy. Therefore, it becomes increasingly important to use promotional activities, including marketing communications addressed to both the internal environment of the territorial unit and the external public. Such actions should be carried out as planned, consistent and constantly monitored. Effective use of promotional tools contributes to the reduction of costs incurred by the territorial unit while maximizing the achieved effects. To achieve this it is important to define the promotion objectives, product and target audience and consequently design the content and execute the project within the available budget.

It is crucial to carry out systematic studies of the brand image of the territorial unit. Local authorities should constantly observe and control the place image perception as well as the changes taking place in the internal and external environment.

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[23] A. Łuczak: Wizerunek jako element… op. cit., p. 179.

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CITY IMAGE IN REGIONAL DEVELOPMENT CONCEPT

Abstract: Agglomeration effects, including modern infrastructure and concentration of high-quality human resources, are very beneficial for businesses and create development opportunities for smaller cities. Therefore it seems worth noting that place image development actions are being taken by minor territorial structures aimed at shaping city identities to increase their appeal not only to residents but also investors, tourists, etc. The city identity is often created by local governments. The aim of this paper is to present selected examples of actions taken by the authorities of Pruszków aimed at shaping the city identity. Additionally, the article cites the key provisions of the development strategy for Pruszków 2020, which adopted the mission to make Pruszków the city of active local community creating modern, resident and investor-friendly environment. As the new, (positive) city identity concept should be developed with regard to the expectations of the key target group- the residents – a survey study was conducted to get their opinion. The study revealed that Pruszków is seen as a dynamically developing centre and is highly by its inhabitants.

Keywords: regional development, local development, city image, city identity.

Introduction

Sustainable development of Polish regions is determined by the optimal use of their development potential. Positive changes of quantitative, qualitative and structural character are possible on condition that regional governments and local governments operating in a given area will get involved and cooperate. Poland has a positive economic growth rate, stimulated by the strongest economic hubs and major cities, which have become the engines of economic growth and job creation, and thus, the main areas promoting structural change.

One of the objectives set out in the National Strategy of Regional Development 2010-2020: Regions, Cities, Rural Areas (NSRD) is to stimulate national, international as well as regional competitiveness. The strategy recognizes the need to support diffusion of development from the fastest growing centres to the remaining areas of the country, building functional linkages between provincial cities and the surrounding regions, especially between cities and rural areas, as well as by actively preventing the marginalization of underdeveloped areas and reducing disparities between different regions. It is important because regions with competitive and innovative economy, and particularly the largest and most dynamic metropolitan areas (with the exception of Szczecin) located within their borders, benefit to a great extent from globalization and integration with the EU, thus becoming primary creators of jobs and growth in the spatial dimension.

According to the OECD, this situation results from the concentration of factors determining competitiveness and investment attractiveness (social capital, quality of education, innovation, productivity, etc.), which makes the voivodeships or sub-regions, where major cities are located, contribute the biggest share in generating economic growth (e.g. Warsaw with its 4.5% share in the population of the entire country generates 13.5% of GDP, and the functional area of Warsaw – 16% of GDP). Other, most important Polish cities, which combine a high level of development, rapid growth and a strong, positive impact on the regional environment, are: Kraków, Wrocław, Poznań, Upper Silesia conurbation, Tricity and Łódź[1]. Other regions – deprived of the ability to join the competition based on knowledge and competitive advantages, (in place of comparative advantages), may suffer reduction in economic growth. Similar relationships can be observed in the case of cities and towns situated in the vicinity of big agglomerations. Their fading impact as industry centres or service providers and progressing transformation into outskirts of urban agglomerations can lead to their marginalization in the region. Agglomeration effects, i.e. modern infrastructure and concentration of high-quality human resources are very beneficial for businesses and may support the development of more peripheral cities and towns. Therefore it seems worth noting that branding campaigns are being taken by minor territorial structures aimed at shaping city identities in accordance with the expectations of local communities. In the era of globalization and high competition between cities not only their size or their strategic location, but also the intangible resources determine their position in the market of territorial units.

Attractive city image or identity appealing to visitors and residents is one of such resources. The aim of this paper is to present selected examples of actions taken by the Pruszków authorities aimed at shaping the image of the city.

The essence of regional development

Regional development is seen through the prism of the economic growth potential of the regions and sustainable improvement of their competitiveness and standard of living of the population[2]. It is an economic process transforming regional factors and resources into goods and services in order to increase the standard of living in its various aspects. The main component of regional development and its condition is economic growth, defined as an increase in the production of goods and services as a result of quantitative increase in the factors of production and improvement in their effectiveness. While growth is considered primarily in terms of quantitative changes, development embraces also qualitative and structural changes[3].

[1] Krajowa Strategia Rozwoju Regionalnego 2010-2020: Regiony, Miasta, Obszary wiejskie. Ministerstwo Rozwoju Regionalnego, Warszawa 2010. p. 26.
[2] M. Kozak, A. Pyszkowski, R. Szewczyk: Słownik rozwoju regionalnego. PARR, Warszawa 2001, p. 46.
[3] B. Filipiak, M. Kogut, A. Szewczuk, M. Zioło: Rozwój lokalny i regionalny. Uwarunkowania, finanse, procedury. Fundacja na rzecz Uniwersytetu Szczecińskiego, Szczecin 2005, p. 16.

The most important determinants of the competitive position of Poland and its voivodeships and therefore the key factors of regional development are institutional factors and resources[4]. The category of resources determining the competitiveness of Polish regions includes:

- Human and social capital – determined by the age structure of the population, the size and quality of workforce resources, adequacy of qualifications to the demand of the labour market, the structure of education of the residents, linkages between regional and local, entities, cultural traditions, norms of social behaviour and shared attitudes facilitating cooperation;
- Knowledge and innovation – including knowledge economy (research and development activities and cooperation of research centres and universities with the business sector, the level of inventiveness, technological advancement of production), information society (the use of information technologies by firms and households), competitiveness and innovativeness of enterprises;
- Durable and financial capital – understood as the amount and structure of funding, availability of financing sources including foreign direct investment;
- Material (physical) resources of a region (as a necessary but not sufficient factor) – including adequate spatial development and spatial order understood as technical, economic, social and municipal infrastructure, environmental protection, natural assets, supply of land suitable for investment and ensuring transport accessibility of the region and connections with national and international transport systems.

The category of institutional factors determining the competitiveness of the regional structures includes:

- Quality and efficiency of public administration, including the quality of public services, incentives to encourage business activity, stimulate entrepreneurship and business environment;
- Institutional capacity to manage development – the ability to plan, implement and settle development projects, policies and strategies.

To sum up, regional development is commonly understood as a series of socio-economic changes which are taking place within a region (voivodeship). However, the symptoms of regional development would not be easy to identify without the involvement of local communities. Local development is a series of socio-economic changes taking place within a gmina (municipality), city or poviat (county).

[4] Rozwój regionalny w Polsce. Raport 2009. Ministerstwo Rozwoju Regionalnego, Warszawa 2009, p. 23.

The role of local government in creating the city image

In literature there are many definitions of city image. Frequently, the concept of place image (territorial unit image) it is defined as the sum of the recipients' beliefs, opinions, concepts, feelings and sensations. It reflects the simplification of the large number of associations and information concerning the place. Another approach to the concept of place image was put forward by A. Szromnik. According to him the image is the totality of subjective perceptions of reality formed in human minds as a result of individual perception, the impact of mass media and informal transfer of information. In other words, the image is a mental representation of reality filtered through human personality[5]

In the days of the dominance of media culture, when cities take advantage of multi-level impact on the consciousness of the audience, the marketing activity undertaken by local authorities, their creativity and entrepreneurship aimed at creating the place image through building its desired identity is worth noting.

The image plays an important role at all stages of making location decisions (choice of place of residence, holiday destination or investment site). It also plays an identification role as the information coming from different sources allows the person to recognize the characteristic features of the city and make a choice. This simplifying function of an image is related to the character of the process of perception. It facilitates the selection of most important information. The process of simplification is an individual process.

Furthermore, the image also helps to build confidence in the local authorities, because when the offer of the city is highly rated, then the residents are willing to evaluate the actions of local authorities positively. The image also stimulates the growth of interest in the city and contributes to its development. The city has a better chance to appeal to new settlers, tourists and investors, but also organize events and attract the mass media[6].

The positive city image makes it stand out among other cities. In order to create it appropriate actions have to be planned and implemented. All stages must be constantly monitored and adapted to the changing environment. Such actions are necessary because the environment is constantly changing and so is the image. If follows the fluctuations in expectations and opinions of the target audience which the city authorities try to appeal to.

The intended recipients of the city image are all those for whom contact with the city will be beneficial, i.e. investors and employers, buyers of real estate, events makers, tourism managers, journalists, artists, filmmakers, writers, tourists, visitors, young people and particularly students and employees. Contrary to

[5] A. Szromnik: Marketing terytorialny. Miasto i region na rynku. Wydawnictwo Wolters Kluwer, Kraków 2007, p. 12.

[6] S. Dudek-Mańkowska: Koncepcja wizerunku miasta. [in:] Kreowanie wizerunku miast. A. Grzegorczyk, A. Kochaniec (Eds.). Wydawnictwo Wyższej Szkoły Promocji, Warszawa 2011, p. 50.

conventional wisdom, very often city marketing actions are not addressed to the people whose activity should be attracted, but to its residents.

The creators of city images are often local governments and local government institutions who direct their actions to local residents. It is then a self-promotion of the city authorities (officials and councillors) addressed to their voters and governed by different rules than those of territorial marketing. The self-promotion of local authorities is not a market-oriented activity but its objective is to gain political support[7].

The first step in creating the place image is increasing its recognisability. Three groups of actors are critical at this stage: manufacturers of consumer goods with the name of the city, event organizers and historians. The high recognisability of the city can be related to important historical events e.g. Grunwald and Gdańsk. However, the events of the past can also be a heavy burden. Fortunately, in Poland, we have no counterparts of such events as the Chernobyl accident.

Creating the image of the city of Pruszków

The knowledge about views and opinions on the image of the city is crucial for everyday operations of local authorities as positive image attracts investors and tourists.

Pruszków is an important industrial centre in the part of Mazowieckie region situated on the left bank of Vistula River. The city has an extensive social infrastructure, which consists of public administration institutions of supra-local importance and local institutions of self-government, education, culture, sports, recreation, health and social care. It also home to business environment institutions like banks or real estate agents.

The development strategy for Pruszków 2020 defined the following mission: "Pruszków – the city of active local community creating modern, resident- and investor-friendly environment".

The first strategic objective is to integrate the local community and improve the city image. The operational programs are aimed to counteract the negative city image by investing in a pedestrian zone, holding the annual festival Pruszków Days, creating the Municipal Visual Information System and officially protest against the unjustified use of the city name when referring to organized crime[8].

Pruszków is a good place to live, however it lacks a clearly defined identity. It is unrecognizable city or, as the urban semiotics specialists say: 'illegible city'. The lack of clear identity is dangerous as outsiders associate the city mainly with organized crime. Although the city has a potential and its residents, (including those who work in Warsaw), give it a positive rating, it is difficult to find an identity that would build the city's image in the eyes of residents and visitors. City

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[7] M. Białecki: Kreatorzy wizerunku miasta. [in:] Kreowanie wizerunku miast. A. Grzegorczyk, A. Kochaniec (Eds.). Wydawnictwo Wyższej Szkoły Promocji, Warszawa 2011, p. 69.

[8] Strategia Rozwoju Pruszkowa do roku 2020, www.pruszkow.pl, accessed 23 February 2012.

image makes the place significant and attractive, expresses its unique character and distinguishes it from other cities. To change the situation, Pruszków authorities focused on creating cultural identity based on new investments like the construction of a multi-purpose centre supplemented by ‘soft’ projects in the area of broadly defined culture (local heritage, art in the city). Urban infrastructure in Pruszków is well rated (with the exception of health care facilities) or, in some areas – very well rated (physical culture). Hence, the focus on the 'soft' area of culture means working out a coherent image and a visual concept.

In the Pruszków development strategy, the city authorities assumed that the image should be created mainly for the present and future residents. It should communicate the cultural face of the city with emphasis on aesthetic values, peaceful and cosy character of the living pace and facilities enabling middle-class lifestyle like clubs, cafes, restaurants, concerts etc. The city image should also appeal to visitors, mainly from Warsaw; attracted by its atmosphere, its green areas encouraging sports activities (bike routes, sports facilities, walking trails, etc.) as well as the cultural offer. It is a process of revitalization through culture, in which culture is broadly defined: not in terms of high or low culture, but more in terms of a lifestyle that allows one to benefit from the ecology, history and architecture of the place, building a versatile repertoire of city experience or even city consumption[9].

Another helpful tool in improving the city image is the design and implementation of Municipal Information System (MIS), which constitutes a coherent system of communication and, at the same time, enhances the city aesthetics. By providing information, MIS organizes the space, enables better orientation and, consequently, increases the sense of security. Municipal Information System consists of various elements: small architectural forms (public transport stops), city maps, information boards and signs with street names. It plays a big role in creating the city identity and communicating the positive place image. It helps first-time visitors feel connected to the place, because they recognize and understand it. MIS elements shape not only better mental maps of cities (in the minds of residents and visitors), but also improve the quality of urban spaces by upgrading their aesthetics.

An important objective set out in Pruszków development strategy concerned public safety. Specific actions recommended to increase order and public safety focus on the four pillars of the strategy:

1. Treatment of public order infractions or minor offences similarly to serious offenses;
2. Manifesting police presence in areas stricken by vandalism and disorder;
3. Taking control over public space by residents by maintaining high standards of behaviour;

[9] www.pruszków.pl, accessed 12 March 2012.

4. Treatment of the problems of crime and disorder as a problem requiring shared responsibility, not only of the police, but the entire community.

The third area of the strategy covers image related activities, not linked to image-creating, but to strengthening the existing potential of the place, through the use of natural and historical assets of Pruszków. Undoubtedly, the strengths of the city include the location away from the hustle and bustle, lots of green areas, parks, proximity to places, intimate atmosphere, sports facilities and good conditions for active recreation. The city's development strategy sets out the goal of linking green areas (Utrata River Trail) and construction of a small recreational infrastructure in these areas or in their immediate vicinity. Promotion of green areas as an idea for one-day trip outside Warsaw and the image of a peaceful green space can attract visitors, living outside Pruszków. However, this requires the development of a tourism product which can combine walking and cycling routes with places for recreation and entertainment. This project simultaneously raises the standard of living of the residents by offering access to free forms of amateur sport and recreation in attractive green areas. The recommendation should also take into account the need to prepare the municipal information system (bike paths and hiking trails) and the combination of recreational and cultural infrastructure (e.g. in the multi-purpose community centre).

Image of Pruszków in the light of empirical research

At the turn of the century a new social, cultural and economic context initiated phenomena which forced changes in shaping local policies. These phenomena include: the impact of multinational corporations, the increasing competition between municipalities to attract foreign investors, tourists or skilled human resources, migration on the labour market, the decline of traditional industrial centres and unemployment. This prompted a search for other forms of management, which increasingly began to rely on the rules of competitiveness, efficiency and flexibility[10]. The starting point in formulating the concept of creating a new (positive) image of a city is to know the opinion of the most significant audience, which are the residents. The Department of Economics of Education, Communication and Consulting of Warsaw University of Life Sciences conducted a survey study among the residents of Pruszków. The study involved a group of 105 people. The opinion of residents concerning the current city image is crucial in determining the objectives of the image creating strategy. Over half of the population rated Pruszków image as ‘good’ (59%) and 26.7% were undecided as to the opinion. The image was rated as ‘very good’ by 14.2% of respondents. Because the image is based on individual assessments and experiences, residents were asked about the benefits of living in Pruszków. They pointed to the three most important ones: a lot of green and recreational areas (37.1%), cultural, sports and

[10] A. Duda: Public relations miast i regionów. Wydawnictwo Difin, Warszawa 2010, p. 20.

recreation events organized by the city (25.7%) and opportunities for personal development and career development (20.9%). Some respondents pointed to an interesting educational offer (6.6%) and peace and quiet (9.5%). It is interesting to compare the declared advantages of the city with the purposes of visiting Pruszków, shown in chart 1.

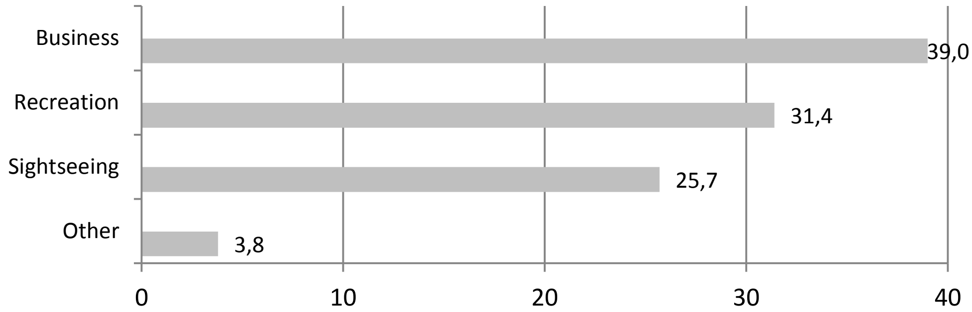

Chart 1. Motives for visiting Pruszków [%]
Source: own research.

Although clearly natural and recreational values of the city were accented the main motive for visiting Pruszków was business. The intention to rest and relax was the second popular purpose (31.4%), while visiting sights came third (25.7%). Only 3.8% residents felt that most visitors to their city are just passing through.

The place image is also influenced by the qualities attributed to the site. The residents described their city as modern (36.1%), attractive (24.7%), open (18%), as well as dynamic (14.2%). However, only (6.6%) of respondents felt that it is a peaceful city which should encourage a deeper reflection. Detailed data are provided in chart 2.

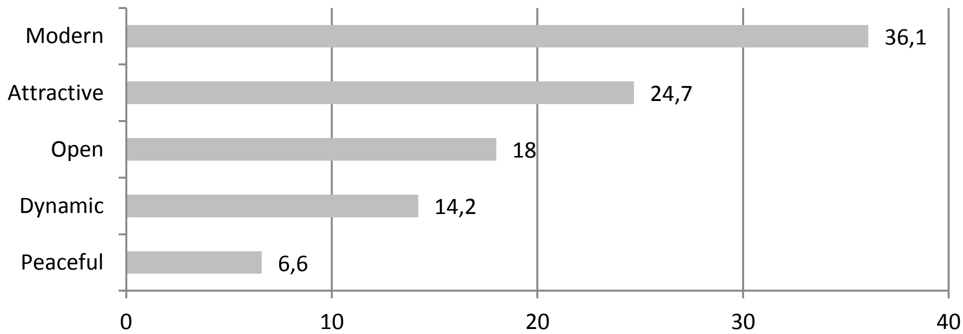

Chart 2. Qualities of Pruszków in the opinion of the respondents [%]
Source: own research.

The city was described as definitely pretty (57.1%), full of harmony (65.7%), definitely interesting (53.3%), modern (52.3%), a vibrant place (45.7%) and friendly (45.7%). Pruszków was defined as 'rather safe' (58%). Residents also stressed the city's originality describing it as definitely 'not kitschy' (95.2%). The positive capital provided by the residents is a solid foundation for the implementation of effective image strategy. One of the tools that would help to disseminate the opinions of the residents among visitors could be media relations. Any positive piece of information about the city communicated in an article, TV program or radio show will contribute to its positive image in the public perception[11].

Conclusion

In the era of globalization and high competition between cities, not only the size and strategic location are becoming increasingly important, but also the intangible assets that determine their position in regional market. One of the assets is the subjective image existing in the minds of the audience.

Society is actively involved in the development process taking over the initiative in deciding about their fate in order to succeed in the world dominated by market and competition rules. Only well thought-out, planned, long-term image-building strategy, supported by the local community, has a chance to succeed.

In order to sum up the reflections presented in this study the following conclusions were formulated:

1. Pruszków is a dynamically developing centre, highly rated by its residents. The fundamental problem was its negative image, and above all, the necessity to change it to a positive one. Therefore, authorities of the city applied new strategies to reduce the negative phenomena and support potentially strong areas in order to change the image of the city, both in the eyes of residents and visitors[12];
2. In the past, the image of Pruszków was strongly associated with organized crime and the Pruszków mafia. Today its residents feel it is changing and becoming more positive;
3. The purposes for visiting Pruszków include business, recreation and sightseeing. Pruszków is a modern, attractive, open, dynamic, definitely pretty and relatively safe city;
4. In the future, it would be advisable to establish a press office, which would ensure a better operating position to face the growing competition in the public sphere and earn the trust of the community. Placing it high in the organizational structure increases the chances of achieving the desired objectives and effective implementation of the image strategy.

[11] P. Kuca: Media relations. Wyobrażenia a rzeczywistość. [in:] Relacje z mediami w samorządach – teoria i praktyka. D. Tworzydło, P. Kuca (Eds.). Newsline.pl, Rzeszów 2010, p. 2.
[12] www.regioportal.pl, accessed 13 January 2012.

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www.regioportal.pl

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IMPACT OF THE INTERNET ON THE ADVERTISING MARKET OF UKRAINE AND ANALYSIS OF CONSUMER TRUST FOR MANAGING MARKETING COMMUNICATIONS

Abstract: The article highlights the trends that significantly affect marketing communications and advertising. Development and improvement of communication technologies, strengthening the relationship between the buyer and the manufacturer, as well as increasing integration of marketing communications will lead to modification of impact of communications on consumers and companies. Changing social conditions, growth of the Internet, transformations in welfare will also affect the availability and effectiveness of communications. Improving perception and analysis of these technologies will lead to greater clarity and accuracy of communications, reducing existing confusion.

Keywords: new media, advertising, marketing, communications, Internet/online advertising, marketing communications, types of Internet advertising.

Introduction

The importance of the study lies in the fact that the 21st century is the age of paradoxes, hyper-information and great opportunities. Modern consumers are well informed about the features of products and services, their content and possible origin of the components. Variety of offers, new products and globalization allow consumers to choose the best suitable option. Therefore, it is quintessential to choose the right type of advertising in order to retain your customers and to attract the new ones.

Analysis of recent research and publications

Information technologies, and Internet advertising in particular, were investigated by such foreign and national scientists as T. Bokarev[1], Ya. Voronin[2], A. Godin[3], V. Guzhva[4], T. Deynekin[5], F. Jeffkins, V. Komarov, I. Krylov, M. Kurasova, N. Medzhybovska, T.Paramonova, V. Kholmogorok, U. Kherson and others.

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[1] T. Bokarev: Encyclopaedia of online advertising. PROMO-RU, Moscow 2000.

[2] Ya.M. Voronin: Online advertising – a new means for business. "Vestnik Belgorodskogo universiteta kooperacii, jekonomiki i prava" 2008, Vol. 1, pp. 272-274.

[3] A.A. Godin, V.M. Godin, V.M. Komarov: Internet advertising. Dashkov i K, Moscow 2012.

[4] V.M. Guzhva, A.G. Postyevoy: Information systems in international business. KNEU, Kyiv 2002.

[5] T.V. Deynekin: International marketing and internet marketing. Moskovskij gosudarstvennyj universitet jekonomiki, statistiki i informatiki, Moscow 2003.

However, we believe that new media, the importance of the Internet advertising for the company, and analysis of consumer perception of advertising from different sources are important and need further investigation.

The aim of the article is to analyse the meaning and impact of new means of disseminating information and investigate various forms of advertising, as well as consumer reaction to them.

The results and novelty of the research

The term “new media” involves a wide range of computer and electronic media, which did not exist 20 years ago, and, in most cases, even 10 years ago. Nowadays the most versatile media for marketing communications (hereinafter, MC) is the Internet, in other words, the World Wide Web, which includes platforms for communication with consumers. Other innovations such as interactive booths for sale of services or products, laser projectors or means of local advertising are also worth mentioning. All these means were either unknown or non-existent.

At the beginning, the network was a limited place for communication of professionals. Today the Internet has become a truly global means of communication. Marketers quickly spotted its opportunities for e-marketing, although sometimes the expectations for the utility were exaggerated.

The Internet is a global system of interconnected computer networks that use the standard Internet protocol suite. The Internet carries an extensive range of information resources and services, such as the inter-linked hypertext documents and applications of the World Wide Web (WWW) and the infrastructure to support email[6]. The World Wide Web is the main commercial goal of the Internet. Users without any difficulties get access to information, documents, business correspondence, websites of the Internet shops, video files, bulletin boards and other sources of information using search engines. Commercial use of the Internet can be divided into 2 categories: sites with controlled traffic, including information portals, search engines, servers, cable companies that charge for their online services and landing pages the user is looking for. Landing pages are further divided into active sites, online stores, information websites, etc. (Table 1). It is a simplified division; the Internet has a complex structure that constantly and rapidly develops creating new opportunities for both companies and consumers.

Online advertising can be described as one of the most flexible tools in modern advertising for promotion and sale at product and service markets.

The system of marketing and advertising has undergone significant changes related to information and communication technologies. Online advertising is considered to be an important mechanism for maintaining effective e-commerce. R. Zefa and B. Aronson, the authors of “Advertising on the Internet”, provide 2 definitions of online advertising:

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[6] D.V. Lande, A.A. Snarskyy, I.V. Bezsudnov: Internetics: navigation in complex networks: models and algorithms. Librokom, Moscow 2009.

"Online advertising is a convergence of traditional advertising and direct response marketing". "Online advertising is a convergence of branding, distribution of sales and information – all in one"[7].

Internet advertising can also be defined as a set of actions paid by market participants aimed at establishing bilateral communications between advertisers and customers by means of the Internet.

A. Godin defines Internet advertising as informing consumers about the company by various methods available on the Internet that is aimed at achieving the ultimate goal – selling goods and services[8].

Y. Voronin defines online advertising in a different way. In his view, Internet advertising is a means of marketing communications in e-commerce system for promotion of products and services targeted at operational informing consumers about products and services, meeting the needs of customers, increasing sales volume and improving the image of business entities of the advertising market[9].

Table 1. Kinds of landing pages

Active websites	Online shops	Information websites
Often look like traditional advertising. Active website is a stimulating (or at least entertaining) homepage, possibly with multiple hyperlinks to other pages containing more detailed factual information.	Visitors can make purchases directly from the companies that use this website. The virtual showcase offers detaied information about the product, often with photographs or (if it is dealing with music or software) free test samples. In this case, the buyer can immediately pay for the product by using a credit card or other means of online payment.	Offer visitors information or online publications (newspapers and books). Information websites can include music, current news or information on stocks and graphs.

Source: own elaboration.

It is worth noting that there is an opinion that the Internet does not belong to the media. It is an environment, which contains various kinds of channels for commercial communications, in particular, traditional media (television, radio, newspapers), and even PR, direct marketing, promotion, etc.

In this study we relied on the conceptual framework of the Interactive Advertising Bureau (IAB)[10], according to which Internet media advertising includes:

- Banner advertising (banners, sponsorship, branding, sponsorship links);
- Context (search, context-media network, etc.) and video advertising (video banners, pre-rolls, post-rolls, in-stream videos, context videos);

[7] B. Aronson, R.L. Zeff: Advertising on the Internet. John Wiley&Sons, New York 1999, p. 435.
[8] A.A. Godin, V.M. Godin, V.M. Komarov: Internet advertising… op. cit.
[9] Ya.M. Voronin: Online advertising… op. cit.
[10] www.iab.net.

- Digital (SMM, social networks context, conducting, creativity, strategy).

Cost analysis of online advertising revealed that they grow each year (Table 2). Specifics of calculation lies in the fact that there is no generally accepted methodology of including certain parameters into the indicators of the market volume.

Table 2. The volume of the advertising market in 2008-2013*

	Total in 2008, mln UAH	Total in 2009, mln UAH	% of changes compared to 2008	Total in 2010, mln UAH	Total in 2011, mln UAH	% of changes compared to 2010	Total in 2012, mln UAH	Total in 2013, mln UAH	% of changes compared to 2012	Foecast for 2014, mln UAH
Internet advertising	100	145	+ 45%	280	400	+ 43%	680	1 060	35%	1 440
Including:										
Banner advertising	70	85	+ 21%	165	220	+33%	340	400	18%	440
Context							160	300	25%	420
Video advertising	30	60	+ 100%	115	220	+91%	No data	150	-	300
Digital							180	210	17%	280

Source: Data of the Ukrainian Advertising Coalition, www.adcoalition.org.ua.

Chart 1 depicts growth of the Internet advertising market.

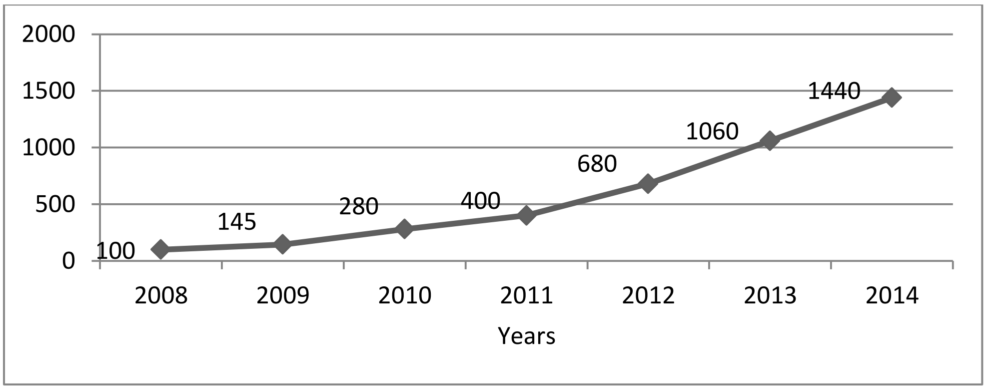

Chart 1. Changes in cost of Internet advertising [mln UAH]

According to Table 1, the demand for online advertising is growing every year, which proves its effectiveness for companies. Taking into account the market analysis done by the companies, it is possible to assume that Internet advertising market was accepted as an essential tool for communication. It might be connected with novelty of platforms and reformation of the market, because, for example, a large amount of printed publications are now released online, although it is too early to speak about their full transition[11]. Constant interest in Internet advertising is proved by the greatest increase of this kind of advertising on the media market of Ukraine over the past few years (Table 3).

Table 3. State of affairs on the advertising market from 2008 till 2013

	Total in 2008, mln UAH	Total in 2013, mln UAH	Changes, 2008 to 2013, mln UAH	% of changes, 2008 to 2013
TV-advertising	2700	4 440	1740	64%
TV-sponsorship	400	500	100	25%
Newspaper advertising	2 052	2 560	508	25%
Outer advertising	1 035	1 613	578	56%
Radio advertising	160	340	180	113%
Cinema advertising	45	40	-5	-11%
Internet advertising	100	1 060	960	960%
Media advertising, total	6 783	10 553	3 770	56%

According to the analysis and conclusions regarding the benefits of Internet advertising it is important to know the reaction of consumers to this type of communication.

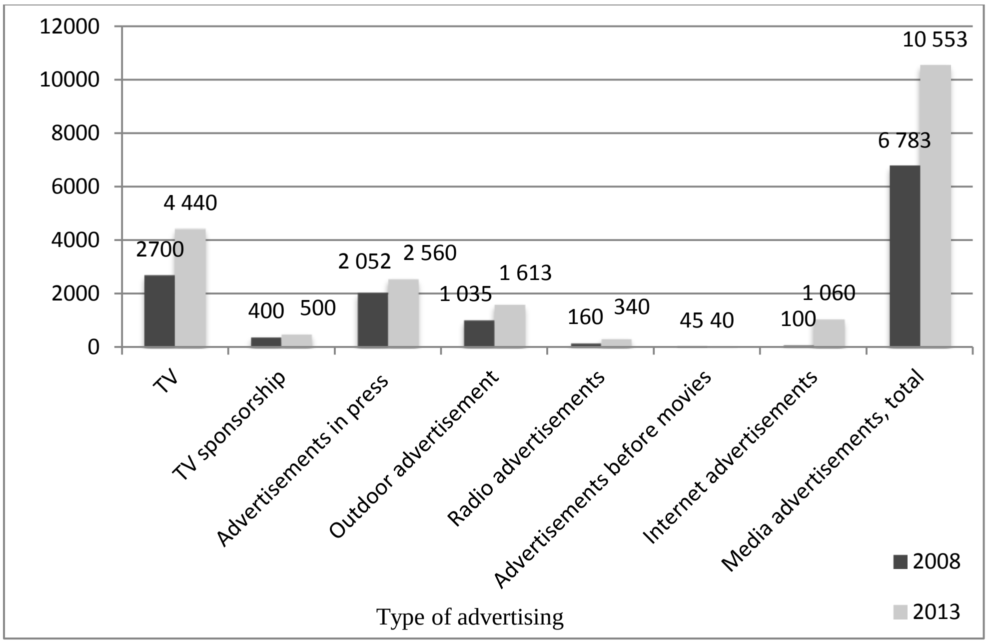

Chart 2. Changes in costs at the media market [mln UAH]

[11] R. Benjamin, R. Wigand: Electronic markets and virtual value chains on the information superhighway. “Sloan Management Review” 1995, Winter, pp. 62-72.

Customer trust is the main goal of any advertising campaign no matter whether these are traditional media such as TV, newspapers and radio or new media such as Internet or mobile devices. The good news for the advertisers is that consumers worldwide have become more trusting than they were several years ago. In fact, the study reveals that trust in online advertising is increasing, as is trust in ads on TV, radio and movie screens.

Word-of-mouth recommendations from friends and family are still the most influential, as according to the Nielsen online survey 84% of global respondents across 58 countries said this source was the most trustworthy. Trust in advertising on branded websites increased by 9% and amounted to 69% in 2013. Now it is the second most trusted type of advertising compared to the 4th place it had in 2007. Sixty-eight per cent of respondents indicated they trusted consumer opinions posted online, which ranked third in 2013, up 7 percentage points from 2007.

"Brand marketers should be especially encouraged to find owned advertising among the most trusted marketing formats," said Randall Beard, global head, Advertiser Solutions at Nielsen. "This form of advertising is trusted by nearly 70 per cent of consumers globally, which emphasizes the notion that marketers maintain the ability to control the messages about their brands in a way that consumers consider credible. This perceived credibility is a key component in advertising.

Table 4. What form of advertising do you trust?

Form of advertising	2013	2007	Difference 2013 vs 2007
Recommendations from acquaintances and friends	84%	78%	6%
Owned websites	69%	60%	9%
Consumer opinions posted online	68%	61%	7%
Editorial content, such as newspaper articles	67%	*	*
TV advertisements	62%	56%	6%
Brand sponsorship	61%	49%	12%
Advertisements in newspapers	61%	63%	-2%
Advertisements in magazines	60%	56%	4%
Billboards and other outdoor advertising	57%	*	*
Radio advertisements	57%	54%	3%
Emails people are signed up for	56%	49%	7%
Advertisements before movies	56%	38%	18%
TV programme product placement	55%	*	*
Advertisements offered by search engines	48%	34%	14%
Online video advertisements	48%	*	*
Advertisements on social networks	48%	*	*
Display advertisements on mobile devices	45%	*	*
Online banner advertisements	42%	26%	16%
Text advertisements on mobile phones	37%	18%	19%

Source: www.nielsen.com.

In addition to increasing trust in branded websites, more than half respondents (56%) said they believed email messages, meaning that popularity of this type of advertising increased by 7 % compared to 2007.

As for other online advertising, almost half respondents (48%) indicated that they trusted advertisements in search engines, online video advertisements and advertisements on social networks. More than four in 10 (42%) trust online banners, compared with 26 % in 2007. This is good news for advertisers who spent 26 % more on this kind of advertising in the first quarter of this year[12]. Forty-five per cent of respondents in Nielsen's 2013 survey believed display advertisements on mobile phones were credible, and 37 % trusted text advertisements on mobile phones, compared with 18% in 2007.

Advertising on television, in newspapers and magazines is still one of the most trusted forms of paid advertising. Trust in television advertising increased from 56 % in 2007 to 62 % in 2013. Six in 10 respondents trusted advertisements in magazines; the increase is by 4% compared to 2007. Newspaper advertisements were the only type of advertising that declined. Sixty-one per cent of respondents found newspaper advertisements credible in 2013, compared to 63% in 2007. Although global advertising costs grew by only 1.9% in the first quarter of 2013 traditional paid media continues to own the majority share of spend, with TV in the top spot owning 59 per cent[13].

Trust in advertising on the radio (57%) and before films in the cinema (56%) increased by 3 and 18 percentage points respectively since 2007. Trust in brand sponsorship (61%) grew by 12 % since 2007. Trust in billboards and outdoor advertising (57%), TV programme product placement (55%), as well as newspaper articles (67%) were not included into Nielsen's 2007 survey.

"While TV remains the front-running format for the delivery of marketing messages based on ad spend, consumers globally are also looking to online media to get information about brands," said Beard. "On the flipside, earned advertising channels have empowered consumers to advocate for their favourite brands, something that shouldn't go unnoticed by brand advertisers."

Conclusions

It is important to remember that the future of marketing communications cannot be fully predicted, although, research help to understand current state of affairs and make short-time forecasts. Marketers should change not only tools, but also methods for planning and communication. It is important to realize strategic consequences of changes in the fields that support communication. Our research has revealed that despite growing popularity of new media, traditional types still remain the main form of communication. This trend is evident both among consumers and marketers who mostly focus on consumer needs.

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PART II

INNOVATION AND COMPETITIVENESS OF THE ECONOMY IN REGIONS

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THE DEVELOPMENT OF KNOWLEDGE BASED BIOECONOMY

Keywords: bioeconomy, biotechnologies ,integration, improvement, infrastructure, development, formation.

Introduction

According to the conclusion of United Nations Organization, in the XXI century biotechnologies will define the humankind development in all areas of activities, first of all in acquisition of food, medicine, agriculture, ecology, and energy.

In order to involve innovative transformation of entities of economic activities (agricultural production, processing plants, energy production and distribution, building, transport, medical care, science and education) in the process, it requires a wide range of active mechanisms which allow not only observe the situation but also influence it.

Material and methods

It is the program-targeted method which provides simultaneous realization of three types of integration: spatial (covers all regions of Ukraine); temporal (observance of accurate phase succession and unity of phase measures); object-oriented (realization of the policy in the areas of standards and regulations, agrarian and social sector development, stimulation of small business and entrepreneurship, investment and taxation policy, interregional and foreign affairs policy, higher education and fundamental researches support).

Application of the program-targeted method is required for: integrated achievement of the mission, goals and objectives of transition of Ukraine to bioeconomics; basic development of intellectual potential and human resources of the bioeconomics.

Forming on the territory of Ukraine high-tech sectors of innovative economics oriented at application of the biotechnologies in all areas.

Integration of the resources and organizational structures available in Ukraine, their concentration on priority directions of the biotechnologies development. Industrial and innovative bioeconomics infrastructure development, including the initiation of scientific and technological, informational, human, and marketing systems support.

Review of the main points focused in the program

Training of bioeconomics specialists in Ukraine. In 2012 in Ukraine the number of higher education establishments of various property forms reached almost one thousand with approximately 2.5 million students of 77 specialties. In particular, training for the specialties of “Biotechnology” and “Biomedical Engineering” is performed in 15 higher educational establishments. Potential training capability in these establishments is approximately 900 graduates per year. At the same time the governmental demand for the abovementioned specialists is approximately 270 graduates. The existence of such potential makes possible to predict future development of the bioeconomics in Ukraine.

Scientific basis (lack of financing for biotechnology products development).In 2011 in the biology field 2616 scientific and scientific-technical works were issued, and they gave basis for 839 new kinds of products and 220 new technologies, 118 of which are resource efficient. In 2011 as a result of the activities of scientific organizations the Ukrainian Patent Office received 8849 requests for protection documents for the objects of intellectual property rights (OIPR), 3667 of them were from natural sciences which include biological, medical, pharmaceutical, agrarian, technical sciences etc. Patent offices of other countries received 68 requests which is by 39.3% less than in 2010, including 42 requests for inventions and 1 – for a kind of plants. In the same period they received by 13% more of protection documents from Ukraine (inclusive of inventions – by 37.8%), in other countries – by 14.3% less. Within the ORPR protection documents 30.4% are the patents for inventions and 3.4% – for kinds of plants.

Main source of financing for innovative activities in 2011 were companies’ own funds the volume of which numbered UAH 7.6 billion (in comparison with UAH 5.8 billion in 2010). Bank loans in amount of UAH 5489.5 billion (UAH 626.1 million) were used by 50 companies. Foreign investment financing of UAH 56.9 million (UAH 2411.4 million) was used by 11 companies; domestic investment financing of UAH 45.4 million (UAH 31.0 million) was used by 14 companies. 51 companies received governmental support funds in amount of UAH 161.4 million (UAH 92.7 million).

However these growth rates are not sufficient for qualitative breakthrough in the steady raising of intellectual potential and provision of the base for the development of nano- and biotechnological industry in our country.

Slow development of integration processes between business and educational establishments. Student potential in higher education establishments of our country is involved insufficiently. Students are hardly involved into research processes and often they don’t understand real needs and issues of the industry, and the in-field practice provided for them usually turns into mere writing of standard reports.

Desynchronization between the labor market and education market has led to the phenomenon of 5-8 years time gap between appearance of need for specialists of innovative economics and ability of educational establishments to provide them.

Absence of needed knowledge and skills lead to reduction of labor resources cost. Thus according to the State Statistics Service of Ukraine, the percentage of labor cost in the structure of Ukrainian GDP is just 47.7% (in developed countries this rate is 75%). Together with it cheap labor is underproductive; it's suppressive for initiative, preserves a low level of organization and working conditions and in the end stipulated low quality of life.

Low innovative activity of companies and organizations. According to the international agency Abercade, the global biotechnology products marked estimates USD 163 billion.

Annual increase of the global biotechnologies industry market is about 7%. The USA is the leader of bioethanol production with its share of 48.9% of the global production. The biotechnology production markets in China and India estimate USD 3.8 billion.

On the other countries' background the biotechnological achievements of Ukraine look rather modest: its production volume doesn't exceed USD 20 million (the numbers are approximate because the Ukrainian marked is poorly structured and there is little statistics on biotechnological products).

Within bioeconomics globalization Ukraine is involved in consuming global bioindustry products, and the consumption is increasing. That's why the implementation of biotechnologies by Ukrainian companies is critical for increase of competitiveness of our production and provision of our own raw materials base. The main areas of most intensive global biotechnologies development can be realized by Ukrainian enterprises as well.

Innovational stagnation of the local bodies. Opportunities for innovational development of municipal establishments depend directly on activeness and effectiveness of local governing bodies. However the efficient leverages of the local bodies in this area are limited. Under such conditions a positive moment in realization of the innovative strategy of territorial development as a key direction could be extension of modern forms of interaction between local administration, business community and education establishments (introduction of technoparks, business-incubators, agencies on technologies sharing etc.)

Absence of essential elements in the bioeconomics infrastructure. An integral part of successful development of modern bioeconomics which enables progress, integration and specialization of its participants is high level of advance of its infrastructural elements starting with the biotechnology products trade area and concluding with research centers and biotechnological platforms. Availability of the infrastructure increases investment attractiveness of the projects.

Imperfection of mechanisms for product development commercialization and intellectual property management. Lags and disproportion in the area of inventing and implementing of advanced production technologies together with traditional backwardness of commercialization mechanisms of intellectual property objects considerably hamper the innovative development of Ukraine.

In this juncture it's greatly needed to widen the spectrum of tools for investment and innovative activities support both in stimulating the demand of the industry for new technological solutions, as well as in supply – stimulating applied scientific, researching, engineering and technological works.

Legal regulation and governmental stimulation of the bioeconomics development. The main problem is still the absence of effective economical mechanisms which stimulate investment in innovative areas, biotechnologies development, as well as in its commercialization. The most important condition for the development of such mechanisms in Ukraine is availability of legal and normative base in Ukraine.

Absence of a complex approach and resources in the bioeconomics development. Achievement of good results in the area of new technologies implementation, approaches to nature management, forming "ecological thinking" is impossible within disconnection of legal entities. Availability of processing plants requires appropriate raw materials base, infrastructure, regulating legislation. Integrated and systematic interaction of enterprises which use biotechnology but represent different industries is possible to provide only by forming an agrobiotechnological cluster. Advantages which become available for business-structures are connected with considerable decrease of obstacles for entry to production trade markets and distribution of raw materials, products, labor, decrease of costs because of the multiplication effect which appears within cooperation of producers and consumers.

The system of the Program measures is integrity of measures grouped according to the phases and areas of realization, coordinated by their terms and executors and provides an integrated approach and coordination of activities of all participants of the Program in order to achieve the assigned results.

The main phase of the Program realization aims at commercialization and implementation of the biotechnologies on the whole territory of Ukraine for increase in agrarian production, and reflects priority directions of the bioeconomics development on the basis of available resource potential and possible directions of clustering.

The final phase of the Program aims at acceleration of biotechnologies diffusion process, formation of "green nature usage" and implementation of ecological imperatives into practice.

Within the framework of each phase of the Program it is foreseen to perform some definite measures on the basis of project-oriented method (Table 1).

Table 1. Structural scheme of the system of the Program measures and purpose of the phases

No	Title of the phase	Purpose of the phase
Stage 1. Formation of scientific and resource base.		
1.	Forming and/or improving of specialist training system for biotechnological companies, and also for conducting scientific and researching works.	Forming and developing effective mechanisms of preparation of specialists and scientists in the biotechnology, forming integrated educational environment of the biotechnological orientation.
2.	Forming mechanisms which contribute into acceleration of bioeconomics development (governmental support and improvement of the legislative basis).	Forming of stimulating mechanisms of the governmental support for formation and development of a new high-tech sector – bioeconomics; improvement of the normative legislative base which regulates the production and turnover of the biotechnological companies' production .
3.	Stimulating the industrial usage of the technologies based on renewable resources.	Creation and realization of prospective scientific-researching, engineering and technological works; realization of the integration of science, industry, small and medium entrepreneurship based on market mechanisms of commercialization of intellectual property objects and transfer of technologies.
4.	Forming the system of measures aiming at the support of the agrarian sector as the main resource base of the bioeconomics.	Formation of the environment which helps intensify the development of the bioeconomics.
Stage 2. Formation of competitive sector of researches and product developments in biotechnology.		
5.	Commercialization and implementation of biotechnologies.	Formation of a new highly technological branch – bioindustry, and positioning of Ukraine on the hi-tech market; development of renewable energy.
6.	Endorsement of the needs of science and production.	Narrowing the gap between researches and market
7.	Helping to form a positive image of our biotechnological production.	Forming on the territory of Ukraine favorable environment for expanding the fields of biotechnologies application and growth of the bioeconomics.
8.	Promotion and popularization of the biotechnologies among users as well as consumers.	
9.	Forming of "green thinking".	
10.	Development of the measures which can facilitate smooth entry of bioproducts on the market.	
Stage 3. Formation of agrobioclusters on the territory of Ukraine.		
11.	Development of the measures system within the framework of social partnership which stimulate creation of agrobioclusters.	Formation of territorial agrobiotechnological clusters which unite the development and production of hi-tech bioproducts.
12.	Analysis of the existing industrial and technological chains for rational usage of bioresources as a basis for creation and further development of territorial agrobioclusters.	Development of alternative energy; rational usage of bioresources and increase of life quality.

Conclusions

The effectiveness of the realization of the National Program of the bioeconomics development in Ukraine will be evident by the following indicators:

- In the area of the innovative development of the bioeconomics – the number of organizations which use biotechnologies; the area sown with biotechnological crops; the number of patents in biotechnologies; the number of educational establishments which train bioeconomics specialists;
- In the area of the institutional development – the number of the bioeconomics infrastructure objects; the number of agrobioclusters, business incubators;
- In the area of the social development – the number of new working places with the companies in the area of bioeconomics; the amount of waste recycled with the help of biotechnologies.

Phased realization of the Program of the bioeconomics development will enable the achievement of the following results:

- formation in Ukraine the bioeconomics as such an economical system which helps increase the life quality, improve the environment, the development of agrarian business within the principles of sustainability;
- integration of science, industry and entrepreneurship using the mechanisms of innovative biotechnologies commercialization;
- increase of economical effectiveness and competitiveness of the agrarian sector, forestry and fishery;
- formation of alternative raw materials base for processing industry;
- decrease of import dependence in the energy sector (by developing bioenergetics);
- formation and development of the bioeconomical infrastructure as a result of creating agrobioclusters;
- increase of involvement by creating additional working places, especially in rural areas;
- improvement of the environment as a result of recycling biomass, as well as industrial, agrarian and domestic waste.

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ACTUAL PROBLEMS OF RENEWABLE ENERGE'S USAGE

Abstract: In the article it has been defined that the use of renewable energy resources is examined as one of the most long-range ways to solve power supply increasing problems. The existence of resource base and ecological purity of renewable energy resources are their main advantages under the conditions of organic fuel resources depletion and increasing speed of environmental pollution. Modern conditions and existing facilities of renewable energy resources both in Ukraine and in the whole world have been investigated in the article. Principles and sizes of renewable energy resources financing schemes have been analyzed. It has been suggested to use approaches which will allow to speed up the realization of renewable energy production schemes in Ukraine.

Keywords: renewable energy, investment, energy market, resources.

Introduction

Non-traditional and renewable energy resources have become one of the main criteria of world community stable development. The main reasons of intense attention are organic fuel types depletion, their price growth, harmful influence on the environment.

The problem of power generation efficiency upgrading out of renewable energy resources is actual for Ukraine according to the politicization of issues of digester gas delivery from Russia, growing interstate animosity.

The aim of this article is to analyze the resources of renewable energy in Ukraine.

Discussion

General scientific and specific methods have been used in the process of research: abstract-logical method helped to reveal the contradictions of renewable energy resources development; schematic method was used during visual reflection of certain rates of green energy production sphere.

Alternative energetics is becoming one of the major trends in the development of high technologies in the world.

With the right policy and financial frameworks, a wide range of renewable energy technologies can become accessible to a large potential market, including decentralised populations in developing countries.

Technologies such as solar water heaters, solar photovoltaic (PV) panels, wind turbines, heat pumps, mini-hydro generators, and biogas digesters all have the potential to make a significant contribution towards securing modern energy services for the poor as well as for nascent industries in developing countries.

In areas without direct connection to an electricity grid, decentralised energy solutions provide a way to increase access to basic services such as heating, lighting, refrigeration and communication without incurring high infrastructure costs. The use of renewable energy technologies for such off-grid applications can often be a cost-effective approach to increasing energy access[1] .

Ukraine has huge opportunities for the development of renewable energy production. Biomass. Total annual optimistic bioenergy potential in Ukraine is estimated to be 12,3 Mtoe (9% of total PEC). The most promising technologies are direct combustion of biomass for heat production, production of biogas from manure on large animal farms, extraction and utilization of landfill gas, co-combustion of biomass and fossil fuel for power production.

There are a lot of biomass energy sources in Ukraine. The biomass fuels are mainly wood residues from forest industry and residues from agriculture. The wood residues and byproducts from mill processing contain sawdust, shavings, slabs and bark. Logging residues contain tops and branches and dead trees from final felling and logging residues and small wood from thinning from young stands. Wood residues are chipped or crushed and delivered to power plant where they are burnt and produced heat and power[2] .

Wind power. On January 1, 2014 the power of wind energy branch in Ukraine worked out 371,2 megawatt comparing to 276 megawatt in 2012. In 2013 the total capacity of wind energetic worked out 472,9 megawatt, 101,7 megawatt of which are at the stage of grid connection at the moment. Besides, there was a construction begun on several territories located in Lugansk and Cherson regions[3].

Hydropower is another promising resource: the country already counts 6 major hydroelectric power stations on the Dnieper River and 55 smaller units on other rivers and the total hydro technical potential is estimated at more than 20 TWhe[4].

Table 1. Hydroelectric Capacity in Ukraine

Initial hydroelectric capacity	5,539 MW
Added hydroelectric capacity	61 MW
Final installed hydroelectric capacity	5,600 MW
Hydroelectricity as % of total installed capacity	10.05%
Hydroelectricity as % of total renewable capacity	90.44%

Source: Hydroelectric Capacity in Ukraine, www.renewablefacts.com.

[1] Green Jobs: Towards decent work in a sustainable, low carbon world. United Nations Environment Programme, www.ilo.org.
[2] Biomass potential in Ukraine, www.escob.com.
[3] Wind power in Ukraine, www.uwea.com.ua.
[4] Great renewable energy potential in Ukraine, www.elcom-ukraine.com.

The analysis of the table 1 confirms the dominating role of hydraulic power development in the structure of renewable energy resources.

Ukraine has considerable geothermal resources that can be used mainly for heat supply. There are also prospects for binary geothermal power plant creation based on existing wells at abandoned oil and gas fields. At present thermal water is used for municipal heat supply and in agriculture in the western and central part of Crimea[5].

Ukraine's renewable energy market becomes ever more important, especially with the steep increase in gas price and the adoption of green-tariff price incentives for electricity from renewable energy sources in 2009. The government set a green tariff for power produced from renewable sources which is two times higher than the wholesale price for power produced from traditional sources. It is widely expected that the introduction of the green tariff will boost activity in the sector. Other preferences include duty-free imports and exemptions from value-added taxes. Ukraine's mid-term energy strategy targets a level of 10% of renewables until 2030, the potential for renewables being much higher[6].

The European Bank for Reconstruction and Development (EBRD) is ready to invest in the development of renewable energy in Ukraine.

EBRD is the largest financial investor in Ukraine. As of April 30, 2011, the bank had invested over EUR 6.2 billion in 271 projects[7].

The European Bank for Reconstruction and Development is making its first ever investment into wind power generation in Ukraine by €13.3 million financing package to Eco-Optima, a Ukrainian-Italian joint venture company, which will operate a wind farm in Staryy Sambir region of western Ukraine. The loan will consist of two parallel tranches: a 10-year EBRD loan of €9.5 million and a 15-year loan of €3.8 million from the Clean Technology Fund (CTF)[8].

The loan proceeds will be used to construct and operate a wind farm with a total capacity of 12.5 MW. It will consist of 5 wind turbines and is expected to generate at least 25.5 GWh every year. The project will improve the quality and reliability of power supply in the Lviv region and will secure electricity supply to more than 10,000 households. The wind farm, which will be operational by the end 2012, should bring total annual reduction in carbon emissions to about 26,000 tonnes.

The Wind Farms of Ukraine Group plans by 2017 to invest UAH 3 billion in projects to create wind farms. As reported,Wind Farms of Ukraine has drawn up projects for the construction of the Novoazovsky wind farm (Donetsk region), the Berezansky wind farm and the Ochakivsky wind farm (the latter two based in Mykolaiv region)[9].

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5 Great renewable energy… op. cit.
6 Ibidem.
7 Ibidem.
8 Wind farms of Ukraine to invest UAH 3 b in projects by 2017, www.usubc.org.
9 Ibidem.

According to Inogate (the international energy co-operation program between the European Union and Ukraine and other Central and Eastern European countries), Ukraine has enormous potential for energy efficiency as its "energy intensity" is inordinately high. The energy saving potential has been determined at almost 50% of the volumes of used fuel and energy resources[10].

For example, world invests in renewable energy $244 billion in 2012, Geographic Shift to Developing Countries. Installed capacity continues to grow as solar prices drop 30-40%, new wind installations surge[11].

For only the second time since 2006, global investments in renewable energy in 2012 failed to top the year before, falling 12% mainly due to dramatically lower solar prices and weakened US and EU markets.

There was a continuing upward trend in developing countries in 2012, with investments in the South topping $112 billion vs $132 billion in developed countries – a dramatic change from 2007, when developed economies invested 2.5 times more in renewables (excluding large hydro) than developing countries, a gap that has closed to just 18%. The main issue holding back investment was instability in the policy regime for renewable energy in important developed-economy markets. Future investment is likely to coalesce in countries that can offer policies that command investor confidence, plus the need for extra generating capacity and strong renewable power resources[12].

Investing in renewable energy technologies also creates new employment opportunities. In 2010, more than 3.5 million people worldwide were estimated to be working, either directly or indirectly, in the renewable energy sector and further growth is expected. Estimates suggest that by 2030, 12 million people could be employed in the biofuels sector, 2.1 million in the wind sector and 6.3 million in the solar PV sector[13].

Table 2. Markets for renewable energy technologies (in US$ billions)

Index	2004	2008	2009	2010	2011
Solar PV (modules, system components, and installation)	7,2	29,6	36,1	71,2	91,6
Wind (new installation capital costs)	8,0	51,4	63,5	60,5	71,5
Biofuels (global production and wholesale pricing of ethanol and biodiesel)	n/a	34,8	44,9	56,4	83,0

Source: Clean Edge, Clean Energy Trends 2012, March 2012.

Chart facts point to the dynamic growth of value qualities of the renewable energy markets.

[10] Great renewable energy potential in Ukraine, www.elcom-ukraine.com.
[11] Global trends in Renewable Energy investment, www.unep.org.
[12] Ibidem.
[13] Green Jobs: Towards decent work in a sustainable, low carbon world. United Nations Environment Programme, www.ilo.org.

Conclusions

Widespread realization of renewable energy production projects in Ukraine will allow to lessen country's energy dependence significantly, will influence environment protection positively and will create pre-conditions for keeping Europe wide principles of power generation capacity[14].

Without regard to essential opportunities of green energy production, well developed scientific and technological, industrial facilities, the part of renewable energy production still remains slight in the country's energy balance.

Forced realization of renewable energy production projects is possible providing governmental authorities' political wish and assurance of sufficient budgeting of science and technological projects in this sphere.

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IMPROVING THE COMPETITIVENESS OF THE REGIONS AND THE SOCIAL RESPONSIBILITY OF BUSINESS

Abstract: Implementation of standards for corporate social responsibility (CSR – Corporate Social Responsibility) is part of the strategic documents concerning the economic development of Europe. Activities related to social responsibility are legitimate business because it translates into building a competitive advantage. Therefore in the article were taken considerations on the dissemination of CSR among representatives of SMEs. The activities and programs that promote the implementation of corporate social responsibility in Poland and subjected to a detailed analysis of the SME sector entrepreneurs and their practical interest in CSR strategy, depending on the regions. Attempt to assess the growth of the competitiveness of enterprises and create conditions for sustainable social and economic development through the use of a CSR strategy. The analysis showed that interest in implementing socially responsible strategies for the management of the SME sector is still weak, especially regionally differentiated. Finding support for the implementation of CSR solutions is a common practice in the central and western regions, there is also development programs are better prepared and needs stakeholders better defined. This is an important element in building a competitive advantage.

Keywords: social responsibility, business, competitive, SMEs.

Introduction

Improving the competitiveness of the corporate social responsibility (CSR – Corporate Social Responsibility) becomes a matter of priority. The benefits of implementing corporate responsibility strategies are dealt with in the long term.

Emphasizes the importance of conscious behavior and choices and towards sustainable development, business management in such a way as to analyze its impact on social life. Implementation of standards for corporate social responsibility is also part of the strategic documents for the development of Europe, including assumptions Europe 2020 Strategy, as well as in the National Strategic Reference Framework and the establishment of the National Development Strategy. In a way it forces entrepreneurs need to engage in environmental issues, to strengthen social stability and work towards general social good in the long term. In practice, however, that the public expectations concerning the processes and effects of taking responsibility traders react firmly or makeshift complete[1]. According to Weaver, Teravino and Cochran makeshift structures and programs of action create the appearance of satisfying the expectations of the environment and lead to anesthesia company's expectations. And although the structure and strategies, there is a lack of any guarantee that they will be harmonized with other projects and structures of the company, and that employees feel responsible[2].

In Poland, CSR activities are still in the development phase, but more often it is not just the practice of large companies, but also SMEs. It turns out, however, that the small and medium-sized enterprises more difficult to implement a strategy of social responsibility, because firstly the lack of knowledge on subjects of responsibility in business, as well as still there are few examples of good practice, role models. In the case of the SME sector phenomenon is rather obscure and not fully accepted. Too little is also conscious consumers and other stakeholders who force changes the behavior of entrepreneurs in the market. Do you therefore need a strong interventionist state and a larger number of regulations that enforce ethical and responsible conduct of the organization. Or maybe it could be more research and argumentation business that CSR is profitable. By contrast, those same NGOs are not able to produce very large changes in consciousness and approach to the CSR. The fact is, however, an increasing number of programs to support practical measures towards CSR also as an element of increasing the competitiveness of regions. One of the activities to promote CSR in the SME sector is running in 2013-2014 by the Polish Agency for Enterprise Development (PARP), a competition in which entrepreneurs could obtain financing for the implementation of activities in the field of corporate social responsibility. The competition consisted of two phases, the first call for applications for support to the implementation of CSR took place in March 2013. The second call for proposals was announced in December 2013. The competition for the allocation of support for the implementation of CSR in the SME sector took place in the framework of the project "Enhancing the competitiveness of regions through social responsibility (CSR)". The project implemented in 2013-2014 by PARP and financed by Switzerland in the Swiss program of cooperation with the new EU member states. Support is designed for micro, small and medium-sized companies with a registered office in the territory of the Republic of Poland, who began an economic activity for at least six months before the application.

The aim of the article is to analyze the business interests of the SME sector in Poland program and actions towards CSR. An attempt to assess the development trend of social responsibility strategy in the sector of small and medium-sized

[1] N. Craig Smith, G. Lenssen: Odpowiedzialność biznesu. [in:] Odpowiedzialność biznesu. Teoria i praktyka. N. Craig Smith, G. Lenssen (Ed.). EMKA, Warszawa 2009, p. 25.

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enterprises. The research material consisted of SME entrepreneurs from across the Polish, who are all interested in the project and have submitted applications within the competition for the implementation of activities in the field of corporate social responsibility. Financing able to get entrepreneurs who have projects of activities that are related to the implementation of CSR in the company, the action had to be linked to the profile of the company's business.

Corporate social responsibility and improve the competitiveness

The idea of corporate social responsibility combines the economic and social interests, and thus the company can bring a variety of benefits. These include, among others: a better financial result, increased productivity, employee engagement, increase brand value and improve the company's reputation, access to information, reducing response time and reducing operational costs. Development of the concept of CSR, whose dimension is, among others, striving for the development of human capital, making environmentally friendly activities, the development of social awareness and citizenship, should translate into permanently strengthen the position of enterprises, which is triggered increased competitiveness. The dynamic changes taking place in the environment, the development of new technologies, changes in customer preferences and differences in the needs and expectations of partners make businesses are forced to continuously react to the stimuli coming from the outside and adapt to the environment. Enterprises next to its core business of making profit have to deal with problems occurring in virtually every area of activity. The more that because of this, that is believed to be increasingly negative impact on the business environment and its impact on social, economic and ecological problems. There is widespread belief that companies prosper at the expense of larger community. Enterprises with each passing day, more and more settled with the social and environmental consequences of their activities. As a result, many companies are beginning to implement and develop the concept of corporate social responsibility. Approach to social responsibility is not only the norm, but the priority activities. Extremely important is the way in which the introduced and implemented CSR programs.

Talking about corporate social responsibility should be borne in mind how and the approach of the company to make and act in accordance with the principles of this concept. The benefits of conducting socially responsible business depends the level of involvement of the public. You can talk about the responsibilities imposed when the company only limited to compliance with applicable laws, whether in the social or ecological. You can also distinguish responsibility forced, for example, the pressure of public opinion, from which it is largely dependent on the functioning of the welfare of the company on the market[3]. The attitude of the company in terms of corporate responsibility can arise, however, of voluntary

[3] J. Filek: Wprowadzenie do etyki biznesu. Wydawnictwo Akademii Ekonomicznej w Krakowie, Kraków 2001, p. 64.

awareness and concern for social and economic development of the region. Then we can talk about the real maximum benefits that refers the company itself and the whole society. Thus, with proper and full implementation of the concept of corporate social responsibility can speak only when companies do something that goes beyond existing standards of law[4].

Presenting the benefits of implementing the concept of corporate social responsibility, please indicate such issues as: publicizing and solving important social problems, educate the public, to contribute to social inclusion, to popularize charitable attitudes, stimulate growth and prosperity of the citizens, the impact on improving the environment[5]. Enterprises to meet the social expectations often change the manner and scope of business and the entire organizational culture, which may advantageously result in the company's image, and above all the financial result. Voluntary initiatives promote higher standards of business ethics proceedings, translates into added value's market, build customer confidence, increase investor interest and are proud employees[6]. Also, R.W. Griffin makes the following arguments for corporate social responsibility:

- economic activity creates problems, because companies should participate in solving them,
- the company is a social group,
- firms have the necessary resources to solve social problems,
- companies are partners in the economy, as the government and society[7].

Opponents of the idea of corporate social responsibility argue that the extension of its interpretation could threaten the economy, pulling from basic calling, which is to pursue of profits to owners[8].

Votes against the concept of corporate social responsibility, also appear already in Poland, before it reached full maturity, which is a big problem and harmful to business phenomenon. Some promote the idea that CSR is no longer fashionable, and you should look for something more eye-catching and effective, which will bring more tangible benefits[9]. However, it can’t be talk about fashion when it comes to implementing the principles of friendly company and its employees, the environment and society. Today, business is becoming more and more the necessity of transparency and information on their activities stakeholders.

[4] J. Filek: Społeczna odpowiedzialność biznesu. Tylko moda czy nowy model prowadzenia działalności gospodarczej? Urząd Ochrony Konkurencji i Konsumentów, Kraków 2006, p. 4.

[5] J. Sosnowski: Społeczna odpowiedzialność organizacji gospodarczych. Kieleckie Towarzystwo Edukacji Ekonomicznej, Kielce 2008, p. 24.

[6] R. Niestrój: Zarządzanie marketingiem. Wydawnictwo Naukowe PWN, Warszawa 1996, p. 137.

[7] R.W. Griffin: Podstawy zarządzania organizacjami. Wydawnictwo Naukowe PWN, Warszawa 1996, p. 150.

[8] T. Copeland, T. Koller, J. Murwin: Wycena, mierzenie i kształtowanie wartości firm. WIG-Press, Warszawa 1997, p. 3.

[9] J. Horodecki: CSR nie jest kwestią mody. Ranking Odpowiedzialnych Firm 2012, Warszawa 2012, p. 4.

Information is desired by society because issues such as the impact of manufactured goods on the environment, honesty in maintaining adequate quality of goods and services. What more disclosure of irregularities in the principles of ethical issues, the liability of the market results in a loss of confidence and even rupture stakeholders business contacts. Consequently, an important element is to define stakeholders company and systematic solicitation of satisfying their needs and expectations. On the other hand, the company has so realize the expectations of other groups, as well as possible to pursue their own aims and objectives[10].

It turns out, however, that not all researchers are optimistic about the concept of CSR in relation to the sector of micro, small and medium-sized enterprises. P. Raynard and M. Forstater emphasize that the benefits of implementing CSR in the SME sector are much. smaller than in large companies or corporations. Smaller operators have greater problems with self-control standards and implementation of CSR policies, have no recognizable brands, they lack the knowledge and time to work with local communities, organizations and institutions[11]. On the other hand, change and globalization necessitate greater attention within the meaning of the principles of sustainable development for all entities, including SMEs. It is true that the sector as well as large companies do not operate in isolation from the surrounding communities and businesses the ability to compete depends precisely on the conditions in the areas in which they operate. Competitive strength of companies today depend on the efficiency with which they use their resources of labor, capital and raw materials for the production of high quality goods and services. Performance depends on the availability of well-educated and healthy workers who feel safe, live in decent conditions and are motivated to make the effort for the company. It turns out that for both large and small businesses a competitive context consists of four essential and interdependent elements of the local business environment that affect performance. These are: firstly, the availability of means of production, that is able to attract skilled employees, the occurrence of technical infrastructure, transparent and effective administration processes. Secondly, demand factors, namely the size of the local market, compliance with product standards, local standards and the level of educating local buyers. To a large extent depends on the awareness of buyers and the level of implementation of CSR principles as well as pressures promoting innovation. Thirdly, the principle of competition, that is, the conditions and regulations that should ensure the protection of intellectual property and the fight against corruption since the removal of the negative phenomena conducive to the development and increases the attractiveness of the area for business. Fourth

[10] E. Stawicka: Etyczny (społecznie odpowiedzialny) wymiar funkcjonowania organizacji. "Miscellanea Oeconomicae" 2009, No. 2, p. 264.
[11] P. Raynard, M. Forstater: Corporate Social Responsibility. Implication for Small and Medium Enterprises in Developing Countries. UNIDO, Vienna 2002.

related and supporting industries (suppliers, collaborators). Enterprise productivity may also increase due to the existence of a strong as providers of high-quality services, and entire industries in support of the particular activity. The closeness and trust business partners facilitates the exchange of information and innovation. It is convenient to work with the local suppliers and service providers. Responsible and ethical action regardless of the size of the enterprise favor the formation of trust in business. Often the creation of trust is long and you have yourself to not "earn", but in the long term, combined with the predictability, conscientiousness and responsibility.

Interest in the SME sector entrepreneurs in building a competitive advantage with regard to CSR strategy

Improving and accelerating the economic development of underdeveloped areas is a priority for economic and political. In the recent period there is a range of incentives and support for regional economic development, among other things, created special economic sphere (SEZ), tax credits for various types of investments, new technological lines, etc. New strategic way of managing it becomes increasingly CSR. From year to year there is a growing group of supporters of increasing regional competitiveness through corporate social responsibility. The article analyzed a group of entrepreneurs in SME sector indicated their willingness to implement solutions to socially responsible in their actions. The study group consisted of entrepreneurs from across the Polish, by region, who, under the "Enhancing regional competitiveness through corporate social responsibility" applied for financial support for the implementation of CSR. Financing able to get entrepreneurs who have projects of activities that are related to the implementation of CSR in the company, the action had to be linked to the profile of company's business.

In March 2013 took place the first call for proposals, then in December 2013 the second call. The project was directed primarily to the SME sector, preceded by numerous communications and training on the guidelines, opportunities and threats arising from the implementation, as well as blind to the opportunities and threats arising from or not being a socially responsible company in the region and in the global market. The issue of CSR, however, is still not very popular among entrepreneurs of the SME sector. On the other hand, the project has highlighted a number of inspiring and innovative solutions to improve the competitiveness of enterprises and regions. So that business was becoming more eco-friendly, transparent, friendly staff and the local community. Interest in the SME sector socially responsible actions was not too big and varied according to regions, which are presented in table 1.

Table 1. Interest in the SME sector entrepreneurs in building a competitive advantage with regard to CSR strategy

Voivodeship	Number of applications-CALL 1	Number of applications-CALL 2	Together
dolnośląskie	9	26	35
kujawsko-pomorskie	4	15	19
lubelskie	3	14	17
lubuskie	3	18	21
łódzkie	5	8	13
małopolskie	9	29	38
mazowieckie	26	49	75
opolskie	0	8	8
podkarpackie	4	17	21
podlaskie	0	5	5
pomorskie	9	30	39
śląskie	16	30	46
świętokrzyskie	4	10	14
warmińsko-mazurskie	2	9	11
wielkopolskie	8	31	39
zachodniopomorskie	6	23	29
Together	108	322	430

Source: Own study based on: Communication on the number of applications submitted in the competition for the allocation of support for the implementation of CSR in the SME sector. The project "Enhancing regional competitiveness through corporate social responsibility (CSR)" PARP, last updated 06/09/2014.

In the first edition, only 108 applications submitted, while in the second edition of the competition in December 2013, already 322 applications. The greatest interest in the support shown in the Mazowieckie voivodship, in the first call made 26 applications, 49 applications in the second. The least complex applications was Podlaskie no application has been filed in the first call, the second round of 5 applications and the Opole province, the lack of applications in the call first, second 8 applications. In the case of interest in the program to support entrepreneurs by comparing intake first and second largest increase occurred in complex applications Wielkopolskie voivodship from 8 to 31 applications submitted, Lesser from 9 to 29 West from 6 to 23 and Mazowieckie from 26 to 49 applications submitted. It can be argued that awareness to improve competitiveness through responsible and transparent business practices are often the tendency of entrepreneurs from the western Polish. Representatives of companies from the western part of the Polish likely to have a greater knowledge and understanding of the concepts and principles of social responsibility in business than entrepreneurs from the Polish central and eastern Europe. Studies emphasize that the concept of knowledge in the case of Polish entrepreneurs – the western, central, eastern is proportional 47%, 39%, 36%[12].

Submitted proposals were subjected to formal and substantive by the Competition Commission of PARP. Projects had to fit in at least one of the areas of corporate social responsibility, or the environment, relationships with staff undertaking or social engagement. The maximum amount of support for one company was 100,000 zł, the subsidy could provide 70% of the total eligible project costs. Given that the applicant had to contribute at a minimum of 30% of the total eligible costs of the project interest in the competition should be high. The limitation, however, was still aware of the benefits and the lack of knowledge of the benefits of building a competitive advantage based on the principles of CSR. Finally, after two editions of the call for proposals to support assigned 53 entrepreneurs from the recruitment of the first and second intake 133. Number of applications with a commitment to support the implementation of CSR developed in proportion to the number of applications, and so many positive projects were examined in Mazowieckie a total of 31 applications, in the Malopolskie voivodship for a total of 20, 17 Śląskie, Wielkopolskie 12 applications. Least applications and the acceptance of their correctness was the case with entrepreneurs from the region of Podlasie (2 applications), Opolskie (6), Łódzkie (6), Kujawsko-Pomorskie (8), Warmińsko-Mazurskie (8). A total of 186 entrepreneurs received support for 430 complex applications.

Analysis of practical knowledge and behaviors of entrepreneurs of SMEs in relation to CSR provides a basis to conclude that the concept has a lot of enemies before they reach full maturity. On the other hand many people actually appreciate the importance of the subject due to the aspect of general social welfare and towards sustainable development. Due to the benefits that flow to the environment and society should be specially reward those companies that want to deploy solutions CSR in practice. There are also increasing the number of good practices of CSR, also in the small, micro and medium enterprises. Businesses are beginning to see the impact of responsible action on the efficiency of the organization. Providing goods, services, knowledge in a responsible entrepreneur investing in the community which also contributes to an increase in wealth of the society, and consequently results in higher consumption. Businesses are beginning, albeit very slowly, to see CSR as a business strategy, although the long-term, however, generating more sustainable competitive advantage.

Conclusions

SME entrepreneurs lack the knowledge of CSR should therefore complement these deficiencies through the provision of knowledge and information, in particular on

[12] E. Stawicka, J. Wołoszyn: Praktyczne podejście przedsiębiorstw sektora MSP do koncepcji społecznej odpowiedzialności w biznesie. „Roczniki Ekonomii Rolnictwa i Rozwoju Obszarów Wiejskich" 2013, Vol. 100, Iss. 1, p. 46.

examples of good practice. There is a need for awareness of entrepreneurs that consumers increasingly pay attention to the aspect of the behavior of responsible practices, and in particular to respect its principles. Companies adhering to high standards are gaining more confidence in the market. For the sake of general social entrepreneurs should realize that the concept has advantages and brings economic and social benefits.

CSR is not only the costs for which companies can't afford, because they have to face the difficulties and still struggle to survive on the market, it is also the benefit of social and material for their owners and stakeholders, as well as a positive impact on the environment. Businesses often do not have this awareness, so it is necessary that the institutions for the promotion strongly emphasized the importance of social responsibility aspect.

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Stawicka E., Ratajczak M.: Społeczna odpowiedzialność biznesu (CSR) jako narzędzie podnoszenia konkurencyjności sektora MSP. [in:] Społeczna odpowiedzialność biznesu w małych i średnich przedsiębiorstwach. M. Bąk, P. Kulawczyk (Ed.). Instytut Badań nad Demokracją i Przedsiębiorstwem Prywatnym, Warszawa 2008.

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ECONOMIC ASSESSMENT OF REPRODUCTION EFFICIENCY FOR ENVIRONMENTAL FUNCTIONS OF FORESTS

Abstract: As regards the economic assessment of the social and environmental functions of forestry, the following methods are distinguished: direct counting, normative methods, as well as the ways, which allow to take into account the environmental functions of forests relatively to the stock of raw materials. Coefficients for assessment of the annualized social and environmental functions of forestry relatively to the value of wood were presented. Two approaches to the planning of forestry reproduction, taking into account specifics of regional renewals of forests, are discussed. The target function of optimization of environmentally oriented forestry reproduction may be reflected by a complex indicator of forestry social and environmental functions.

Keywords: economic assessment, environmental functions, forest.

Main material

Environmentally sustainable development of agricultural landscapes causes the need to preserve agricultural lands, as well as fighting erosion by agricultural forestry. Further development of agricultural forestry in order to ensure environmentally sustainable development of agricultural landscapes and the agro-industrial sector, requires further deepening and expansion of research in order to improve the assessment of environmental and economic efficiency of protective plantations in agriculture, taking into account the crops' quality. That's why, along with the economic assessment of increase in the crops' yield, prevention of deterioration of the soil fertility due to plantations, it is necessary to take into account certain circumstances[1]. For example, increased content of the main

[1] І.М. Синякевич, І.П. Соловій, О.В. Врублевська та ін.: Лісова політика: теорія і практика. ЛА „Піраміда", Львів 2008, p. 612; І.Є. Ярова: Розвиток маркетингу екосистемної продукції та послуг у лісоресурсній сфері. Є.В. Мішенін, Н.В. Мішеніна, І.Є. Ярова. „Маркетинг і менеджмент інновацій" 2013, Iss. 2, pp. 209-219; I. Ye. Yarova: Marketing of ecosystem products and services in forestry: conceptual vision and mechanism of its implementation. [in:] Creating competitiveness of Polish and Ukrainian Rural Areas. K. Krzyżanowska (Ed.). Warsaw University of Life Sciences Press, Warsaw 2013. pp. 95-104.

component (protein, fat, sugar) in crops can provide higher income (decrease in costs) during production, storage and processing of crops; decrease in chemicals contents in the agricultural lands will allow to decrease costs, related to fertilizers and other chemicals, thus improving the quality of products. Besides, the risk of loss of winter crops may decrease, along with the risk of deterioration and erosion of fertile soil in vulnerable areas due to increase in the area of ravines.

Environmental and economic effect of field protecting plantations on crops yield, taking into account the crops' quality (Ey), can be calculated as follows:

$$E_y = \lfloor (P_c - P_n) \times (Y + \Delta Y) + (P_n - C_y) \times \Delta Y \rfloor \times S \text{ , (1)}$$

P_c – purchasing price of 100 kg of agricultural crops, grown in the area, affected by the field protecting plantations, UAH;

P_n – purchasing price of 100 kg of agricultural crops, grown in the area, which is not affected by the field protecting plantations, UAH;

Y – yields of agricultural crops outside the area, which is affected by protecting plantations, 100 kg/hectare;

ΔY – additional yield, obtained because of the plantations, 100 kg/hectare;

C_y – harvesting and transportation costs per 100 kg of crop, UAH;

S – protected agricultural area, hectares.

In contrast, agricultural forestry can ensure sustainable development of agricultural landscapes and the agro-industrial sector in general during economic and environmental crisis, because it is a less costly as compared to other processes. Improvement of the crops yield due to agricultural forestry is explained not just by increased moister, especially in the spring, and less evaporation during the vegetation period, but also by a better effect of fertilizers due to their better solubility in the soil and better absorption by better developed roots. From these perspectives, agricultural forestry can decrease the agrochemical impact upon the agricultural landscape, facilitating natural improvement in quality of agricultural products. Environmental and economic efficiency due to decrease in the impact of agrochemicals on agricultural ecosystems (E_{ch}) can be calculated as follows:

$$E_{ch} = \left(1 - \frac{Y}{Y + \Delta Y}\right) \times (C_{ch} + EL) \times V \times S \text{ ,} \qquad (2)$$

V – volume of fertilizers and pesticides, kg/hectare;

C_{ch} – costs of fertilizers and pesticides, UAH/kg;

EL– prevented economic loss due to contamination of food, water sources and other negative impacts due to use of agricultural chemicals per unit of fertilizers and pesticides, UAH/kg.

Besides, when calculating the environmental and economic effect of field protecting plantation, it is necessary to take into account decrease in the risk of loss of agricultural crops. For example, in the Crimean State Agricultural Research Center, where each field has strips of tree plantations every 500-600 meters (3,2%), the survival of winter crops even during the years of dust storms reached 92-95%. There was non need to do one more sowing during the past 30 years[2].

Based on the data on the impact of the field protecting tree plantations on the survival of winter crops, we calculated the relative indicator – percentage of loss of the winter crops in the total area of crops; depending on periods and farms, this percentage fluctuated in the interval 0.037-0.503, and the weighed average level of this indicator in the studied regions equals 0.383[3].

Economic and environmental risk of loss of winter crops (R) can be obtained from the following formula:

$$R = p \times S \times C_{rwc}, \qquad (3)$$

p – loss probability for winter crops;

S – agricultural area of winter crops, which is not protected by tree plantations;

C_{rwc} – costs of resowing of the winter crops.

It is important to determine the environmental and economic risk for other destructive aspects of agriculture as well: increase in erosion vulnerability for agricultural lands, decrease in the quality for agricultural products etc.

Economic assessment of environmental and recreational (social) functions of forestry' ecosystems is a complicated task both from the methodological and methodical (technical) perspective. Economic assessment of environmental and social (recreational) functions of forestry by the direct calculation method is a labor consuming process, which requires a considerable volume of information (and, therefore, relevant forestry and environmental research) on the social and environmental results of implementation of certain functions of forestry's ecosystems within a certain area (for example, increase in the groundwater seepage per 1 hectare of forestry's area, additional yield of agricultural crops in the area of tree plantation, decrease in the air pollution levels, water sources etc.)[4].

Normative method of economic assessment of environmental and social functions of forestry's ecosystems includes use of average physical and monetary

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[2] В.Г. Титова, И.А. Бурка: Лесные полосы и урожайность сельскохозяйственных культур. „Лесное хозяйство" 1982, No. 8, pp. 35-37.

[3] В.С. Пашков, П.В. Ковалев: Создавать законченные системы защитных насаждений. „Лесное хозяйство" 1988, No. 9, pp. 51-52.

[4] А.М. Дейнека: Лісове господарство: еколого-економічні засади розвитку. К.: Знання, 2009, p. 350.

indicators per 1 hectare of the forestry's area, depending on the geographical territory, conditions and soil quality. It's worthwhile to use the express (relative) method for the economic assessment of the social and environmental functions of the forestry' ecosystems, which is good for quick calculations given the minimum volume of input information regarding the forests' productivity.

For the purposes of economic assessment of the social and environmental functions of forests, this method can be used as follows:

$$EA_i = \mathrm{EA}_i^{ws}\left(\sum_{j=1}^{n} Kij\right)\times Si\,, \qquad (4)$$

EA_i – current economic assessment of the social and environmental functions of the forest in area *i*;

k_{ij} – ratio of the economically assessed social and environmental functions of the forest of type *j* as compared to the value of wood stock in the area *i* (annualized);

EA_i^{ws} – economic assessment of the wood stock per unit of area *i*;

S_i – forestry area *i*.

This approach can be used for quick economic assessment of using the forestry for raw materials.

Numerous data on the economic assessment of intermediate products and byproducts of forestry, protecting and recreational functions of the ecosystems create a certain variance range for the k_{ij} ratio due to different quality of forestry, as well as methodological approaches to evaluation of various utilities of forestry. Assessment of k_{ij} ratios can be done for various geographical areas, according to the type of local conditions or the soil quality. We can use productivity ratio of a forestry' area, based on the environmental function of the forestry depending on the soil's quality[5].

The table below gives approximate ratios of the economically assessed social and environmental functions of forestry(annualized) as compared to the value of the wood stock, which were calculated by us based on the rent focused approach for geographical areas of Ukraine (Polesye, Lesostep)[6].

[5] В.И. Нельзин: Методические основы определения ущерба от пожара по экологической функции леса. „Лесное хозяйство" 1988, No. 9, pp. 31-32.
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Table 1. Approximate ratios of economically assessed social and environmental functions of forestry (annualized) as compared to the value of the wood stock when mature

Contents of economic assessment	As compared to the rent based assessment of the wood stock		Notes
	Polesye	Lesostep	
Protection and regulation of water resources			
Assessment in the increase in the subsurface runoff	0,028 – 0,085	0,015 – 0,056	
Runoff cleaning effect	0,020 – 0,070	0,012 – 0,042	Plantation strip 10 meters wide and 1000 meters long
	0,048 – 0,155	0,027 – 0,097	
Anti-erosion and field protecting functions			
Prevention of soil deterioration	0,003	0,006	
Increase in agricultural yields	0,645	0,938	Plantation strip 10 meters wide and 1000 meters long
	0,648	0,944	
Air purification function			
Based on industrial waste management	up to 0,120		
Recreational function			
Based on differential rent	0,015 – 0,060		

Source: B. Bobrujko, V. Golovashenko, L. Iljev, Y. Koval, A. Tarasova, I. Turkevich in the field of economic assessment of environmental and social functions of forest resources, data of Ukraine forestry productivity, also expert assessment.

In a general case, the expected economic assessment of the social and environmental functions of the protecting tree plantations (EA exp) can be made according to the approach, specified in[7]:

$$EA_{\exp} = \lambda \times EA^{\max} + (1-\lambda) \times EA^{\min}, \quad (5)$$

$EA^{\max}$ $EA^{\min}$ – maximum and minimum (potential) social and environmental functions of forestry;

λ – special criterion for taking into account of the uncertainty of the environmental and economic effect, reflecting the system of preferences for the relevant social and environmental functions of forestry. By analogy, we can assume that it equals 0.3.

Therefore, the proposed formula is based on the probability approach to the assessment of potential social and environmental functions of forestry.

[7] Управление проектами. Н.И. Ильин, И.Г. Лукманова, А.М. Немчин и др. Под общ. ред. В.Д. Шапиро. СПб.: "Два Три", 1996, p. 610.

It seems reasonable to assess social and environmental functions of forestry per 1 cubic meter of produced wood or stock. As an acceptable economic criterion for justifying the economic efficiency of forestry in the market environment, we can use net income, generated from use of forestry' resources, per forestry's area.

Currently, reproduction and growing of forests are regarded as a top priority. This is caused by peculiarities of modern forestry, as well as forestry maintenance processes: increased scale of using of forestry' resources (dynamics of forestry' areas on Earth); deficit of forestry' products (both wood and non-wood products), social and environmental functions of forestry(in certain regions); considerable increase in the multifunctional role of environmental utilities of forestry' ecosystems in resolving of environmental issues; ensuring of environmentally sustainable development of territories; environmentally based reproduction of forestry, which requires knowledge on biological peculiarities of ecosystems, their specifics in certain economic conditions, taking into account development of market based relationships; considerable impact on the forestry reproduction processes of man made factors (i.e. pollution, fires, excessive cutting, use of environmentally unfriendly machinery).

For areas, which are to be used for forestry purposes, the target function of optimization of the environmentally oriented reproduction of forestry resource, can be presented as follows[8]:

$$\sum_{i=1}^{n} EAi \longrightarrow \max , \quad (6)$$

with the following limitations:

$$\sum_{i=1}^{n} Si \leq Sf , (7)$$

$$\sum_{i=1}^{n} SiCi \leq FR , (8)$$

EA_i – comprehensive indicator of the forestry' environmental functions in the area *i*;

S_i – area *i* of lands, which are to be used for the purposes of forestry;

Sf - total area, which is to be used for forestry;

Ci – costs of planting trees in area *i* up to the crown contact age;

FR - the amount of appropriated financial resources.

[8] Е.В. Мишенин: Эколого-экономические проблемы природопользования в лесном комплексе. Е.В. Мишенин; под ред. Коваля Я.В. Сумы: ВВП „Мрія – 1” ЛТД, 1998, p. 111.

Peculiarities and advantages of this model:

1. Priority is given to environmental functions of forestry' ecosystems, while the efficiency of use of forests for raw materials is disregarded. Preference is given to those areas, which, given certain costs for forestry, will yield the largest environmental and economic effect due to the forestry environmental protection and transformation functions.
2. The economic assessment of the social and economic functions of forestry resources is determined based on average (normative) indicators, environmental impact of forestry or economic value ratios for environmental forestry relative to the value of the wood stock. It's also possible to use a points based assessment of the forest's environmental functions, and the comparative rating based assessment of the environmental friendliness of forestry' areas.
3. Growing costs for the trees with contacted crowns per unit of area are measured taking into account their probability nature.

Conclusions

The abovementioned theoretical and methodical approaches to the environmental and economic assessment of man caused changes in forestry reflect and develop contemporary ideas of the ecosystem based management of forestry. The further researches must be focused on possibility of using the economic assessment of environmental functions of forestry resources in the system of entrepreneurial initiatives development in forestry.

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FINANCING INNOVATION WITHIN REGIONAL SMART SPECIALISATION AREAS

Abstract: The research studies reveal that Poland still lags behind other European countries in terms of innovative solutions. International comparisons show that in Poland the development of technology and innovation is mainly imitative and relies mostly on the adoption of solutions already in use in the world. By contrast, the target included in the European strategy of smart growth is to invest 3% of GDP in research and development (R&D) in 2020. The aim of this article is to present the specific characteristics of financial support for SMEs in terms of newly introduced regional smart specialisation within the EU strategy for 2014-2020. The carried out analysis verified the following hypothesis: The funding for SMEs within the regional smart specialisation will mainly be repayable and shall be earmarked to support sectors of the economy with the highest regional growth potential.

Keywords: innovation, enterprise, EU, smart specialisation.

Introduction

Closing the development gap between Poland and the highly developed countries of the EU requires the development of policy stimulating economic growth based on encouraging innovation and competitiveness of the national and regional economy. Examples of highly developed countries show that further economic growth can be achieved through the use of creativity, entrepreneurial potential of society and the ability to cooperate. It is therefore a transition from concentrating on 'quantitative growth' towards building a knowledge economy[1].

The research studies on EU innovation show that Poland still performs worse than other EU countries. The Summary Innovation Index (SII) for Poland is lower than the average for all European Union countries. In the Innovation Union Scoreboard (IUS), published in 2013, Poland ranked fourth from the bottom. In the last edition of the IUS, after two year residency in a group of moderate innovators, Poland dropped in the ranking to join the weakest group of modest innovators. This poor evaluation results from very low values of indicators describing the involvement of enterprises (especially SMEs) in R&D and cooperation in the field of innovation[2]. International comparisons show that in Poland the development of technology and innovation is mainly imitative and relies mostly on the adoption of

[1] See assumptions for Program Operacyjny Inteligentny Rozwój 2014-2020.
[2] Poland performed particularly badly in the use of eco-innovation. In the ranking of the Eco-Innovation Scoreboard in 2012, Poland was second lowest in the EU-27, ahead of only Lithuania.

solutions already in use in the world. Therefore, one of the three priorities of the Europe 2020 strategy is smart growth understood as developing an economy based on knowledge and innovation. The target set for the European Union in the area of smart growth is that 3% of GDP should be invested in R&D in 2020. This goal, defined in the Europe 2020, strategy has been translated into national targets tailored to particular situation of the Member States. Poland should invest 1.7% of GDP in R&D in 2020. The implementation of this commitment was recognized in the Operational Programme Smart Growth 2014 to 2020 with the allocation of 10 187.5 million EUR. Given the fact that companies, especially at an early stages of development, have limited access to capital for investments, it is interesting to ask whether the SME sector will be able to benefit from the dedicated financial instruments to support innovation in the years 2014-2020.

The purpose of this article is to present the specific characteristics of financial support for SMEs in terms of newly introduced regional smart specialisation within the EU perspective for 2014-2020. The analysis included in this paper has been conducted to verify the following hypothesis: The funding for SMEs within the regional smart specialisation will mainly be repayable and shall be earmarked to support sectors of the economy with the highest regional growth potential. The analysis was based on data retrieved from the following sources:

- Strategic documents of the EU and Poland concerning EU strategy 2014-2020,
- Operational Programme Smart Growth,
- Literature concerning the determinants of entrepreneurship, development and smart specialisation.

The essence of the concept of smart specialisation

Smart specialisation was conceptualized in 2008 by the Expert Group "Knowledge for Growth". It refers to the theoretical foundations of regional development and specialisation, especially endogenous in character[3]:

1) Basic product, according to the theory regional development should rely on specialized production of goods which are most competitive in the external markets.
2) Flexible production, according to the theory the system based on SMEs can easily change production and adapt it to market conditions, achieve specialisation and find a market niche in the global economy.
3) Marshallian industrial district, a geographical cluster of industrial plants manufacturing similar products.

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[3] M. Kardas: Inteligentna specjalizacja – (nowa) koncepcja polityki innowacyjnej. „Optimum. Studia Ekonomiczne" 2011, No. 2, p. 122; M.A. Kowalski: Znaczenie klastrów dla innowacyjności gospodarki w Polsce. SGH , Warszawa 2013, pp. 50-73; Guide to Research and Innovation Strategies for Smart Specialisations (RIS 3). Smart Specialisation Platform S3, 2012, pp. 4, www.s3platform.jrc.ec.europa.eu, accessed 26 April 2013, p. 4.

4) Diamond of competitive advantages (five forces) and the concept of cluster by M. Porter.
5) F. Perroux's concept of growth poles.
6) H. Hoyt's economic base analysis.

In March 2010, the European Commission (EC) issued Europe 2020 strategy for smart, sustainable and inclusive growth. Europe 2020 puts forward three core priorities:

- Smart growth: developing an economy based on knowledge and innovation;
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy;
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

To accomplish the above goals the EU Member States and their regions should develop strategies for smart specialisation, which will help define priorities in supporting research, development and innovation (R+D+I) initiatives in the new financial perspective for 2014-2020. Smart specialisation strategy involves determining economic priorities in the area of R+D+I and focusing investment in areas ensuring an increase in the added value of the economy and its competitiveness in foreign markets. Smart specialisations are supposed to contribute to the transformation of the national economy through its modernization, structural transformation, diversification of products and services and creating innovative socio-economic solutions supporting the transition to a resource-efficient economy, including sustainable use of natural resources.

General strategic framework for national smart specialisations are included in one of the nine integrated strategies named Strategy for Innovation and Economic Efficiency "Dynamic Poland" which is consistent with the EU development strategy Europe 2020 and the provisions of the mid-term National Development Strategy 2020. The document implementing the Strategy of Innovation and Economic Efficiency is the Enterprise Development Program 2020, which provides a comprehensive directory of instruments to support the development of innovation and entrepreneurship in Poland. The National Smart Specialisation Strategy in Poland is a document defining the fields of R+D+I, in which action will be taken in order to achieve the goals set in the Strategy for Innovation and Economic Efficiency and is an integral part of the Enterprise Development Programme[4].

In Poland, eighteen national smart specialisations (national priorities in the field of R+D+I) were grouped in five thematic sections: Healthy Society; Bioeconomy and Environment, Sustainable Energy; Natural Resources and Waste Management; Innovative Technologies and Industrial Processes (Horizontal Approach). The decisions on smart specialisation are the result of sound analyses

[4] Krajowa Inteligentna specjalizacja. Ministerstwo Gospodarki, Warszawa 2012, p. 5.

of the endogenous economic advantage and cooperation with socio-economic partners[5]. The most difficult task inherent in the requirement of smart specialisation is to determine the socio-economic identity of the region and identify the most promising areas of specialisation. It is then necessary to take into account that in the process of building sustainable competitive advantages the most valuable potential of the region determining its individuality are its specific and unique assets. This uniqueness does not necessary need to be a specific industry in which the region is better than 'the rest of the world'. It can be expressed in a unique combination of already existing potentials of the economy, tradition and culture, natural assets, intellectual and social capital. They may be non-material resources, giving a sense of cultural identity, relationships, skills and abilities, identity, organizational capacity of regions as well as the structure of needs, aspirations and values of the residents. These specific assets of the region, integrated into global processes are becoming a key success factor. They create the unique character of the region and should be seen as the basis for endogenous development and a natural competitive advantage[6]. For example, in Mazovia region[7] four areas of smart regional specialisation were identified (Tables 1-4).

Table 1. Food safety – the area of smart regional specialisation in Mazovia

Potential	Expanded production base for basic agricultural products, especially fruits, vegetables, meat and milk. A large number of food processing plants. Research centres (e.g. Warsaw University of Life Sciences – SGGW).
Specific regional challenges	Strong competition from foreign food processing plants, dominance of primary agricultural production.
Process of change	Modernization by supporting innovation and implementation of key enabling technologies in the sector operating in the region.
Objective	Implementation and consolidation of production and processing standards compatible with sustainable development and high energy efficiency. Strengthening the competitive position of the region and regional brands in agri-food sector in the domestic market and abroad.

Source: Inteligentna Specjalizacja Województwa Mazowieckiego – Załącznik2 do Regionalnej Strategii Innowacji dla Województwa Mazowieckiego 2013-2020. Warszawa 2013, p. 4.

[5] According to National Smart Specialisation system for identification, verification and support of smart specialisation areas should: involve the key socio-economic and scientific partners, especially entrepreneurs (entrepreneurial discovery process); concentrate support on national and regional specialisation areas based on knowledge; integrate top-down and bottom-up R&D initiatives; conduct evidence based-policy; aim at concentrating funding for R&I (critical mass) and eliminate adverse effects such as fragmentation of resources and duplication of research; indicate cross-sectoral areas of specialisation; facilitate the increase in private equity financing R&D.

[6] Cf.: A. Nowakowska (Ed.): Budowanie zdolności innowacyjnych regionów. Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2009.

[7] Compared to other Polish regions Mazowieckie voivodship is the innovation leader.

Table 2. Smart management systems – the area of smart regional specialisation in Mazovia

Potential	Headquarters and branches of companies operating on national and international level.
Specific regional challenges	Warsaw metropolitan area is characterised by high demand for products and energy. Areas distant from the centre of the region are underdeveloped and have low technical condition of infrastructure (especially transport).
Process of change	Modernization by supporting innovation and implementation of key enabling technologies in the sector operating in the region.
Objective	Popularization of high innovation and adaptability – oriented management style, increasing material and cost efficiency.

Source: Inteligentna Specjalizacja Województwa Mazowieckiego – Załącznik nr 2 do Regionalnej Strategii Innowacji dla Województwa Mazowieckiego 2013-2020. Warszawa 2013, p.5.

Table 3. Modern business services – the area of smart regional specialisation in Mazovia

Potential	High concentration of companies specialized in the support business and outsourcing activities, including: - Financial institutions, - Service centres - Logistic centres - Research centres. - Large and growing supply of office space. - Warsaw established position as a major business hub in Central and Eastern Europe.
Specific regional challenges	Growing competition from other centres in the country (in particular Krakow and Wroclaw). Concentration of services in the central part of the region – low availability in peripheral areas. Shortage of technical staff.
Process of change	Modernization by supporting innovation and implementation of key enabling technologies in the sector operating in the region.
Objective	Creating environment encouraging entrepreneurship through the development of modern business services market. Strengthening and consolidating the status of Warsaw as an important outsourcing centre in Central and Eastern Europe.

Source: Inteligentna Specjalizacja Województwa Mazowieckiego – Załącznik nr 2 do Regionalnej Strategii Innowacji dla Województwa Mazowieckiego 2013-2020. Warszawa 2013, p. 6.

Table 4. High quality of life – the area of smart regional specialisation in Mazovia

Potential	Capital, infrastructure and intellectual resources of Warsaw.
Specific regional challenges	Polarization of region, disparities the central area characterized by high availability of infrastructure and services for residents and peripheral areas.
Process of change	Diversification understood as an extension of range of services creating synergistic relationship with various sectors of economic activity.
Objective	Increasing the attractiveness of the region as a place to live and prosper.Reducing social disparities. Development of social capital.

Source: Inteligentna Specjalizacja Województwa Mazowieckiego – Załącznik nr 2 do Regionalnej Strategii Innowacji dla Województwa Mazowieckiego 2013-2020. Warszawa 2013, p. 7.

To sum up, the enterprises based in Mazovia which are interested in investing in innovation with the participation of EU funding but which do not operate in the areas of: food safety; smart management systems; modern business services or high quality of life; will have limited access to EU support for SMEs in the EU perspective 2014-2020 because investment will be spread across the above-mentioned four areas of smart specialisation.

Areas and financial instruments of implementing smart specialisation in SMEs

Financing smart specialisation is included in the investment priority 1.2 and 1.3 of Operational Programme Smart Growth. It includes:

1) Support for the implementation of R & D results – support is filling the financial gap between the research and development phase and the launch of a new product. Supported projects implement technologies developed or acquired by an entrepreneur (in the form of R & D results) and launch the production of goods or provision of services based on those technologies. One of the project phases can be devoted to work on adapting the technology to suit the needs of the entrepreneur.

   Support for the implementation of R&D results can be provided in the form of Innovation Loan Fund, through which an innovative investment can be financed by the loan, and the funds acquired through the acquisition of shares in the company by an equity investor.
2) Creating the infrastructure conditions for conducting R & D activities by businesses – support is provided for the creation and development of R&D infrastructure through investments in equipment, technology and other necessary infrastructure necessary to develop innovative products and services. The support will contribute to the establishment of R&D departments and laboratories in enterprises and creation of research and development centres.
3) Loan for technological innovation – to facilitate the access to commercial sources of financing – loans distributed through a network of commercial banks financing the implementation of new technologies in the enterprise. The loan can be used for the purchase of a new technology and the implementation of a new technology, leading to the production of new or significantly improved products or services. The funding can be used in two ways:
   3.1) as a subsidy-type support provided for partial repayment of the investment loan granted to the company by a commercial bank (the so-called technology bonus);
   3.2) as repayable funding – covering part of the investment costs of the project.
4) Guarantee fund to support innovative companies – provides guarantees to entities financing projects aimed at the implementation of the results of R&D in business. Such entities include banks which provide capital in the form of

loans, or the companies themselves, investing their own resources in launching the production and sale of the first batch of innovative products or services resulting from R & D work. The most important feature of the guarantee is that an innovative project is financed from private sources and the guarantor supplies public funds only when the business venture fails. The risk acquisition by the guarantee fund creates an incentive for private capital to finance innovative projects and creates leverage.

5) Supporting enterprises by venture capital funds, business angels networks and seed capital funds includes:
   - supporting investments made by co-investment funds;
   - supporting the development of the venture capital market with the use of fund of funds investing in venture capital funds and innovative companies in order to commercialize the results of R & D;
   - creation of financing mechanisms of syndicate funding by business angels and venture capital funds;
   - development of platforms and networks to match private investors and businesses seeking funding, including support for establishing cooperation between operating, private equity funds, venture capital funds and business angels networks;
   - building investment readiness of companies seeking funding for innovative projects from professional investors on the Stock Exchange or NewConnect, through financing advisory services and financial and market analysis.

There are two methods of selecting projects:

- non-competitive – in the case of systemic and pilot projects
- competition – in the case of other types of funded projects.

Moreover, the support under the second priority axis of the Operational Programme Smart Growth is granted with regard to the criteria assessing compliance of the project with the areas of smart specialisation.

Conclusions

The analysis shows that the funding for SMEs within the regional smart specialisation will mainly be repayable and shall be earmarked to support sectors of the economy with the highest regional growth potential. Therefore, to ensure SMEs' ability to fully absorb the EU funds the following measures should be taken:

1) Provide examples to help SMEs change the approach to EU support forms from subsidies to repayable funding;
2) Organize a system of financial advisory services respecting the organizational and legal forms of businesses;
3) Systematically raise public awareness concerning the construction of repayable instruments (for example, by including these issues in the educational curricula).

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INFLUENCE OF SHADOW ECONOMY ON THE AMOUNT OF REVENUES FROM PERSONAL INCOME TAX TO THE CONSOLIDATED BUDGET OF UKRAINE

Abstract: Shadow economy is a permanent negative phenomenon accompanying the economy of any country. However, in countries with transitional economic systems, as in Ukraine, it is characterized by ultra-high volumes. This provokes loss of funds in the budgets of various levels, causing shortage of public funds. It relates to tax revenues, especially – personal income tax. It is one of the major budget-forming taxes for municipal authorities. Therefore measures relating to improvement of its administration will significantly affect the reduction of level of hidden income of taxpayers and will increase the revenues to budgets.

Keywords: shadow economy, local budget, state budget, consolidated budget, tax revenues, personal income tax.

Introduction

The emergence of state formations in world history is closely connected with the formation of their life support system, namely the economy of state. But history shows that when there is a state, it immediately puts on its subjects certain obligations and restrictions that contribute to the emergence of shadow economic activity – activity of people who ignore the laws of the state (social contract). After the emergence of the first state formations, after the division of society into classes, a contradiction occurs, opposition of the interests of its members and the state.

Discussion

The shadow economy exists in many economic systems with state organization, but in different systems it has its own specific. Nowadays it is generally accepted that the shadow economy is part of the real life of modern society. Moreover, a trend of growth of its volumes in individual countries and globally is clearly observed.

Economists distinguish three spheres of shadow economy:

- informal economy – it is actually conducting legitimate activities that are not fixed in the official statistics, actually produced volumes of goods and services;
- fictitious economy – sphere that brings together the income received by informal means (bribes, speculative transactions, fraudulent activities);
- underground economy – activities that are carried out despite the legal prohibition.

Now the shadow economy is characterized by the following items:

- it is an organic element of the market economy;
- plays a role of mechanism of the formation of missing in the official economy, structures and branches;
- is a spontaneous member, recalcitrant to any regulations;
- operates within the deviation from rules and regulations accepted in society, which are implemented in the official economy;
- the purpose of the activity of shadow economy members is the motive of maximization of profit indicators or income.

In modern conditions of society development the problem of the growth of volume of shadow economy sector is present in every state, but it is particularly acute in countries with unstable economic environment in which there is a high level of bureaucracy but legislation has significant gaps in the regulation of life spheres.

A significant amount of shadow sector is an important factor of the negative impact on the level of macroeconomic indices of the economic system activity of the state. The structure of the shadow economy is a complex mechanism sensitive to the effect of various factors and conditions. And the reasons for its occurrence are several factors that can be divided into economic, social, legal and federal.

Among the economic factors should be highlighted crisis phenomena in the financial system of the state; high interest rates, a significant amount, too high and complicated mechanism of tax calculation; establishing preferential terms of functioning for individual enterprises; striving of entrepreneurs to obtain excess profits; interrelation of business with criminal organizations.

The social conditions of occurrence of shadow economy are characterized by low standard of population living; high unemployment rate and orientation of people on earning income in any way; uneven distribution of gross domestic product.

The legal prerequisites of shadow economy occurrence include poor provision of law enforcement agencies with necessary material and technical resources; low level of legal knowledge and legal culture of the population; poor preparation of law enforcement institutions' workers for the work under new economic conditions; unlimited legal and regulatory framework in national legislation and a large number of mechanisms for carrying shadow operations; no clear distinction between the official and shadow activity.

Among the factors of the occurrence of informal sector of economy at the state level, corruption of public services of various government agencies is observed[1].

Thus the combination of factors which contribute to the emergence of the phenomenon of the shadow economy, leads to its unequal scopes, and its hidden

[1] Shadow economy in Ukraine: scope and ways of solution. NISD, Kyiv 2011, p. 31.

nature (avoidance of accounting, control and registration) – to limited possibility of evaluating the scope of this phenomenon.

Taking into account that it is impossible to determine exactly the volume of the shadow economy, we give the characteristic of its scale in Ukraine, using data of official statistics. Studying of the dynamics of shadow economy volume in Ukraine in 2004-2012 estimated by various methods, gives the opportunity to note that scale of the shadow economy over this period were different and changed irregularly (Chart 1).

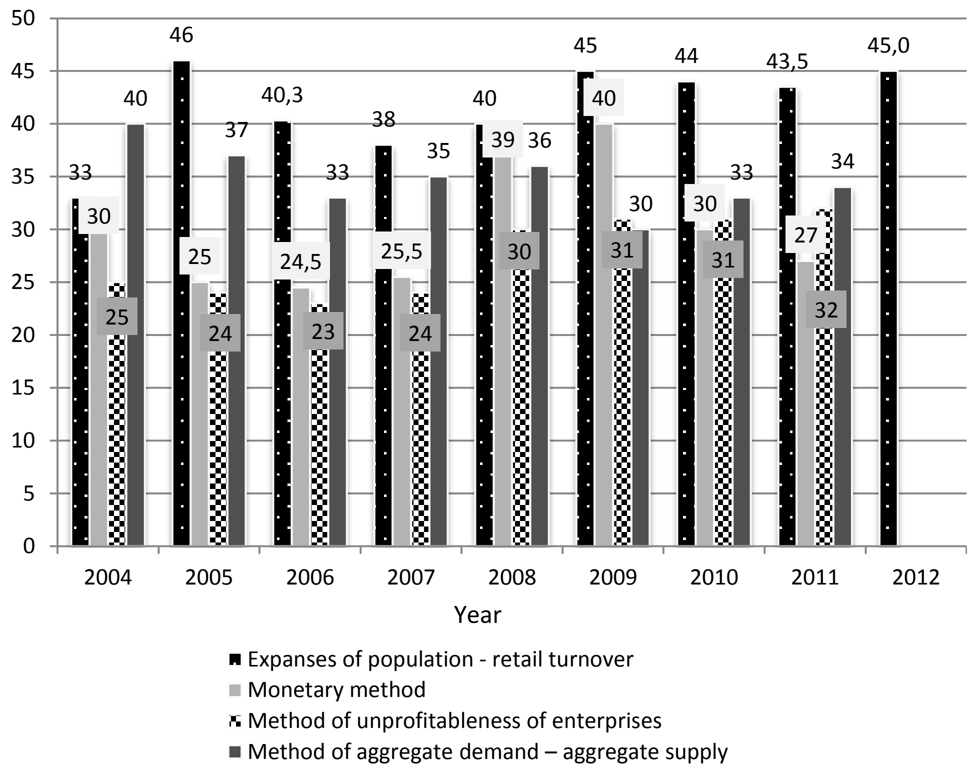

Chart 1. The level of the shadow economy in Ukraine 2004-2011, determined by various methods [% of GDP]
Source: Shadow economy in Ukraine: scope and ways of solution. NISD, Kyiv 2011, p. 31.

Trends of economy shadowing in Ukraine during the studied period are accompanied by fluctuations confirmed by different methods of its calculation. This dynamics determines by the reaction of enterprises on the crisis phenomena in country economy. But more interesting is the comparison of the level of shadow economy in Ukraine with countries of the Organization for Economic Co-operation and Development (OECD) (Chart 2).

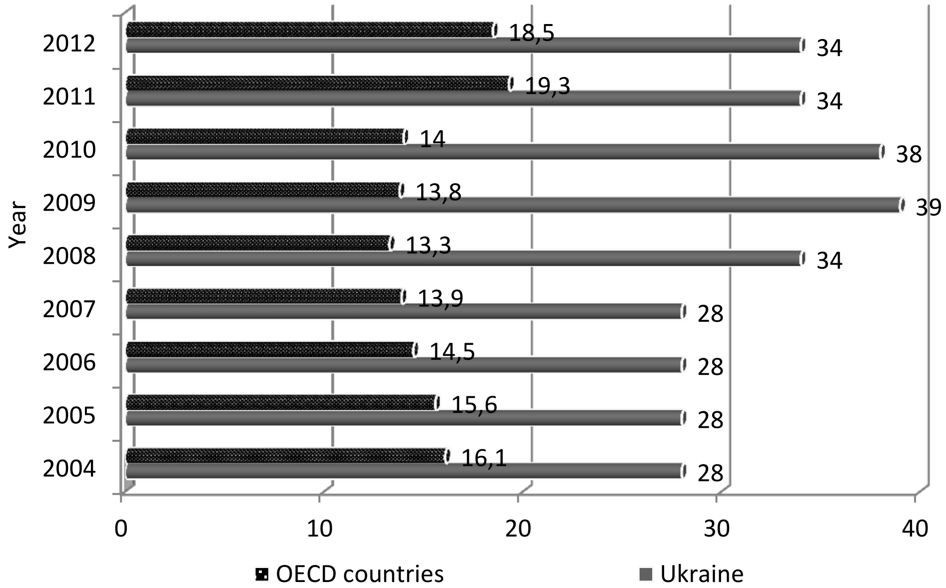

Chart 2. Volume of shadow economy in Ukraine and OECD countries in 2004-2010 [% of GDP]

Source: The Influence of the economic crisis on the underground economy in Germany and the other OECD-countries in 2010: a (further) increase, www.econ.jku.at.

The greatest increase of volumes of the shadow economy in Ukraine was registered in the period from 2007 to 2009: from 28.0% in 2007 to 39.0% in 2009. The reason for this is strengthening of the financial crisis. However, the global crisis and the global economic downturn in general led to the increase of volume of shadow sector in the world; although, compared to OECD countries, the scale of the shadow economy in Ukraine is much higher.

According to F. Schneider, OECD expert, the shadow economy level generally in Europe is about 20% and in Ukraine – 52.8% of GDP. Thus the situation is much better in the Nordic countries: Scandinavian countries (9-15% of GDP), the United Kingdom (10%), France (16%), Germany (14%); average – in Italy and Spain (25%), Greece (30 – 35%); and the most difficult (40%) in the post-socialist countries – Estonia, Latvia, Romania, Bulgaria and others [2].

The high level of the shadow economy leads to loss of financial resources to all levels of the budgetary system of Ukraine, causing shortage of funds in the state. In recent years, consolidated or state or local budgets of Ukraine were neither balanced nor surplus (Table 1).

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[2] Shadow sector of economy in Europe went on the offensive. „Novye Izvestiya" 2009, April 21, www.novopol.ru.

Table 1. Dynamics of budget execution at various levels Ukraine in 2011-2013 [bln UAH]

Level of budgetary system	2011		2012		2013		Deviation of 2013 to 2011 (+,-)	
	income	expendi-tures	income	expendi-tures	income	expendi-tures	income	expendi-tures
Local budget	86,5	178,1	100,8	221,2	105,2	218,2	+18,7	+40,1
State budget	311,8	333,4	344,7	395,7	337,6	403,5	+25,8	+70,1
Consolidated budget of Ukraine	398,3	416,6	445,5	492,5	442,8	505,8	+44,5	+89,2

Source: Budget monitoring: analysis of budget execution for 2013, www.ibser.org.ua.

In 2011-2013 expenditure sides of all levels of the budget system exceeded their profit element. This is confirmed by the indices in total amount: income of local budgets increased by 18.7 billion UAH, while expenditures – more than in 2 times, by 40.1 billion UAH. Similar situations are observed also at higher levels: increase in expenditures of the State Budget of Ukraine exceeds income by 2.7 times, and of the Consolidated Budget of Ukraine – in 2 times.

During the formation of the revenue base of budgets important place is occupied by tax revenues, which amount about 80% of total income (Table 2).

During the above mentioned period, consistently high remains a share of tax revenues in the structure of the budgets of different levels. If in state and consolidated budgets it gradually decreases (by 6.1% and 4.1% respectively), in local budgets on the contrary, increases – by 1.5 percent. Thus, an important role of tax revenues during formation of revenue side of different levels budgets should be emphasized.

Table 2. Dynamics of the structure of revenue side of different levels budgets in 2011-2013 [%]

Income type	Local budgets			State budget of Ukraine			Consolidated budget of Ukraine		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Tax revenues	86,6	86,9	88,1	83,9	79,7	77,8	84,0	80,9	79,9
Income	12,4	12,5	11,5	15,6	19,8	21,6	15,0	18,2	19,2
Income from operations with funds	-	-	-	0,2	0,4	0,1	0,6	0,7	0,4
Trust funds	1,0	0,6	0,4	0,1	0,1	0,1	0,3	0,2	0,2
Other revenues				0,2	-	0,4	0,1	-	0,3

Source: Budget monitoring: analysis of budget execution for 2013, www.ibser.org.ua.

One of the main budget-forming taxes for local budgets was and still is personal income tax. In Ukraine it is characterized by the largest number of taxpayers, one of the highest level of paying and high shadowing level of tax object – income tax of private person – a payer. However, his revenues still remain crucial for local government budgets (Chart 3)

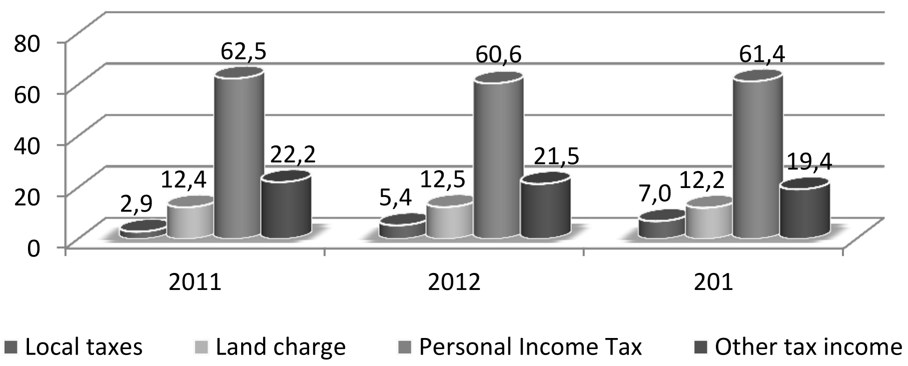

Chart 3. Dynamics of the structure of tax revenues of local budgets in 2011-2013 [%]
Source: Budget monitoring: analysis of budget execution for 2013, www.ibser.org.ua.

During the studied period, the share of personal income tax in tax revenues of local budgets amounted over 60%. And despite its small decrease in 2013 compared to 2011 by 1.1%, this tax is a major source of local government budgets formation, leaving behind all other sources of tax revenues.

Therefore, optimization of its management remains a key issue of improving relations between the state and payers of this tax – private persons. This, in turn, will contribute to legalization of taxpayers income.

Conclusions

Primary measures to improve the level of administration of the personal income tax in Ukraine are to provide minimum wage index with characteristics of monetary compensation for their work, which should provide meeting urgent needs of the person for the existence and minimal progress and should exempt them from any taxation. In addition, this indicator should be differentiated for social conditions of a payer (consider the number of minor persons who are dependent on him and do not have any source of income).

Along with these measures the level of living wage calculation, based on the revision of consumer basket, should be improved. Revision of set of consumer goods (services) in Ukraine, presented for calculating the consumer price index, occurred in 2005 and 2007. Owing to the last revision in the consumer basket appeared mobile services, cable television, Internet and others. This leads to the fact that the structure of consumption, which is reflected in the inflation index does not keep pace with the change of ideas in the public mind about the minimal necessary standards of costs for living, which in turn causes distrust to official indices of price dynamics. Hence we can’t aver that this indicator, which is currently operating in Ukraine, complies with current requirements.

Also, to reduce the shadowing level of payers revenues of personal income tax, differentiated tax rates should be introduced which will change their size depending on the amount of payer revenues and the number of people who are dependent on him.

In addition, the division of taxpayers income on basic and additional will help to determine the amount of taxpayer's revenues from different sources of income and also tax rate amount that should be applied to them. Thus, individuals who receive income only from the basic sources of income, that should be recognized as wage, have to pay tax by one rates. And taxpayers who, in addition to basic, receive also additional income (financial, investment, etc.) should tax it by other rates.

An essential condition for improving the administration system of personal income tax should become common declaration of income by all taxpayers, with the addition to the declaration of documents confirming not only the amount of received income but the expenses amounts. In case of found unofficially registered amounts of money as a result of the arithmetic comparison of costs amount with amounts of received income, the taxpayer must pay the tax of overvalued rate.

The proposed measures will allow to legalize a part of taxpayers income, that would increase the tax revenues to the budget on average by 15 percent per year, and to increase the tax culture of payers.

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PART III

BUILDING DEVELOPMENT POTENTIAL OF RURAL TOURISM

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COMPETITIVENESS OF POLISH RURAL TOURISM PRODUCTS ON THE TOURISM SERVICES MARKET

Abstract: The objective of this study was to proximate the concept of competitiveness, discuss the criteria used in the inventory of Polish rural tourism products and evaluate their competitive advantages in the Polish and foreign markets.

Keywords: competitiveness, competitive advantage, rural tourism, rural tourism product.

Introduction

The interest of the most affluent social groups in relaxation, entertainment and recreation in rural areas dates back to the Middle Ages. Already then, it was common to have a summer residence, which provided a variety of leisure time activities including hunting, fishing, horse riding, picking mushrooms etc. Rural tourism in the modern sense of the term, however, differs significantly from its original forms. Modern forms of rural tourism began to develop from the early 70s of the twentieth century. Relaxation in the country has become a common leisure activity, popular with all social groups, (though more with educated people), and the degree of penetration of rural areas by tourists has grown considerably. The increased popularity of rural tourism has been followed by the extended range of tourist business activities undertaken in rural areas. Consequently, rural tourism has become an evolving and developing field utilizing new technologies[1].

The multiplicity of definitions of rural tourism still sparks controversy. The simple approach will define rural tourism as tourism which takes place in rural areas. However, a considerable number of experts see this definition as inadequate, mainly due to multi-dimensionality and complexity of this phenomenon. Initially, rural tourism was identified with agritourism, a recreation on a farm. Currently, its scope is much more diverse. Rural tourism is no longer just a holiday on a farm, its products and experiences include educational visits to wildlife habitats and nature reserves, ecotourism, hiking, climbing, cycling, horse riding, sports and health tourism, hunting, fishing, educational and ethnic tourism and sightseeing. From

[1] Cf.: S. Philip, C. Hunter, K. Blackstock: A typology for defining agritourism. "Tourism Management" 2010, Vol. 31, pp. 754-748; C.G. Arroyo, C. Barbieri, S.R. Rich: Defining agritourism: A comparative study of stakeholders in Missouri and North Carolina. "Tourism Management" 2013, Vol. 37, pp. 39-47.

a marketing point of view, the most accurate definition of rural tourism is the one that refers to market expectations. Currently, the image of rural character, which a tourist is looking for, is associated with a green, low-impact, environmentally friendly product, clean air and good food, contact with people and authentic natural and cultural heritage. According to J. Majewski and B. Lane rural tourism is:

- located in rural areas;
- diverse, reflecting the complexity of the rural environment, economy, history and location;
- functionally rural – drawing on the characteristic rural assets, such as small scale businesses, open space, contact with nature and cultural heritage, traditional communities and their customs;
- rural in scale – both in with reference to buildings and villages – and therefore usually operating on a small scale;
- traditional in its character, growing slowly and to a limited extend relying on local families[2].

Due to the wealth of natural and cultural assets, Polish tourism market is an excellent ground for the construction of tourism products. Their multiplicity and diversity contribute to an increasing competition. In addition, the processes of integration and globalization in the world economy significantly boost competition and generate completely new (in terms of quality) pillars of competitiveness. The essence of competition is the ability to supply an offer which, in the eyes of potential customers, is better and more beneficial option compared to rival offers. In today's market, there are three basic types of competitive advantages: quality, price and information[3]. While the basic criteria of competitiveness include the attractiveness of the product, the diversity of an offer, high quality service, good service organization and safety of tourists[4].

Research Objectives and Methodology

The objective of this study is to present the essence of competitiveness, discuss the criteria used for rural tourism products inventory in Poland and to assess their competitive advantages in the domestic and foreign markets.

The article uses secondary data from "The Expertise on the Potential of Rural Tourism Products in Poland and their Competitiveness on Regional, National

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[2] Cf.: J. Majewski, B. Lane: Turystyka wiejska i rozwój lokalny. Fundacja Fundusz Współpracy, Poznań 2001, p. 5; M. Ragus: Ekspertyza w zakresie potencjału produktów turystyki wiejskiej w Polsce i ich konkurencyjność na regionalnym, krajowym i zagranicznym rynku usług turystycznych. PART, Warszawa 2012, p. 8.

[3] T. Skalska: Konkurencyjność cenowa polskich produktów turystycznych na wybranych rynkach emisyjnych relacji do ofert głównych konkurentów. Założenia metodologiczne badań. Polska Organizacja Turystyczna, Warszawa 2010, p. 7.

[4] K. Pieńkos: Konkurencyjność polskiego produktu turystycznego. Wyższa Szkoła Ekonomiczna w Warszawie, Warszawa 2005, pp. 242-243.

and International Tourism Market” prepared in 2012 by the Polish Agency for Tourism Development (PART SA) and the relevant literature.

In order to conduct an inventory of rural tourism products PART SA referred to all regional tourism organizations asking them to identify 5-7 rural tourism products provided in each of the 16 provinces in Poland. The empirical research used questionnaires and telephone interviews. After consulting farm advisory centers and evaluating rural tourism products, PART SA selected 42 products. They were assessed with regard to the following criteria:

1) character of the offer (product of rural tourism must be a composition of services, attractions and infrastructure, including at least accommodation, food and attractions of the “rural character”). The indicators included: the idea/distinctive quality, roots in local heritage/rural character, complexity and high quality;
2) sustainable development (rural tourism product must be developed in accordance with the principles of sustainable development, that is in harmony with the natural environment, to the benefit of cultural heritage and development of local entrepreneurship). The indicators included: embedding in the local community, the use of ecological solutions, promotion and conservation of natural and cultural heritage and compliance with the local development policy;
3) functional model (the rural tourism product can be an individual business or a network of several entities and their activities should involve the local community).The indicators included: active cooperation in developing and expanding the offer, membership of professional organizations and locally recruited staff ;
4) promotion and information distribution (promotional activities with emphasis on new technologies and innovative solutions , diversification of sales channels, consistency with the area marketing policy);
5) certificates and awards;
6) accessibility, especially for tourists from the so-called Calypso Group (availability in terms of finance, infrastructure and information , particularly important is the accessibility for Calypso, Group including senior tourists, people with disabilities and families with children);
7) financing of development (the use of co-financing from the EU Structural Funds);
8) significance of the product for the regional economy.

Of the 42 evaluated the products of rural tourism 10 flagship products and 10 priority products were selected, which should provide a basis for conducting informational and promotional activities in the Polish market and abroad.

Essence and Types of Competitiveness

The term competitiveness is used in the literature with many varied meanings. This results in a large number of definitions which stem from diverse understanding of its sources and different approach to its scope. The most capacious definition of competitiveness was proposed at the World Economic Forum in Lausanne in 1994, where it was described as the ability of a country or company to create greater wealth than their competitors in the world market[5]. In many approaches to competitiveness the competing subject is not distinguished, (it may be a country, a region or a company), and the described phenomenon is relative[6]. An example would be one of the OECD definitions, according to which competitiveness is the ability of companies, industries, regions, nations or supranational regions to generate, while being and remaining exposed to international competition, relatively high factor income and factor employment levels on a sustainable basis[7].

Many authors define the competition subject in a neutral way. For example, for K. Moszkowicz competitiveness in a static system means the ability of the company, such as a bank, to operate at a profit. While in a dynamic system, competitiveness is the ability to maintain or improve the current level of competitiveness[8]. It is also believed that the survival and development of the organization is determined by the market in which the products of this organization find or do not find their purchasers. Hence, the definition stating that: competitiveness is a permanent ability to design, manufacture and sell products (services) whose prices quality and other attributes are more attractive than the corresponding products (services) offered by domestic and foreign competitors[9].

Achieving competitive advantage is one of the core objectives of businesses, (including tourist farms), operating on the market. Tourism managers have to identify and explore competitive advantages[10]. Tourists are confronted with a wide range of tourism products in the destinations that they visit. In the recently published "Tourism Product and Service", Bill Hardman Sr. – the former president of the Southeast Tourism Society –noted that a tourism product is whatever is put into the promotion, it could be a whole community or an individual facility, such as

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[5] The World Competitiveness Report 1994, World Economic Forum, Lausanne 1994, p. 18.

[6] P. Filip, B. Sowa: Konkurencja podatkowa jako efekt globalizacji gospodarki światowej. [in:] Najnowsze zmiany polskiego prawa prywatnego i publicznego a funkcjonowanie rynków finansowych. TNOiK O/Rzeszów, Rzeszów 2008, p. 62.

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[9] Cf.: M. Kisiel: Internet a konkurencyjność banków w Polsce. Wydawnictwo CeDeWu, Warszawa 2005, p. 15; M. Gorynia: Konkurencyjność w ujęciu mikroekonomicznym. [in:] Kompendium wiedzy o konkurencyjności. M. Gorynia, E. Łaźniewska (Eds.). Wydawnictwo Naukowe PWN, Warszawa 2009, pp. 67-99; E. Łaźniewska, R. Chmielewski, P. Nowak: Definicje, modele i studia nad regionalną konkurencyjnością. [in:] Konkurencyjność regionalna. Koncepcje – strategie – przykłady. E. Łaźniewska, M. Gorynia (Eds.). Wydawnictwo Naukowe PWN, Warszawa 2012, p. 24.

[10] O. Gomezelj, T. Mihalić: Destination competitiveness – Applying different models, the case of Slovenia. "Tourism Management" 2008, Vol. 29, p. 294.

a park (a site) or a hotel (a property)[11]. In any industry, a product is developed to meet the needs of potential customers. The development of the tourism industry has triggered the development of tourism products[12].

Characteristics of Inventoried Rural Tourism Products

The inventory of rural tourism products conducted by the Polish Agency for Tourism Development selected 42 products that have been found to offer distinctive characteristics. Of these, 10 flagship products and 10 priority products were selected, which should provide a basis for conducting informational and promotional activities on the Polish and foreign markets. The chosen products are both complex and diverse, so they provide an interesting and varied leisure time offer. They are interactive. Tourists can actively enjoy many activities on a variety of topics, liberate their creativity and pursue passions and hobbies. The theme of the products always refers to the natural and cultural heritage of rural areas. Thematically classified offers are grouped according to the following lines related to the core of the product and the visit purpose:

1) unique nature (e.g. "Stawy Milickie" ["Milickie Ponds"], "Rzeczpospolita Ptasia" ["The Republic of Birds"])
2) herbs ("Kraina Rumianku" ["Chamomile Land"], "Małopolska Wieś Pachnąca Ziołami" ["Małopolska Herbs Scented Village"])
3) extinct and traditional crafts (e.g. "Kowalska Wioska" ["The SmithVillage"] in Wojciechów , "Gospodarstwo u Flika" ["Flik's Farm"])
4) horses (e.g. "Babskie Ranczo" ["Women's Ranch"])
5) wine-making tradition (e.g. "Winnica Kinga" ["King's Vineyard"])
6) culinary heritage (e.g. „Karczma Kaliska" [„Kaliska Inn"], „Tatarska Jurta" [„Tatar Yurt"])
7) education on cultural heritage and ecology and crafts (e.g. venues belonging to the network of educational farms: "Synowcówka" , "Uroczysko Kępa" ["Kępa Sacred Spot"], "Gospodarstwo pod Lipą" ["Farm Under the Lime Tree"], "Ostoja Dworska" ["Court Retreat"]; "Gospodarstwo Bazyl" ["Bazyl Farm"]),
8) venues of outstanding architectural and landscape values (eg "Uroczysko Zaborek" ["Zaborek Sacred Spot"], "Siedem Ogrodów" ["Seven Gardens"], "Wilcza Jama" ["Wolf 's Den"]).

The majority of the 20 selected products were family businesses. The promotional activities carried out by the owners/operators of the selected products were very similar and mostly relied on traditional forms (flyers, brochures, participation in trade fairs). Practically the only manifestation of the use of modern technology was the creation of websites, which often are not of the best quality. In addition, their accessibility was hindered due to the small number of used

[11] J.K. Sharma: Tourism product and services: Development strategy and management options. Kanishka Publishers, Distributors, New Delhi 2007, p. 23.
[12] J.B. Xu: Perceptions of tourist product. "Tourism Management" 2010, Vol. 31, p. 607.

languages and lack of adaptation to the needs of the visually impaired. Some venues began to use social networking platforms, with Facebook being the most popular. Another important marketing tool used by some of the venues was an event where large audiences could be targeted. Good examples here include the hunters' holiday Hubertus, open air painting in Zaborek Sacred Spot or bread festival on Flik's Farm. National, regional and local awards also served as positive recommedations of the offers. Many owners of the selected businesses boast eco-certificates and/or the use of eco-friendly solutions. Finally the owners of the chosen products were members of organizations involved in tourism and local development such as regional and local tourism organizations, local action groups, agritourism associations and specialist organizations (uniting fans of fishing, hunting etc.).

The list of flagship products of national importance was created mainly with regard to the criterion of originality of the offer and its image potential. The flagship tourism products list inckludes: "Uroczysko Zaborek" ["Zaborek Sacred Spot"], "Małopolska Wieś Pachnąca Ziołmi" ["Małopolska Herbs Scented Village"], „Ziołowy Zakątek" ["Herbal Corner"], "Tatarska Jurta"[Tatar Yurt"], "Kapkazy – Szkoła Wrażliwości" ["Kapkazy – School of Sensitivity"], "Karczma Kaliska" [„Kaliska Inn"], "Trzy Świerki" ["Three Spruces"], "Kowalska Wioska w Wojciechowie" [The Smith Village in Wojciechów"], "Wilcza Jama" ["Wolf's Den"], and "Siedem Ogrodów" ["Seven gardens"]. Additionally the list of priority products , which should complement the flagship products when launching promotion and information activities, has been prepared. It included: "Stawy Milickie"["Milickie Ponds"], "Kraina Rumianku" ["Chamomile Land"]", "Rzeczpospolita Ptasia"["The Republic of Birds"], "Babskie Ranczo" ["Women's Ranch"], "Gospodarstwo u Flika" ["Flik's Farm"], "Gospodarstwo pod Lipą" ["Farm Under the Lime Tree"], "Gospodarstwo Bazyl" ["Bazyl Farm"], "Folwark Zarębice" ["Zarębice Farm"], "Garncarska Wioska" ["Pottery Village"], "Agroturystyka nad Jeziorem Sopień" ["Sopień Lake Farm"].

Promotional and informational actions launched for the flagship and priority products will provide a unique opportunity for them to gain better exposure both in the Polish and foreign markets.

Evaluations of Competitive Advantages of Inventoried Rural Tourism Products

High competitiveness in the domestic market was characteristic for most of the selected products. Their competitive advantage over other rural tourism offers was primarily a qualitative advantage. The qualitative advantage manifested itself by:

- originality and uniqueness of the product core, which creates the motivation behind tourist visits,
- complexity of offered services,
- high quality of service,

- customization of the offered services to individual needs of tourists.

When it comes to price competitiveness the selected products did not differ from other offers of the home rural tourism. However, it should be emphasized that they met the principle of offering exciting leisure activities at a reasonable price.

The information advantage of the selected products was assessed the lowest, which confirms the fact that ineffective marketing and communication are the key problems of this market. Prevalence of traditional forms of promotion (such as printed flyers or participation in trade fairs), and limited use of modern forms of promotion, (restricted to the creation of a website, often of inadequate quality), result in poor position of rural tourism compared to other segments of tourism in Poland. The reasons for this include the prevalence of small scale business in rural tourism, (by definition they are usually small ventures), and ineffective collaboration between business owners, which could potentially reduce the promotion cost.

The assessment of the competitiveness of selected rural tourism products in the foreign market differs considerably from the one done for the domestic market. Priorities of foreign tourists concerning the choice of rural tourism products in Poland are presented in Table 1.

Table 1. Priority Markets for Rural Tourism Products (by Province)

No.	Province	Priority Markets for Rural Tourism
1.	Dolnośląskie	Germany, Netherlands, Russia, Ukraine
2.	Kujawsko-pomorskie	Germany, Poland
3.	Lubelskie	Poland
4.	Lubuskie	Germay, Poland
5.	Łódzkie	Germay, Poland
6.	Małopolskie	No priority markets, Poland (as the primary market)
7.	Mazowieckie	Netherlands, Poland
8.	Opolskie	Germany, Czech Republic, Hungary, Poland
9.	Podkarpackie	No priority markets, Germany and France (the primary markets)
10.	Podlaskie	United Kingdom, Russia, Poland
11.	Pomorskie	Sweden, Finland, Poland
12.	Śląskie	No priority markets, Poland and Germany (as primary markets)
13.	Świętokrzyskie	Germany, United Kingdom
14.	Warmińsko-mazurskie	No priority markets, Poland (as a primary market)
15.	Wielkopolskie	Germany, Poland
16.	Zachodniopomorskie	No priority markets , Germany (as a secondary market)

Source: "Poland's Marketing Strategy in the Tourism Sector for the Years 2012-2020", Polish Tourism Organization, Warsaw 2012, pp. 203-218.

The greatest competitive advantage is the price advantage, which was the decisive factor in the selection of Polish rural tourism products by foreign tourists. By far the most important market for Polish rural tourism was Germany. This is mainly due to the relatively good transport accessibility and refers mainly to the products offered by western and south- western regions. The group of countries of medium importance included the United Kingdom (the British visited Poland mainly due to the outstanding natural assets of the rural areas), the Netherlands, France, Russia and Ukraine. In the case of Russia and Ukraine the objective obstacle in the development of tourism is the eastern Polish border which is also the border of the European Union.

As for the assessment of quality advantage, it was also significant, although not decisive. For foreign tourists opting for Polish rural tourism products it was important to receive a quality product for a price they perceived as low. Other important criteria included the character of the Polish countryside, with its traditions, preserved natural and cultural landscape of what is now uncommon in Europe as well as well known and appreciated around the world Polish hospitality[13]. These are the elements through which qualitative advantage of Polish tourism products in foreign markets is manifested. As in the case of the domestic market, there is no information advantage of Polish rural tourism products in foreign markets. The effectiveness of reaching foreign tourists can be increased by:

- including the promotion of rural tourism products in the promotion of urban and cultural tourism,
- keeping tourist information points updated about rural products,
- providing information in different languages (at least in Polish, English and German).

The implementation of this approach will increase the chances of encouraging foreign tourists already staying in Poland to take interest in rural tourism and visit the countryside, to extend their stay or return in the future in order to visit Polish rural areas.

Conclusions

The competitive advantage of the best products over other offers of rural tourism in the domestic market was primarily a qualitative advantage. It manifested itself in the originality and uniqueness of the product core, (which ultimately becomes the motive for tourist visits), the complexity and high quality of offered services and flexibility in adapting to tourists' individual needs. When it comes to price competitiveness, the selected products do not stand out in this regard but they meet the requirement of offering exciting leisure time activities at a reasonable price. The assessment of information advantage was the lowest. The reasons were the ineffective marketing activities involving mainly traditional forms of promotion

[13] According to a study conducted in 2012 by the Polish Tourist Organization and presented in "Poland's Marketing Strategy in the Tourism Sector for the Years 2012-2020" the major positive associations with Poland of the Germans include beautiful scenery, hospitality, friendly people, exciting cuisine and great atmosphere, of the British – unspoiled natural areas, and of the French – history, architecture, rich culture, authenticity and sincerity of the people.

such as: printed flyers or participation in trade fairs and a limited range of modern forms of promotion applied on websites.

The assessment of the competitiveness of selected rural tourism products in the foreign market differs considerably from the one in the domestic market. The greatest competitive advantage here was the price advantage, which was the decisive factor in the selection of Polish rural tourism products by foreign tourists. By far the most important market for the Polish rural tourism was Germany. As for the assessment of quality advantage, it was also significant, although not decisive. For foreign tourists opting for Polish rural tourism products it was important to receive a quality product at a price they considered low. Additionally they highly valued the assets of the Polish countryside, with its traditions, preserved natural and cultural landscape, now rather uncommon in Europe, as well as well known and appreciated Polish hospitality. As in the case of the domestic market also in the foreign markets Polish rural tourism products have not achieved information advantage. The effectiveness of reaching foreign audiences can be increased by:

- including the promotion of rural tourism products in the promotion of urban and cultural tourism,
- keeping tourist information points updated about rural products,
- providing information in different languages (at least in Polish, English and German).

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FARM ADVISORY SERVICES AS THE INSTITUTIONAL DETERMINANTS OF RURAL TOURISM DEVELOPMENT

Abstract: The paper analyses the role of agricultural advisory services in the development of rural tourism. It reviews the available research results demonstrating the contribution made by farm advisory centres in the areas of: skills development of the rural accommodation providers, improving the farm holiday offers, promotion of rural tourism as a form of recreation and the promotion of tourist areas and visitor farms. The paper points to the fact that among many other institutional factors, agricultural advisory centres have played a significant role in the activation of the rural population and tourism development. It also stresses that the transforming economic and social situation induces change in the expectations of rural residents and forms and methods of agricultural advice provision.

Keywords: agricultural advisory services, rural tourism, development of rural areas.

Introduction

Agricultural advice has been defined by Cz. Maziarz as "professional assistance to farmers-producers in concrete tasks aiming at rational farm management"[1] and advisory work is "a specific impact on the personality of farmers, which is a combination of knowledge transfer, human development and assistance in the process of making rational economic decisions and carrying them through"[2]. Nowadays, with the constantly changing structure of the rural areas, including a decreasing proportion of the population that is directly dependent on agriculture for a livelihood (about 60% of rural residents have no connection with agricultural production and use of agricultural land) and decreasing employment in agriculture (although the level of 12.8% is still relatively high compared with other EU countries) the advisory services are no longer provided solely to agricultural producers. One of the areas of covered by professional advice provided by farm advisory centres is rural tourism. Since 1990 when the Centre for Education and Advice in Agriculture launched a training program for advisors and began to prepare training materials, until now, there has been a visible change in the scope and forms of advice concerning rural tourism. There has also been a visible evolution in the supply of rural tourism. Those who have been tracking these changes are aware of the role played by farm advisors in the

[1] W. Kujawiński: Metodyka doradztwa rolniczego. CDR w Brwinowie oddział w Poznaniu, Poznań 2009, pp. 22-23.
[2] Ibidem, p. 23.

development of this form of tourism. However, their knowledge is often based on individual judgment, observation or intuition and much less frequently on research findings.

The development of rural tourism is determined by a considerable number of natural, social, economic, legal and institutional factors. They have been extensively analysed in the literature[3]. Farm advisory centres are classified as institutional determinants. Depending on their administrative level the institutional determinants can be divided into: national, regional and local. At the national level it is primarily the activity of the Ministry of Agriculture and Rural Development, Ministry of Sport and Tourism, Polish Tourist Organization, Agency for Restructuring and Modernisation of Agriculture, Polish Agency for Enterprise Development, Polish Federation of Rural Tourism "Hospitable Farms" and Agricultural Advisory Centre in Brwinów. At the regional level, the respective institutions include the Marshal Offices and regional tourism organizations. At local level, there are local government units, farm advisory centres, agritourism associations and local action groups (LAG).

The development of rural tourism as a form of non-agricultural activity of the rural population and a form of recreation induced intensified research in this area. Many academic centres (not just universities with agricultural profile, but also universities of economics or physical education) conducted research studies which explored the demand and supply factors determining the development of rural tourism and creating rural tourism and agritourism products. The determinants of rural development also include institutions and organizations involved in tourism, including farm advisory centres.

The paper aims to explore the role of farm advisory centres on the development of rural tourism in the light of available research findings. To accomplish this objective the desk-based analysis of secondary data has been carried out. The author also used the findings of her own published and unpublished studies.

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[3] Cf.: J. Majewski., B. Lane: Turystyka wiejska i rozwój lokalny. Fundacja Edukacji dla Demokracji, Warszawa 2003; B. Sawicki, A. Mazurek-Kusiak: Agroturystyka w teorii i praktyce. Wydawnictwo Uniwersytetu Przyrodniczego w Lublinie, Lublin 2010; D. Zaręba: Ekoturystyka – wyzwania i nadzieje. Wydawnictwo Naukowe PWN, Warszawa 2000; M. Sznajder L. Przezbórska: Agroturystyka. PWE, Warszawa 2006; J. Sikora: Agroturystyka. Przedsiębiorczość na obszarach wiejskich. Wydawnictwo C.H. Beck, Warszawa 2012, A. Balińska, I. Sikorska-Wolak: Turystyka wiejska szansą rozwoju wschodnich terenów przygranicznych na przykładzie wybranych gmin. Wydawnictwo SGGW, Warszawa 2010; J. Zawadka: Ekonomiczno-społeczne determinanty rozwoju agroturystyki na Lubelszczyźnie (na przykładzie wybranych gmin wiejskich). Wydawnictwo SGGW, Warszawa 2010; E. Jachimowicz, K. Krzyżanowska: Pozarolnicze funkcje gospodarstwa rolniczego na przykładzie jego działalności agroturystycznej. Wydawnictwo SGGW, Warszawa 2004; J. Jalinik (Ed.): Determinanty rozwoju turystyki na obszarach wiejskich. Wydawnictwo Politechniki Białostockiej, Białystok 2005.

Rural Tourism – Definition and State of Development

Rural tourism is defined both from the demand perspective and the supply perspective. The supply oriented definitions are proposed by:

- P. Wiatrak defining it as "the overall tourism economy taking place in rural areas"[4];
- M. Dębniewska and M. Tkaczuk, claiming that "rural tourism takes place in rural areas, is adjusted to the existing conditions and reasonably uses the local, natural assets"[5];
- J. Sikora, who believes that "tourism in rural areas includes any organized tourism in the countryside. Its main purpose is to contrast the tourist attractions and assets of rural environment with urban environment"[6].

The demand oriented definitions are proposed by:

- J. Majewski, describing it as "any form of tourism taking place in the rural environment and using its rustic assets (nature, culture, landscape, buildings, etc.), which are the main attraction there"[7];
- M. Drzewiecki claiming that "rural tourism is a form of recreation taking place in the areas of real countryside and including multiple types of recreational activities"[8].

All definitions use the notion of rusticity, which is the essence of this form of tourism. However, the term 'rusticity' in the context of tourism is perceived differently. The research study conducted by the author in 2014 on a sample of 330 randomly selected students of the Faculty of Economic Sciences at Warsaw University of Life Sciences showed that holiday in the countryside is primarily associated with: peace and quiet (79.1%), homemade food (72.7%), active recreation (72.1%), atmospheric house (60.3%), friendly family atmosphere (49.7%) and classic farm household (36.1%). According to the respondents, rural tourism is meant primarily for pensioners (48.2%) and families with children (47.9%)[9].

Apart from the term 'rural tourism' the literature and colloquial speech use the term 'agritourism', by which we mean "a form of recreation taking place in rural areas of agricultural character, based on the range of accommodation and

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[4] A.P. Wiatrak: Wpływ agroturystyki na zagospodarowanie obszarów wiejskich. „Zagadnienia Ekonomiki Rolnej" 1996, No. 1, p. 35.

[5] M. Dębniewska, M. Tkaczuk: Agroturystyka, koszty, ceny, efekty. Wydawnictwo POLTEXT, Warszawa 1997, p. 17.

[6] J. Sikora: Organizacja ruchu turystycznego na wsi. Wydawnictwa Szkolne i Pedagogiczne, Warszawa 1999, p. 69.

[7] J. Majewski: Turystyka konwencjonalna i alternatywna a agroturystyka. „Rynek Turystyczny" 1994, No. 7, p. 12.

[8] M. Drzewiecki: Agroturystyka. Założenia – uwarunkowania – działania. Instytut Wydawniczy „Świadectwo", Bydgoszcz 1995, p. 22.

[9] More: A. Balińska: Agritourism as a Form of Recreation for Students – article accepted for publication in "International Journal of Digital Tourism".

recreational activities related to a farm or equivalent household and its environment (including natural assets, agricultural production and services)[10] .

Agritourism in Poland is supported by significant legal and financial incentives. As a result, extracting ‘agritourism’ from the realm of ‘rural tourism’ is an operation of purely academic nature. Therefore, the assessment of rural tourism development relies primarily on data concerning tourist farms. This is due to two reasons. First, venues belonging to ‘rural tourism’ often operate under the banner of ‘agritourism’. Second, if a venue providing accommodation and situated in rural area is to be classified as rural tourism venue it requires an assessment of the impact it has on the local environment, which is related to the essence of rural tourism. However quantitative research does not take such an assessment into account. Similarly, data showing the state of development of rural tourism in Poland have estimate value. It is a consequence of the possibility to diversify out of agriculture and add an agritourism business activity to traditional farming (Article 3 of the Act on Freedom of Economic Activity) and divergent interpretations of the law concerning the obligation to register this business activity. Unfortunately, the available research in this area lacks continuity, and each institution uses its own estimation methods. For many years, the Institute of Tourism has served as the main source of information by providing data based on official statistics and data resulting from its own research projects.

The data available from the Institute of Tourism show that there were 5523 guest farms in 2002 and 8790 in 2007. Their number in individual voivodeships (provinces) varies, as shown in Table 1. The biggest numbers of tourist farms are situated in Małopolskie voivodeship – the province with the richest tradition of providing tourist accommodation. It should be noted that in almost all voivodeships (except Lubuskie) the number of tourist farms has increased n the years 2002-2007. Besides Małopolskie voivodeship, the fastest growth was recorded in Podkarpackie province.

In 2009, the Central Statistical Office (CSO)[11] returned to the subject of rural tourism, but its studies are based on the Register of Tourist Venues run by the municipalities (gminas). These records, due to divergent interpretations of legal regulations, are incomplete. Therefore, regardless of the source, the provided number of tourist farms should be treated as an estimate.

[10] M. Drzewiecki: Agroturystyka… op. cit., p. 23.

[11] Records of agritourism farms kept by CSO in 1998-2002,relied on the data obtained from the Polish Federation of Rural Tourism "Hospitable Farms" (PFTW ‘GG’), therefore, the reported the numbers from 608 in 1998 to a maximum of 1,073 farms in 2001 were definitely underestimated because they only covered farms associated in PFTW ‘GG’.

Table 1. Number of tourist farms in the years 2002, 2007 and 2011 by voivodeships

Voivodeship	2002	2007	2011
Dolnośląskie	340	592	638
Kujawsko-Pomorskie	71	333	256
Lubelskie	276	408	430
Lubuskie	168	164	95
Łódzkie	166	167	180
Małopolskie	875	1590	1344
Mazowieckie	220	378	360
Opolskie	48	112	110
Podkarpackie	501	1074	989
Podlaskie	561	629	609
Pomorskie	517	770	622
Śląskie	136	384	384
Świętokrzyskie	260	355	291
Warmińsko-Mazurskie	750	869	743
Wielkopolskie	358	474	418
Zachodniopomorskie	276	491	383
Total for Poland	5523	8790	7852

Source: Own elaboration based on: for the years 2002, 2007: data provided by the Institute of Tourism and Conference Materials "Research in Tourism" organized by the Ministry of Sport and Tourism in the years 2007, 2009; for the year 2011: data from: Tourism in 2011. Central Statistical Office (CSO) 2012, www.stat.gov.pl.

The CSO data for 2011 show that the number of tourist farms in comparison to 2007 decreased to 7852 entities. Please note that between 2007 and 2011 a different method of measurement was used, which had an impact on the results. Still, regardless of the adopted research method and research institution, three voivodeships have the largest market share of tourist farms in Poland: Małopolskie, Podkarpackie and Warmińsko-Mazurskie.

Agricultural Advice and the Development of Rural Tourism – Research Perspective

When analyzing the changes in the institutions providing farm advisory services A.P. Wiatrak stresses that the purpose of their actions is "the provision of services to a specific group of customers in a specific area and within the existing operating conditions. The services provided by the institution include: advising, informing, promoting, teaching and improving. These tasks have been executed since the institution was established, but their scope is tailored to provide for changes in progress and needs of the recipients"[12].

The research carried out in recent years by the Section of Tourism and Rural Development of the Faculty of Economic Sciences at Warsaw University shows

[12] A.P. Wiatrak: Doradztwo rolnicze w globalnym ujęciu. „Zagadnienia Doradztwa Rolniczego" 1999, No. 23, p. 9.

that the farm advisory centres operations in the field of agritourism have focused on[13]:

- motivating farmers to set up tourism businesses (mainly in the form of agritourism),
- organizing training courses, study tours for farmers opening a tourism business and seeking to improve their offer, providing advice on the farm adaptation and necessary facilities, the farm decor, sanitation, nutrition, business accounting and legal regulations,
- promoting offers of recreation in the countryside (participation in fairs, running a website, design and production of catalogues,)
- encouraging the tourist farms owners to set up associations and cooperate with already existing associations,
- providing training about EU aid programs,
- promoting regional and local products.

As noted by Z. Zontek[14] determining the role of advice in the tourism sector is not an easy task, due to the specific nature of tourism enterprises and the spatial conditions of their operations. According to Z. Zontek advisory activities should be designed to make the most efficient use of the potential in order to harmonize the supply and demand in the short run and justify the intensification of supply in the long term perspective. In the case of agritourism the possibility of increasing the supply in the short run is limited.

The factors determining the specifics of agricultural advice in the area of tourism include[15]:

- the nature and diversity of tourism enterprises (also those operating in the field of rural tourism) and spatial determinants of their operations,
- close relationship between tourism business and the geographical area where it operates; the local environment has limitations that must be taken into account in the advice provision process,
- development of the tourism product of the region, which is a challenge for agricultural advice.

The choice of particular services or tourist service providers is secondary in relation to the choice of tourist destination. Creating network products by formal tourism clusters or informal agreements between entrepreneurs requires coordination and automation of advisors' activities.

Please note that agritourism business is increasingly often not an added business activity but the core economic activity for the farmer and the farmer's

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[13] I. Sikorska-Wolak: Rola doradztwa rolniczego w rozwoju turystyki. [in:] Społeczno-ekonomiczne uwarunkowania rozwoju agroturystyki. K. Gutkowska (Ed.). Wydawnictwo MFARM ADVISORY CENTRES w Warszawie, Warszawa 2008, pp. 16-18.

[14] Z. Zontek: Rola doradztwa w kształtowaniu innowacji w turystyce. „Problemy Zarzadzania" 2013, Vol. 11, No. 3(43), pp. 111-112.

[15] Ibidem.

family. The recipients of advisory services are then both farmers and entrepreneurs, and their expectations of the advice may be varied.

As it has already been mentioned, agricultural advice has played a significant role in the development of rural tourism which has been demonstrated by a number of research findings, including:

1. The study conducted by K. Krzyżanowska and E. Jachimowicz in 2003 on a sample of 383 farmers and 14 advisors from farm advisory centres from the voivodeships of Lubelskie, Lubuskie, Małopolskie, Pomorskie, Śląskie, Świętokrzyskie and Warmińsko-Mazurskie showed that[16]:
   - The workshops organized by the employees of farm advisory centres attracted a big proportion of tourist accommodation providers: from 98.5% in Pomorskie voivodeship to 79.7% in Warmińsko-Mazurskie. The most popular training subjects included: preparing tourist accommodation (77.3%), law and economics (72.6%), food provision including traditional dishes (71.8%). Respondents with primary education and secondary vocational education were more interested in the workshops than the representatives of other groups.
   - Apart from farmer workshops advisors stressed the role of one to one advice, study visits and various regional events, which due to financial constraints could not be held to such an extent as it would be expected by farmers and advisors
2. The study conducted by the author in 1998-1999[17] involving 50 owners of tourist farms located in the municipalities (gminas) situated on the Bug River (all tourist farms operating in the municipalities on the Bug River at the time) showed that:
   - 74% of rural accommodation providers claimed that farming advisors (employees of farm advisory centres) were the main source of inspiration for them.
   - 24% accommodation providers developed their price lists based on the calculation provided by farm advisory centres.
   - 52% accommodation providers felt that farm advisory centres should promote agritourism.
3. The study by A. Balińska and I. Sikorska – Wolak conducted in 2006 in the municipalities situated along the Polish eastern border showed that[18]:
   - For 18.4% of rural accommodation providers (sample size 125 people) agricultural advisors were the main source of inspiration, and for 19.2% accommodation providers agricultural advisors were the main source of knowledge about the know-how of running an agritourism business;

[16] E. Jachimowicz, K. Krzyżanowska: Pozarolnicze... op. cit., pp. 83-85.
[17] A. Balińska, I. Sikorska-Wolak: Agroturystyka w Dolinie Bugu i uwarunkowania jej rozwoju. Wydawnictwo SGGW, Warszawa 2001, pp. 132-137.
[18] A. Balińska, I. Sikorska-Wolak: Turystyka… op. cit., pp. 92-113.

- 24.8% accommodation providers received support from farm advisory centres and agritourism associations with regard to promotional activities;
- In difficult situations, the accommodation providers expected support primarily from the farm advisory centres (39.2%) and 20% received such assistance. However, in most cases they received help from family and friends (36%);
- Only for 11.2% of rural residents not involved in tourism business (the sample size of 650 people) farm advisory centres are the institutions responsible for the development of this form of business activity (55.8% pointed to the local self-government, 40.3% industry associations and 24, 8% – the local residents). These responses varied depending on the municipality and the greatest expectations of farm advisory centres were revealed by the respondents from the municipalities Dubicze Cerkiewne, Krynki and Hrubieszów.

4. The study by J. Zawadka[19] conducted in 2008-2009 on tourist farms in the province of Lublin show that for almost one fifth of the owners of tourist farms (21%, sample size of 81 people), agricultural advisors were the main source of inspiration to set up a tourism business. This author also observed the relationship between the level of education and the source of inspiration. People with higher and secondary education usually declared independently taken decision while people with primary education relied on the suggestions of advisors from farm advisory centres.

5. The study by R. Marks-Bielska and K. Babuchowska[20] conducted in 2010 on a sample of 51 owners of tourist farms in the Warmińsko-Mazurskie voivodeship revealed that the role of farm advisory centres (as well as agritourism associations) is seen in providing assistance in solving problems faced by tourist farm owners including: financial barriers (reported by 54.9% of the respondents), poor promotion of the province with regard to tourism (35.3%), lack of experience in conducting tourism business (23.5%), administrative and legal barriers (17.6%).

One of the forms of rural tourism is agro- ecotourism. The research study by A. Niedziółka conducted in the Małopolskie voivodeship in 2008 on a sample of 20 owners of agro-ecotourist farms (the total number of this type of farms was 29) shows that institutions supporting the development of agro-ecotourism include: farm advisory centres (12 responses), local authorities (6 responses) and the European Centre for Ecological and Agricultural Tourism -ECEAT (2 answers).

[19] J. Zawadka: Ekonomiczno-społeczne… op. cit., pp. 127-128.

[20] R. Marks-Bielska, K. Babuchowska: Uwarunkowania rozwoju agroturystyki w województwie warmińsko-mazurskim według opinii właścicieli gospodarstw rolnych. „Folia Pomeranae Universitstis Technologiae Stetinensis. Oceonomia" 2013, No. 299(70), pp. 141-150.

The respondents received assistance in the form of: training, advice and business promotion[21].

Very often the results of research studies conducted in different research centres are concluded with a list of actions that should be taken to intensify the development and improvement of the competitiveness of rural tourism. Most of the recommendations concern[22]:

- professional creation of service offers,
- actions aimed at building the brand image of rural tourism as an interesting form of recreation,
- improving the qualifications of people involved in tourism business activities in the countryside,
- development of an efficient tourist information system.

These recommendations are often suspended in a vacuum, or targeted at a wide range of institutions and organizations that support the development of rural tourism, including farm advisory centres. As it was stressed by A. Basińska, J. Poczta[23], the training of workforce for the needs of rural tourism is a difficult task, due to the socio-economic diversity of rural residents – the trainees. In the opinion of the author, the main difficulty lies in different levels of the trainees' knowledge and their varied needs as to the scope, form and time of the trainings.

The important role of agricultural advice in the development of rural tourism is also stressed by K. Tabor, claiming that the main objective of farming advice is to assist people in a way enabling them to cope on their own[24]. In the opinion of this author advice provided by the farm advisory centres should fulfil the following functions[25]:

- economic function, which is connected with achieving satisfactory financial results by the entities involved in rural tourism, preparing financial documentation and applications for EU funding,
- educational function, related to improving qualifications through organizing training courses and workshops,
- social function, involving formal and informal networking with other actors in the wider area of tourism, including the creation and co-creation of associations and other local organizations,

[21] A. Niedziółka: Uwarunkowania rozwoju agroekoturystyki w województwie małopolskim. Zeszyty Naukowe SGGW w Warszawie „Problemy Rolnictwa Światowego" 2009, No. 8(23), pp. 142-150.
[22] Cf.: E. Pałka: Uwarunkowania i kierunki rozwoju agroturystyki na Kielecczyźnie. Wydawnictwo Akademii Świętokrzyskiej, Kielce 2004, p. 117.
[23] J. Poczta, A. Basińska: Rola ośrodków doradztwa rolniczego oraz Polskiej Federacji Turystyki Wiejskiej „Gospodarstwa Gościnne" w stymulowaniu rozwoju turystyki wiejskiej [in:] Ekonomiczne i społeczne aspekty rozwoju turystyki wiejskiej. I. Sikorska-Wolak (Ed.). Wydawnictwo SGGW, Warszawa 2008, pp. 203-2013.
[24] K. Tabor: Turystyka wiejska jako przestrzeń doradcza. [in:] Ekonomiczne i społeczne aspekty rozwoju turystyki wiejskiej. I. Sikorska-Wolak (Ed.). Wydawnictwo SGGW, Warszawa 2008, p. 190.
[25] Ibidem, pp.191-192.

- promotional function, that is promotion of rural tourism in the media, organization of regular events, participation in tourism fairs and other events,
- informational and publishing function, involving publishing catalogues, maps, guidebooks, running a website, providing information e.g. by telephone.

The important role of agricultural advisory services in the development of rural tourism is related to the fact that tourism, more than any other form of non-agricultural entrepreneurship, has a wide range of impacts. Tourists, as consumers of tourism services, do not only explore the holding where they are accommodated but also close and more distant surroundings. Their expectations concern both their hosts and the whole local community. For many rural residents it may be an uncomfortable situation. Hence, the role of the advisor involves assisting the tourist farm owner as well as supporting the local community in adapting to the new situation. The specificity of rural tourism, especially agritourism is also expressed by the fact that this is not a regular job. The essentially multidimensional nature of tourism requires comprehensive knowledge embracing economics, law, nature, psychology, culture, religion, skills in teamwork, organization of leisure activities, interior and landscape design, etc.

The role of advice in the development of rural tourism is also associated with constant changes in the demand for tourism. Tourism as an industry is extremely dynamic. Therefore, it is necessary to track consumer trends, study the needs of potential and real tourists and even create new needs in the tourist market. These are tasks that are beyond the capacities of individual tourist farm owners.

Another difficulty is that, in many local communities, rural tourism (or to use a narrower term- agritourism) is considered the main form of diversification to improve the standard of life of rural residents. The involvement of local government is frequently reduced to appropriate entries being made in the local development strategies which remain a simple expression of wishful thinking rather than supported with rational arguments. The strategy provisions, however, generate expectations from both local authorities and residents which are supposed to be met by agricultural advisory centres.

Analysing the goals and tasks of various institutions stimulating the development of rural tourism, both those which are stated in the documents of these organizations, as well as those which are reflected in the results of scientific research, we have noted that many of them overlap, especially in the area of agricultural advice, education, promotion and the creation of new tourism products. These same areas are covered by agritourism associations, farm advisory centres, and more recently, local action groups (LAG). There are known examples of fruitful cooperation especially between the farm advisory centres and agritourism associations. Moreover, as observed by A. Werenowska and A. Parzonko[26], the

[26] A. Werenowska, A.J. Parzonko: Rola doradztwa rolniczego we wspieraniu rozwoju agroturystyki (na przykładzie działalności Wojewódzkiego Ośrodka Doradztwa Rolniczego w Warszawie). [in:] Turystyka w rozwoju lokalnym. I. Sikorska-Wolak (Ed.). Wydawnictwo SGGW, Warszawa 2004.

employees of the farm advisory centres often inspired the foundation of those associations. As the tourism associations and local action groups (with tourism profile) are founded by people involved in tourism, the improvement of tourim services is based on the processes of internal benchmarking. In turn, the farm advisory centres as independent and specialized institutions are able to operate at the level of functional benchmarking[27].

Conclusions

The role of farm advisory centres is twofold. First, they should respond to the changing needs of the rural residents. Second, they should create these changes. Rural tourism, including agritourism, is the area where both approaches are applicable. At the beginning of the 90s it was the advisors from farm advisory centres who urged local leaders to launch agritourism businesses on their farms. Now, although the supply of rural tourism has been developed, there is still a need to broaden the service offering and improve the attractiveness and thus the competitiveness of rural tourism products. The assistance provided by farm advisory centres is both of systemic nature and ad hoc nature, like the support offered to tourist farm owners in solving current problems. Despite the growing activity of agritourism associations and local action groups, still farm advisory centres are the most specialized institutions, best prepared to stimulate the development of rural tourism

The analysis of the studies carried out by various research centres, shows that the available research output in the field of the impact of agricultural advice on the development of rural tourism is still insufficient. It would be valuable to undertake studies to find out what new forms and scope of agricultural advice are preferred by tourist farm owners.

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THE FORECAST OF THE NEED FOR INFORMATION AND CONSULTATION SUPPORT OF RURAL TOURISM IN THE CARPATHIAN ECONOMIC REGION

Abstract: The author of the paper conducted a marketing survey among owners of rural tourism cottage sand discovered the need for information and consultation support as well as counted the frequency of appeals for specific information and consultation services during the year. The article investigates the Carpathian economic region that has considerable potential for multifunctional development of rural tourism. According to the economic regionalization of Ukraine the Carpathian economic region includes four regions: Zakarpattya region, Ivano-Frankivskregion, Lvivregion and Chernivtsiregion. The article offers the forecast of the demand for information and consultation support of this type of business in the Carpathian economic region. The author used Holt's method of double exponential smoothing that is targeted at solving various problems concerning time series forecasting.

Keywords: information and consultation support, rural tourism, economic region, tourism enterprises in rural areas, double exponential smoothing.

Introduction

A well-organised system of information and consultation support can solve numerous problems: it can fully describe the internal and external environment on the market in the field of rural tourism, assist in starting business in rural tourism, reduce risks in the activities of owners of rural cottages, ensure sustainable environmental development, educate potential clients about the opportunity to rest in the countryside both in Ukraine and abroad. Therefore, there exists the need for information aimed at effective rural tourism management and for information and consultation support that would positively affect the formation of rural tourism and its further development.

Analysis of recent research and publications.

Formation and development of information and consultation support in agriculture was studied by many national and foreign scientists, such as Van Dan Ben[1], Donald Blackburn[2], James Buford[3], V.M. Koshelev[4], Milan Kubr[5], Calvert

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Makhem[6], William Riviera[7], Stanley Johnson[8], O.M. Borodina[9], T.G. Dudar[10], T.P. Kalna-Dubinyuk[11], M.F. Kropyvko[12] and others.

Problems and peculiarities of rural tourism in Ukraine and its information and consultation support were investigated by the such leading national and foreign scientists as L.V. Zaburanna[13], V.P. Vasylyev and Y.V. Zinko[14], M.Y. Rutynskyy[15], M. Jalnik[16], M. Gort[17], M. Barke[18], A. Jaroz[19] and others.

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Nevertheless, dynamic development of information society in Ukraine causes the need for scientific research, study of foreign experience and elaboration of the effective model of information and consultation support targeted at the development of rural tourism.

The aim of the article is to investigate prospects for the development of rural tourism in the Carpathian economic region and to forecast the demand for information and consultation support of this type of business.

The results and novelty of the research

The changing dynamics of social and economic processes is characterised by some uncertainty and instability. It causes difficulties for effective use of conventional forecasting methods.

The term "to forecast" appeared in English in late 14c. from *fore-* "before" + *casten* "contrive, plan, prepare" and got its meaning "to predict events" in late 15c.Thus, forecasting is a scientific justification of possible states of objects under research in the future. There are various methods of forecasting. It should be mentioned that main characteristics of forecasts include accuracy, reliability and forecasting error[20]. Let us consider practical application of Holt's double exponential smoothing that is used to solve different tasks of time series forecasting. The model of exponential smoothing belongs to adaptive methods of prediction. The main advantages of these methods include the ability to take into account constantly changing dynamics of the economic processes under study and to give greater weight to those values that are close to the current period[21].

This technique is carried out using past values of a time series and smoothing factors α and β. Equation 1 describes smoothing series for forecasting value *Y* at time *t*, using data at time *t-1*[22].

$$Y_{fc,t} = \alpha \times (Y_{fc,t-1} + T_{t-1}) + (1-\alpha) \times Y_t \qquad (1)$$

a – smoothing constant for the data ($0 \le \alpha \le 1$);

$Y_{fc,t}$, $Y_{fc,t-1}$ – forecasted values of a parameter in the future and previous moments of time;

Y_t – tabular value of the index at time *t*.

T_{t-1} – the value of the trend at time*t-1*in Equation 2.

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20 D.E. Hank: Business Forecasting. Vyl'iams, Moscow 2003.

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22 D.E. Hank: Business Forecasting… op. cit.

In turn, equation 3.2 is used to estimate the trend[23].

$$T_t = (1-\beta)\times(Y_{fc,t} - Y_{fc,t-1}) + \beta \times T_{t-1} \quad 2)$$

b – smoothing constant for estimation of trend $0 \le \beta \le 1$.

Forecasting for *p* periods ahead is based on Formula 3[24].

$$Y_{fc,t+p} = Y_{fc,t+1} + p \times T_t \quad (3)$$

Constants α and β are selected subjectively or by minimizing forecasting error. If the weight is relatively high, the response to changes will be quick. When the weight is smaller, the response to changing data is weaker. Consequently, the data will smooth more if the weight coefficient is larger. A special case occurs when α equals β. Under this condition equal smoothing of the current level of values and of the trend will take place. This condition is called Brown's double exponential smoothing[25].

Using the above-mentioned methodology of time series forecasting and the data shown in Table 1 we will make a forecast of the number of cottages that will offer their services in the field of rural tourism in the western regions of Ukraine.

Table 1. Dynamics in the number of tourism enterprises in rural areas in the Carpathian economic region

Year	The number of cottages that offer their services in the field of rural tourism, units			
	Zakarpattya region	Ivano-Frankivsk region	Lviv region	Chernivtsi region
2004	329	214	193	118
2005	334	232	209	129
2006	348	312	266	138
2007	367	319	283	157
2008	384	322	291	168
2009	396	335	298	189
2010	402	347	311	196
2011	418	356	319	207
2012	432	367	334	218
2013	437	372	338	221

Source: author's own calculations.

After conducting all necessary mathematical calculations using formulas 1-3 and analytical software Minitab, it is possible to define minimum, maximum and

[23] D.E. Hank: Business Forecasting… op. cit.
[24] Ibidem.
[25] Ibidem.

optimum number of cottages that provide services in the field of rural tourism in the Carpathian economic region for four regions under investigation for coming years. The calculations for Zakarpattyaregion are shown in Table 2.

Table 2. The results of the forecast of the number of tourism enterprises in rural areas of Zakarpattyaregion

Year	Number of enterprises, units		
	Optimal forecast	The upper confidence interval	The lower confidence interval
2014	446	459	433
2015	458	492	424
2016	470	525	416

Source: author's own calculations.

Chart 1 graphically depicts the results of the forecast, indicating gradual positive dynamics in growth over the next three years.

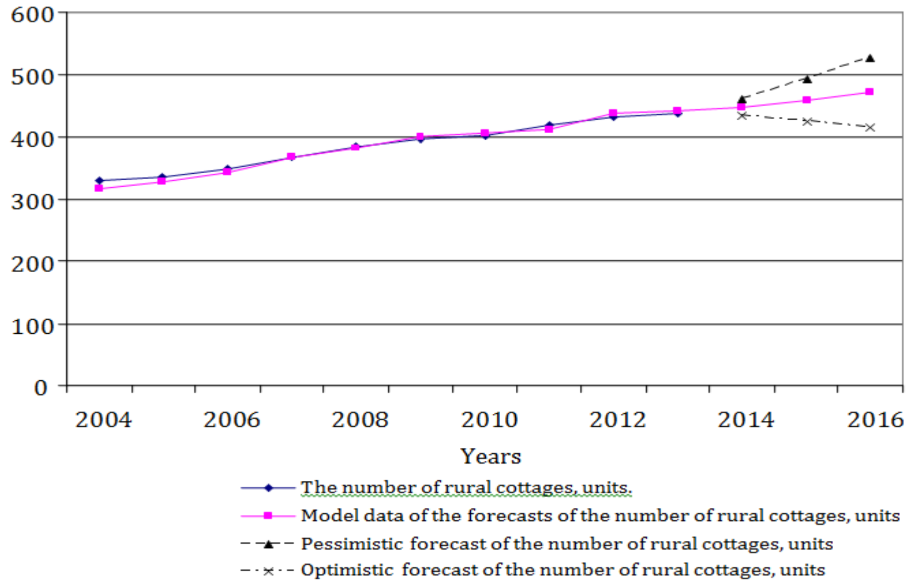

Chart 1. Forecast of the number of tourism enterprises in rural areas in Zakarpattyaregion

The next step is to calculate the values of total forecasting error. They include the average absolute deviation denoted as *MAD*. This index shows the accuracy of prediction andaverages the value of forecasting errors. The calculation of this index is carried out according to Formula 4[26]:

[26] D.E. Hank: Business Forecasting… op. cit.

$$MAD = \frac{1}{n}\sum_{t=1}^{n}\left|Y_t - \hat{Y}_t\right| \quad (4)$$

In this case MAD index is 5.3679, which describes the average absolute forecasting error.

Mean absolute percentage error (MAPE), which is 1.45%, is also calculated. This figure reflects the relative accuracy of the forecast. If MAPE coefficient is less than 10%, it indicates high forecasting quality. When it is between 10% and 20%, it means good accuracy. Accordingly, a range between 20% and 50% suggests satisfactory forecasting, and if the coefficient is more than 50%, it indicates poor accuracy[27].

$$MAPE = \frac{1}{n}\sum_{t=1}^{n}\frac{\left|Y_t - \hat{Y}_t\right|}{Y_t} \quad (5)$$

MPE (average error in %) defines deviation (Formula 6):

$$MPE = \frac{1}{n}\sum_{t=1}^{n}\frac{\left(Y_t - \hat{Y}_t\right)}{Y_t} \quad (6)$$

MSD (mean square deviation) in this case is 39.4.

Formula 7 was used to assess the accuracy of the applied forecasting method and to find *t* coefficient. The formula helps to check the significance of autocorrelation coefficient with lagged *k*[28].

$$t = \frac{r_k - p_k}{SE(r_k)} \quad (7)$$

The results of the calculations suggest that all indexes of autocorrelation residues are not significantly greater than zero (Table 3).

Ljung–Box coefficients for the intervals were calculated with the help of Formula 8. The coefficients are relatively small, which justifies the randomness of the series of residues[29]:

$$Q = n(n+2)\sum_{k=1}^{n}\frac{r_k^2}{n-k} \quad (8)$$

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[27] D.E. Hank: Business Forecasting… op. cit..
[28] Ibidem.
[29] D.E. Hank: Business Forecasting… op. cit.; A. Taha Hemdi: Introduction to Operations Research. Vil'jams, Moscow 2007.

These results indicate that Holt's method of double exponential smoothing reflects adequate forecast regarding the number of rural tourism enterprises in Zakarpattyaregion.

Now we will provide the forecast of the number of rural tourism enterprises in Ivano-Frankivskregion using the above-mentioned approach. Optimistic forecast of the number of cottages in the region and its upper and lower confidence intervals are shown in Table 3.

Table 3. The results of the forecast of the number of tourism enterprises in rural areas of Ivano-Frankivskregion

Year	The number of enterprises, units		
	Optimal forecast	The upper confidence interval	The lower confidence interval
2014	387	431	343
2015	402	468	335
2016	416	506	327

Source: author's own calculations.

Forecasting results confirmed growth in the number of cottages in coming 2016 that will increase almost twice compared to2014. They are presented in Chart 2.

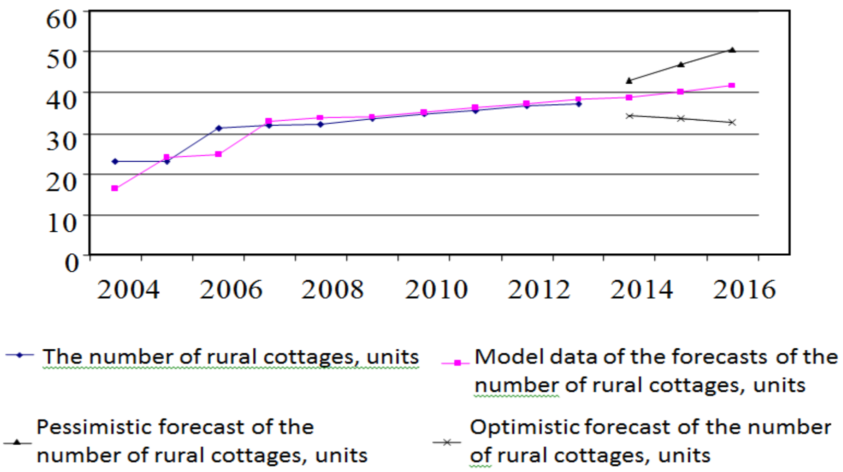

Chart 2. Forecast of the number of tourism enterprises in rural areas in Ivano-Frankivskregion

The same method is used to provide economic-mathematical forecasting of the number of rural tourism enterprises in Lviv region. The calculations enabled to define the optimal number of rural tourism enterprises in the region (Table 4). Forecasting results confirmed growth in the number of cottages in 2016 that will increase by 8% compared to 2014.

Table 4. The results of the forecast of the number of tourism enterprises in rural areas of Lvivregion

Year	The number of enterprises, units		
	Optimal forecast	The upper confidence interval	The lower confidence interval
2014	350	383	318
2015	364	418	310
2016	378	453	302

Source: author's own calculations.

Chart 3. depicts actual and model data about the number of rural tourism enterprises in Lviv region, as well as the forecast of the optimal number of rural tourism enterprises in the area.

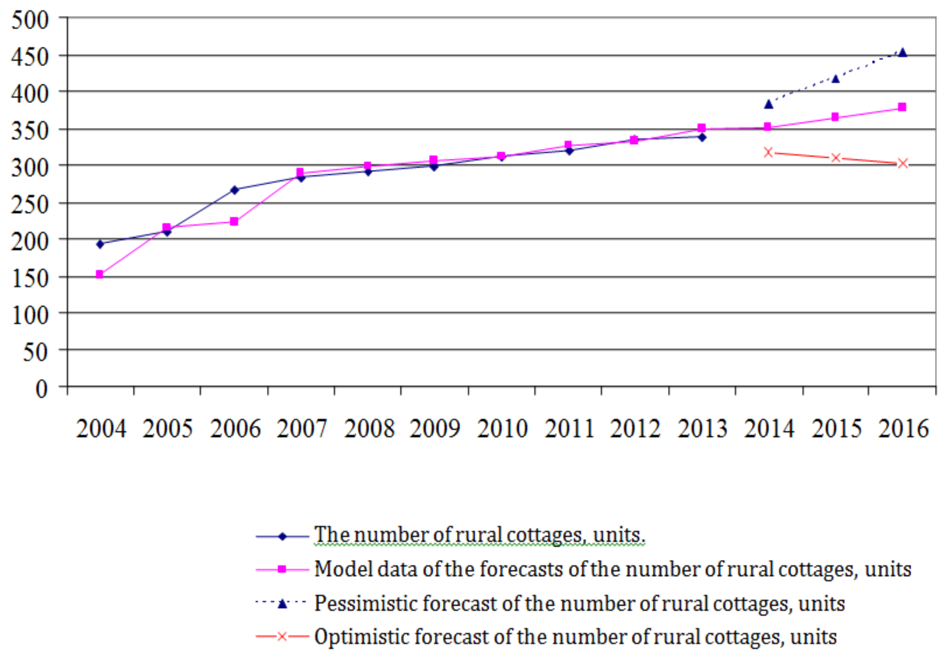

Chart 3. Forecast of the number of tourism enterprises in rural areas in Lvivregion

Now we will provide the forecast of the number of rural tourism enterprises in Chernivtsi region of the Carpathian economic region. Initial data for forecasting are shown in Table 5. Using the method of double exponential smoothing we calculated the future number of enterprises engaged in rural tourism in Chernivtsi region. The forecast shows that the number of cottages in the region in 2016 will increase by 22 units or 9.5% compared to 2014.

Table 5. The results of the forecast of the number of tourism enterprises in rural areas of Chernivtsiregion

Year	The number of enterprises, units		
	Optimal forecast	The upper confidence interval	The lower confidence interval
2014	234	244	223
2015	245	259	230
2016	256	274	237

Source: author's own calculations.

Chart 4 shows actual and model data about the number of rural tourism enterprises in Chernivtsi region, as well as the forecast of the optimal number of rural tourism enterprises in the area.

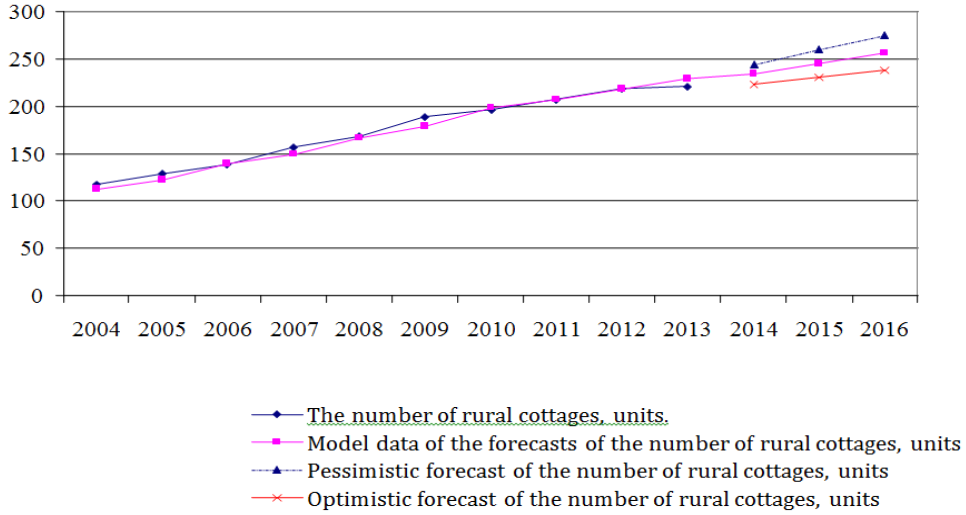

Chart 4. Forecast of the number of tourism enterprises in rural areas in Chernivtsiregion

Table 6 provides integrated results of the forecasts of the number of rural tourism enterprises in the Carpathian economic region, depicting positive trend of their gradual growth.

Table 6. The results of the forecasts of the number of tourism enterprises in rural areas of the Carpathian economic region

Year	The number of rural tourism enterprises, units			
	Zakarpattya region	Ivano-Frankivsk region	Lviv region	Chernivtsi region
2014	446	387	350	234
2015	458	402	364	245
2016	470	416	378	256

Source: author's own calculations.

After finding the optimal numbers of rural tourism enterprises in the Carpathian economic region and basing on own research in providing information and consultation services that are the most relevant for the success of tourism entrepreneurship in rural areas (Table 7), we elaborated the forecast of the demand for information and consultation services in the Carpathian region.

Table 7. Information and consultation services that are the most relevant for the success of tourism enterprises in rural areas

Information and consultation services	Number of appeals from cottage owners per year, units
Information about opportunities for attracting new and retaining existing customers	8
Information on optimization of consumer qualities of tourist services in rural tourism and certification of cottages, etc.	2
Information on the results of research of national tourism market and consumer needs	4
The information on peculiarities of the legal framework in the field of rural tourism	4
Information on the development of effective marketing measures aimed at promotion of tourist services offered by cottages, information on competitions, fairs and other events popularizing rural tourism	8
Information on educational programs, workshops, seminars, dedicated to rural tourism	2

Source: author's own research.

Table 7 reveals that the greatest demand among tourism enterprises in rural areas is for information and consultation services aimed at attracting new and retaining existing customers and at the development of effective marketing measures for promotion of tourist services offered at cottages.

Chart 5 confirms that the greatest demand in Zakarpattya region is for information about attracting new and retaining existing customers and about the development of effective marketing measures for promotion of tourist services.

Chart 6 illustrates the results of forecasting the demand for information and consultation services in Ivano-Frankivsk region, which mostly coincides with the demand in Zakarpattya region.

The forecast of the demand for information and consultation services in Lviv region is presented in Chart 7, which illustrates that the greatest need will be for the information on attracting new and retaining existing customers, as well as information on promotion of tourist services. This tendency coincides with those prevailing in Zakarpattyaand Ivano-Frankivsk regions, although the number of appeals is expected to be lower and amounts to 3024 calls in 2016.

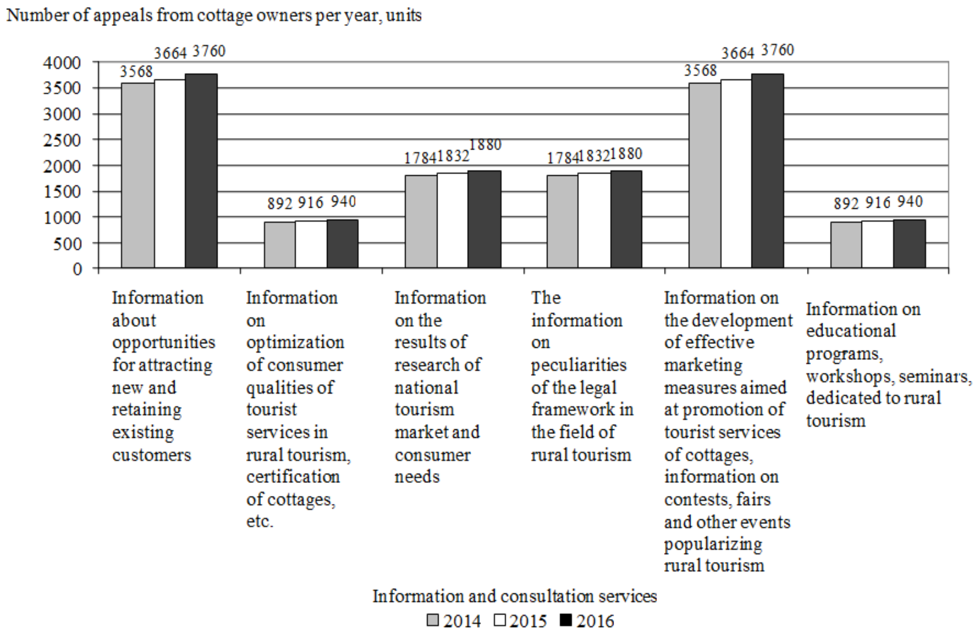

Chart 5. Forecast of the demand for information and consultation services in Zakarpattya region for 2014-2016

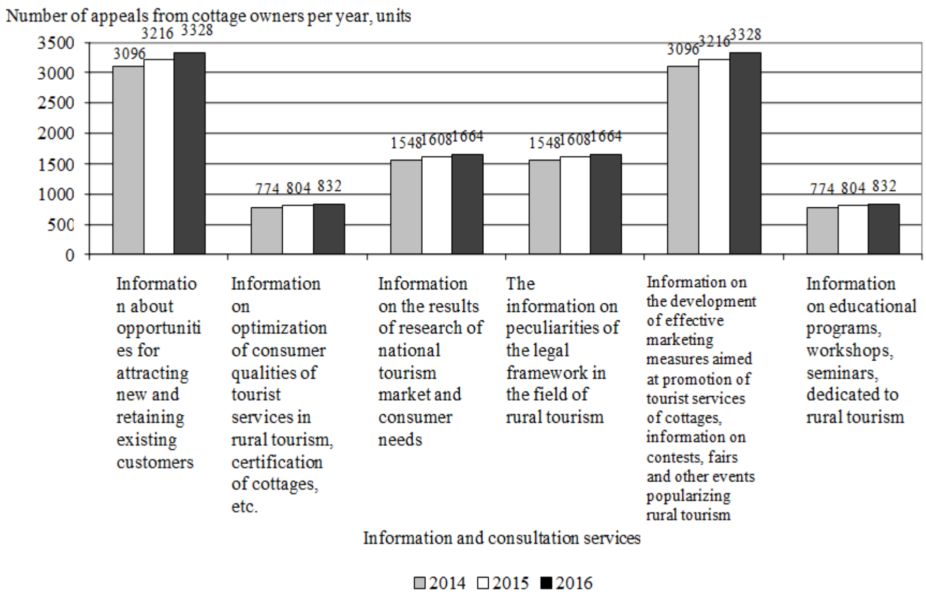

Chart 6. Forecast of the demand for information and consultation services in Ivano-Frankivsk region for 2014-2016

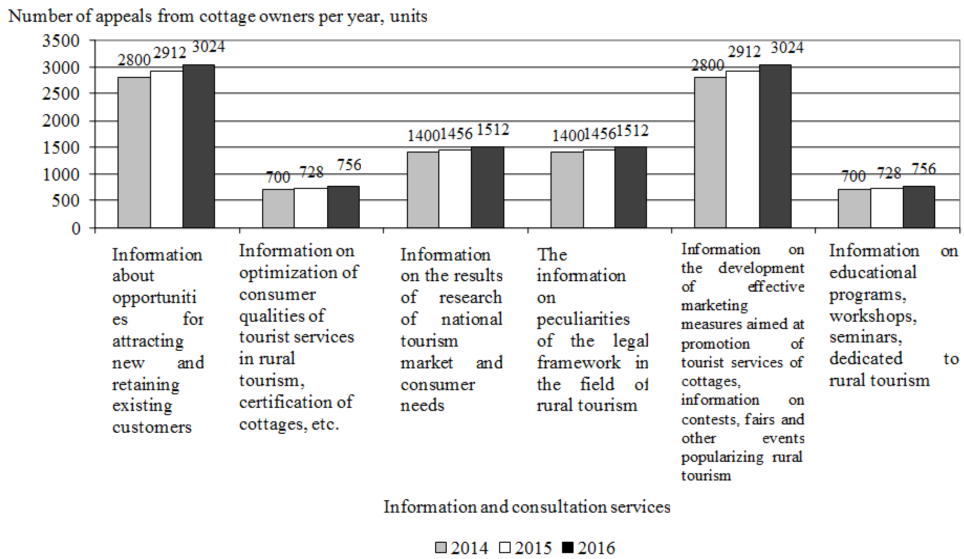

Chart 7. Forecast of the demand for information and consultation services in Lviv region for 2014-2016

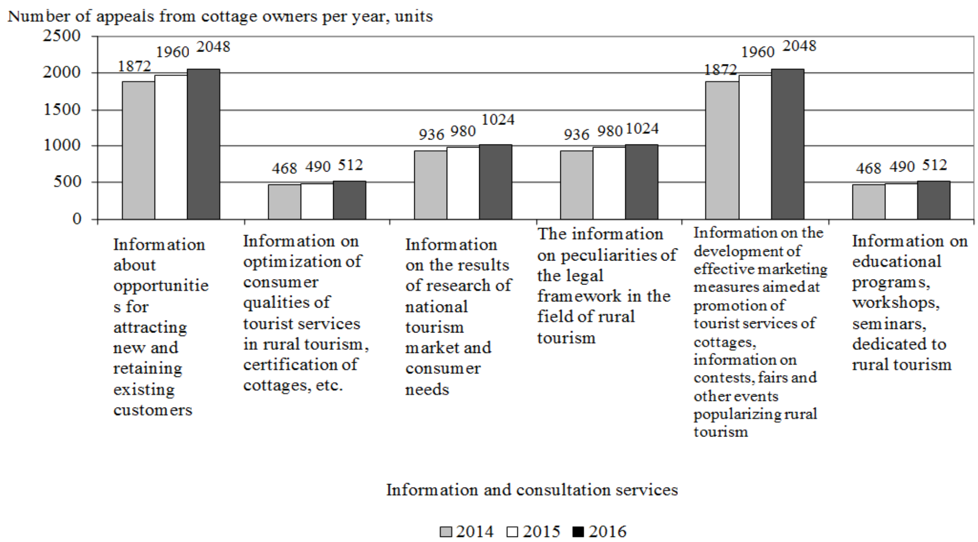

Chart 8. Forecast of the forecasted demand for information and consultation services in Chernivtsi region for 2014-2016

Chart 8 outlines the demand for information and consultation services in Chernivtsi region that is expected to increase 3 times compared to present. The greatest need will be for the same information as in the previous three regions, that is, the information on attracting new and retaining existing customers, as well as information on promotion of tourist services offered by cottages.

Conclusions

The results of this research prove that there are good prospects for the development of rural tourism in the Carpathian economic region, and,therefore,there exists increasing demand for information and consultation services. The forecasting results can be extrapolated to the whole territory of Ukraine, although, it is necessary to note that the peculiarities of rural tourism in each area should be taken into account.

As a result of our study we defined the most relevant information and consultation services that are needed for the success of tourism enterprises in rural areas. The greatest demand among the entrepreneurs is for the information on attracting new and retaining existing customers, as well as information on promotion of tourist services offered by cottages. No less important is information about competitions, fairs and other events popularizing rural tourism; information on optimization of consumer qualities of tourist services in rural tourism and certification of cottages; information on the results of research of national tourism market and consumer needs; information on peculiarities of the legal framework in the field of rural tourism; information on educational programs, workshops, seminars, dedicated to rural tourism.

Organization of efficient information and consultation support of rural tourism in Ukraine, which will base on the best foreign experience and state programs for the development and support of rural tourism in Ukraine, requires further detailed study and research.

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CULINARY TOURISM WITH PARTICULAR FOCUS ON EAST MAZOVIA

Abstract: The aim of this paper was to analyse the level of development of culinary tourism in Mazovia region and review the knowledge of the owners of guest farms about this type of tourism. The study area covered the whole Mazovia province while the surveyed farm owners came from four counties in East Mazovia i.e. Węgrowski, Sokołowski, Siedlecki and Łosicki. There are various events and competitions promoting traditional foods organized in Mazovia. An example of a newly developed tourism product is the culinary trail "Mazowiecka Micha Szlachecka" ("Mazovia Noble Bowl of Food"). The study showed that the surveyed guest farm owners were familiar with the traditional foods. Further research is needed on this issue.

Keywords: culinary tourism, agritourism, Mazovia province.

Introduction

Searching for ideas to extend the tourist season? Culinary tourism seems to be worth considering. Food and beverage related attractions can be offered to tourists throughout the year. Additionally, they are one of the nicest forms because they involve tasting and learning about new flavours. It is also a high added value to the basic product, because it can be combined with learning about places through their culture of food consumption[1].

The heterogeneous definition of culinary tourism was analysed by K. Plebańczyk[2]. According to her foreign-language literature provides the following definitions:

- Gastronomic tourism, where the motivating factor for travel is to reach a place offering a unique and pursuit food, such as a restaurant[3];
- Food tourism, understood as travelling in order to visit food producers, food festivals and fairs, to taste foods and beverages, experience new tastes and purchase products[4];

[1] For more information see: A. Sieczko: Dziedzictwo kulinarne w ofercie gospodarstw agroturystycznych. [in:] Społeczno-ekonomiczne uwarunkowania rozwoju agroturystyki. K. Gutkowska (Ed.). Mazowiecki Ośrodek Doradztwa Rolniczego, Warszawa 2008, pp. 56-65.
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[3] J. Kivela., J.C Crotts: Tourism and Gastronomy: Gastronomy's Influence on How Tourists Experience a Destination. "Journal of Hospitality & Tourism Research" 2006, Vol. 30, No. 3.

- Culinary tourism is then the broadest category. It combines both the abovementioned definitions, plus learning about the local cuisine, its recipes, used tools, participating in the preparation of food and also the experience of the local lifestyle, local traditions, culture and history[5].

In Polish literature the research area related to culinary tourism conceptualizes culinary tourism as part of cultural tourism[6]; rural development[7]; the extension of the range of rural tourism products such as agritourism[8]; culinary tourism based on regional and traditional products[9]; place marketing using the potential of culinary tourism, particularly regional cuisines based on traditional and regional products[10].

The research on culinary tourism undertaken in Poland so far is incomplete. It will be justified to cite the research on trends and culinary tourism in Poland carried out in 2013[11]. The study examined the Poles' interest in traditional Polish products and the impact of culinary attractions and culinary tourism products on purchasing decisions of Polish tourists. The study was conducted on a sample of 1,026 people living in cities over 100 thousand inhabitants. The study revealed that:

- The opportunity to experience regional cuisine during the trip is important for nearly 60% of the respondents;
- Every second Polish tourist (50%) appreciates and enjoys the opportunity to purchase food products and dishes prepared with products from local suppliers;
- Tasting the local cuisine and traditional dishes significantly increases the satisfaction from the trip and visiting a new place is an opportunity to taste local foods for the majority of respondents (78%);
- The respondents were willing to take a roundabout route to dine in a unique place (72%);
- Most of the surveyed tourists (67%) bring home regional food products from their trips.

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Objective and Methodology

Due to the growing interest in culinary tourism among Polish tourists, this publication is an attempt to examine the development of this form of tourism in Mazovia province. In addition, a pilot study covering tourist farm owners was conducted in four districts of East Mazovia i.e.: Węgrowski, Sokołowski, Siedlecki and Łosicki. The aim of this study was to test the knowledge of the owners of tourist farms about culinary tourism.

Currently, tourists seeking information about interesting tourist attractions, accommodation and gastronomic services use the internet as their main source of information. Therefore, this medium was used in the study. After typing the words "guest farms in Mazovia" in a search engine, the first result was the website meteor-turystyka.pl[12]. From this website 27 farm houses were selected in the area of Siedlce, Łosice, Sarnak, Zabuż, Drohiczyn (the Mazovian part) and Sokołów Podlaski, all situated near transport routes. Finally only 12 out of the 27 initially selected owners of farm houses took part in the study. Others were excluded due to one of the following reasons: there was no sign informing that there was a guest farm, there was no one at home when the surveyor arrived or the guest farm no longer existed[13]. The survey was conducted in April 2014.

Status and Prospects of the Development of Culinary Tourism in Mazovia

The Mazovia culinary heritage does not boil down to traditional recipes, but also includes a wealth of local ingredients, which make the products unique. As a predominantly agricultural region, Mazovia province is famous for its fruit and vegetable production, dairy farming and poultry[14]. Culinary tourism both in Poland and Mazovia develops similarly. It began with food and drink festivals, fairs, food markets and other events where one can both taste regional cuisine, traditional and local products, as well as purchase them. The events of this type, which have become a permanent fixture in the Mazovia calendar include: Traditional and Organic Products Fair "Regionalia" (held in April in Marsa Street in Warsaw); Sochaczew Honey Festival, outdoor events in the Museum of Mazovia Village in Sierpc, Gifts of Kiełbińska Land Festival (in Serock), Spring in the Field and Garden (in Siedlce), Autumn Fair: from Farm to Table (in Poświętny) and Queen Bona Gardens (in Czersk)[15]. The events are often accompanied by various food and

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[12] www.meteor-turystyka.pl. Accommodation search engine for guest houses, farm houses, guest rooms, hotels, hostels, houses, holiday resorts, motels, SPAs and other type of accommodation in Poland.

[13] The guest farms were selected for the master dissertation by P. Niziołek: Produkty regionalne, tradycyjne i lokalne jako czynnik wyznaczający atrakcyjność turystyczną Wschodniego Mazowsza. SGGW, Warszawa 2014.

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drink competitions. In Mazovia province there is the Competition for the Marshal Laurel. Its ambition is to find and reward participants producing outstanding, high quality products and cultivating and popularizing the Mazovia culinary tradition. It is addressed to a wide range of food producers. Both big production companies and small food manufacturers including: rural women circles, organic farms and tourist farms as well as individuals who hold relevant certificates or diplomas confirming that they presented their products at trade fairs, exhibitions and other local and regional events[16]. The next step in the development of culinary tourism is delineating culinary trails.

Chart 1. Map of the culinary trail "Mazowiecka Micha Szlachecka" ("Mazovia Noble Bowl of Food")
Source: www.szlak-kulinarny.pl.

At the moment, there is only one tourism product of this kind in East Mazovia[17]. The trail was initiated by three venues situated in this area: the restaurant "Zaścianek Polski" from Siedlce, Retro Skibniew and Dwór Mościbrody. They were later joined by other venues (see map). In this part of Mazovia the two cultures of Mazovia and Podlasie overlap. They have been shaped over centuries, assimilating traditions, influences and elements of the Belarusian, Lithuanian, Tatar and Jewish cuisines. Thus, the potential of this cuisine can be very attractive for tourists. The trail is a product that aims to encourage and inspire visitors to explore East Mazovia. Following the trail, you can enjoy a variety of other activities, including educational initiatives, such as culinary workshops, handicraft workshops, open air painting, photography, etc[18]. Tourists can also

[16] www.arimr.gov.pl, accessed 21 June 2014.
[17] There is also a culinary trail "Smaki Wschodniego Mazowsza" ("Flavours of East Mazovia"), however no information on this trail is accessible via internet so a potential tourist is unable to learn about it.
[18] www.szlak-kulinarny.pl, accessed 21 June 2014.

enjoy the venues associated in the Mazovia Network of Culinary Heritage. There are 58 locations in the network offering traditional foods.

Agritourism is an indispensable part of culinary tourism in Mazovia. The variety of Mazowieckie landscape, rich history and culture as well as the ready agritourism product make it attractive for both weekend trips and longer holiday stays. According to the Central Statistical Office in 2011, the number of guest farms in Mazowieckie voivodship was 360, while according to Mazovia Farm Advisory Centre their number in the studied counties was 59[19]. The President of Mazowiecko-Podlaski Agritourism Association – Waldemar Bielak believes that agritourism potential of East Mazovia is undervalued by tourists. According to him, the guest farm owners serve good and tasty homemade food based on local, often organic ingredients. Moreover, each farm tries to offer unique attractions such as making fruit preserves and pickles for the winter[20]. This culinary potential should be promoted and become a magnet for tourists.

Furthermore, 70 food products from Mazovia region are included in the List of Traditional Products. Most of them (24) in the category "meat products". The cherry Nadwiślanka grown near Lipsk obtained the European registration of Protected Designation of Origin (PDO), Kurpian honey and Grójeckie apples obtained Protected Geographical Indication (PGI)- and the Guaranteed Traditional Specialty was awarded to Mazovia kabanos sausage, Hunter's sausage (Myśliwska) and Juniper sausage (Jałowcowa)[21]- also produced by manufacturers in Mazovia. Many local products and regulations were promoted in subsequent editions of the Mazovia contest "Our Culinary Heritage" carried out by the Polish Chamber of Regional and Local Product in cooperation with local governments, agricultural advisory centres. The "Pearl" statuette was awarded to Finger Stuffed Sausage (Kiełbasa Palcem Napychana) from Węgrów county or Juniper Sausage (Jałowcowa) from Sokołów county.

Culinary Tourism in the Opinion of the Owners of Visitor Farms – a Pilot Study

The pilot study involving owners of visitor farms was conducted in East Mazovia, because as it has been mentioned before, this region has a considerable culinary tourism development potential. The main source of income for half of the respondents was non-agricultural activity, for one third – it was a pension or a disability benefit, and for 2 respondents – farming. Half of the respondents had higher education, one-third – secondary vocational education and the rest-secondary comprehensive education. The age structure of the group was the following: half of the respondents – aged 46-55 years of age, two persons in the

[19] www.agroturystyka.modr.mazowsze.pl, accessed 21 June 2014.
[20] Agroturystyka sposobem na wakacje. „Kronika Mazowiecka" 2013, No. 7-8(125-126), p. 9.
[21] www.minrol.gov.pl, accessed 21 June 2014.

age group 24-35 and two persons aged 56-65 years. The lowest proportion of the respondents belonged to age groups 36-45 (1 person) and over 65 years (1 person).

The respondents were asked to estimate the number of visitors in 2013. Detailed information is presented in Chart 2.

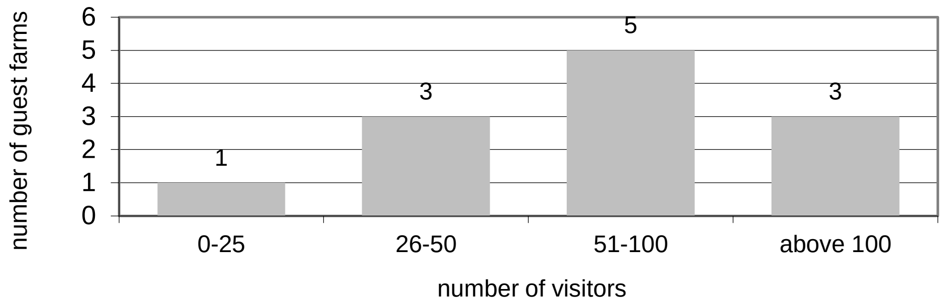

Chart 2. Estimated number of visitors on guest farms according to surveyed farm owners
Source: own research.

Most owners (5 persons) reported that they accommodated from 51 to 100 guests. One-quarter of the surveyed guest farms welcomed from 26 to 50 tourists or more than 100. In only one farm house, in the whole year 2013, there were fewer than 25 visitors.

The respondents were asked if they offer additional attractions for tourists. Only one farm declared that they provide only accommodation. Others offered additional services. Their range is presented in Chart 3.

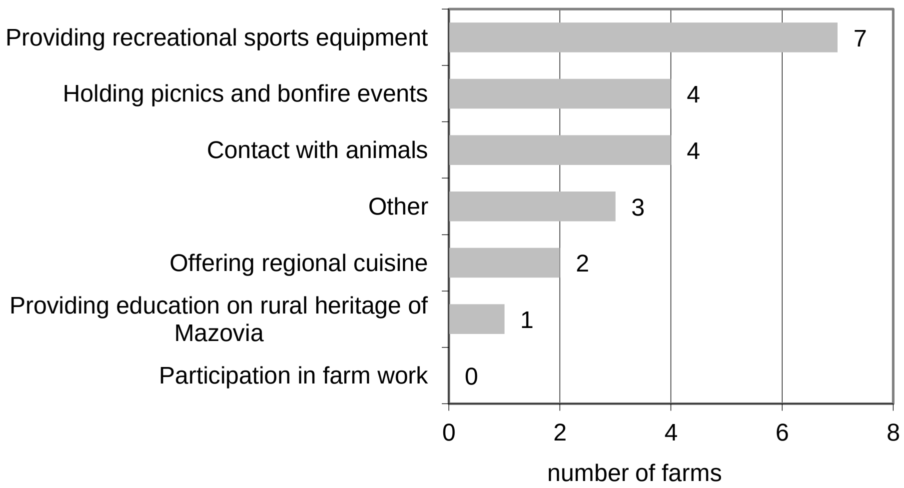

Chart 3. Services offered by guest farm owners. Respondents could give up to three answers
Source: own research.

The most popular service was providing tourists equipment for sport and recreation (7 persons), the second most popular service was contact with animals and organizing picnics and bonfires (4 persons), and the third -"other" (3 persons). In this category the owners listed: kayaking, sightseeing tours and sleigh rides. Offering regional cuisine was pointed to by only two respondents. It should be noted that no owner ticked participation in the farm work.

To encourage the development of culinary tourism, agritourism farm owners must provide home-made food. The gastronomic service was offered by 10 surveyed guest farms but only 4 of them used their own, farm-grown produce. These were vegetables, fruit, milk and eggs.

It should be emphasized that these 10 owners of tourist farms served home-made food products. Their exact range is showed in Chart 4.

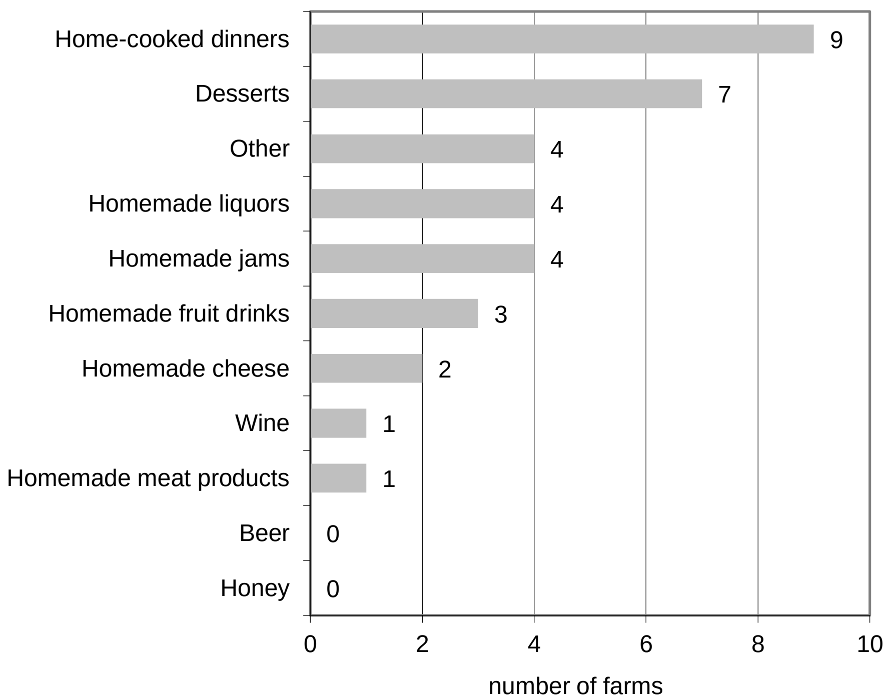

Chart 4. Food products used in feeding guests at the studied guest farms. Respondents could give unlimited answers
Source: own research.

Almost all respondents declared that they serve home-cooked meals (9 persons). Also desserts scored high (7 persons). One-third of the respondents prepare jams, liquors and other homemade products (also 33%). In the “other” category the respondents mentioned products from the List of Traditional Products such as: sójka mazowiecka (Mazovia dumplings), potato cake, dumplings with potatoes "Szlachcice", and the local bread "Blaszak", pyzy, dumplings and pancakes. The surveyed farm owners did not use their own honey or home-brewed beer. Notably, in traditional Polish cuisine beer was the basic thirst-quenching drink, (people drank beer – slightly fermented drink, because they feared to drink water). Also a variety of dishes were prepared with beer as the basic ingredient e.g. a beer soup served for breakfast[22].

The development of culinary tourism is also possible, when the owners of tourist farms or other eating places purchase products from local producers operating in local markets. This question only allowed two possible answers "yes" – we purchase products from local producers or "no". For details see Chart 5.

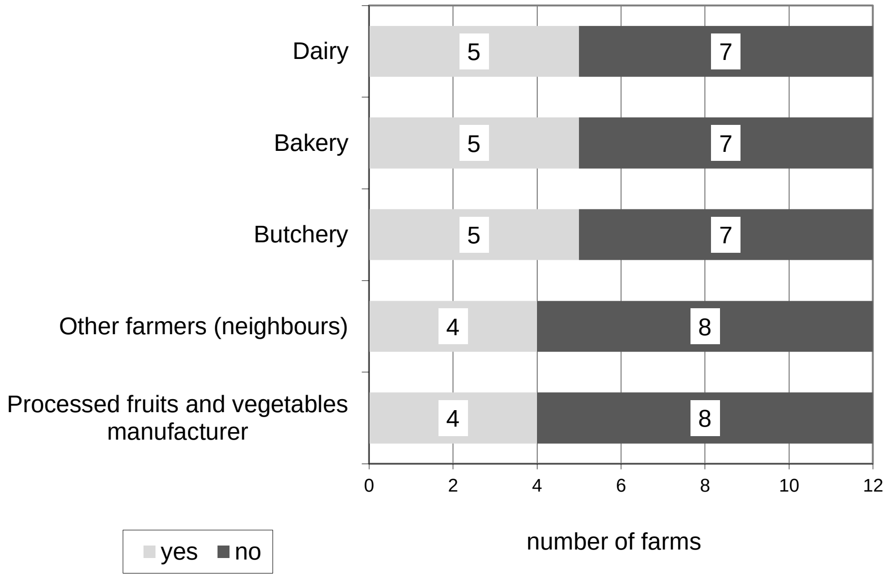

Chart 5. Local producers supplying food products to studied guest farms.
Source: own research.

Unfortunately, most of the respondents ticked the answer "no". If the answer was "yes", the surveyed farm owners most frequently bought local meat products, bread and dairy products.

When asked whether they have ever come across the term "culinary tourism", two-thirds of the farm owners responded positively. Therefore it is not surprising that the respondents knew the products included in the List of Traditional Products.

[22] For more information see: K. Bockenheim: Przy polskim stole. Wydawnictwo Dolnośląskie, Wrocław 2004, p. 172.

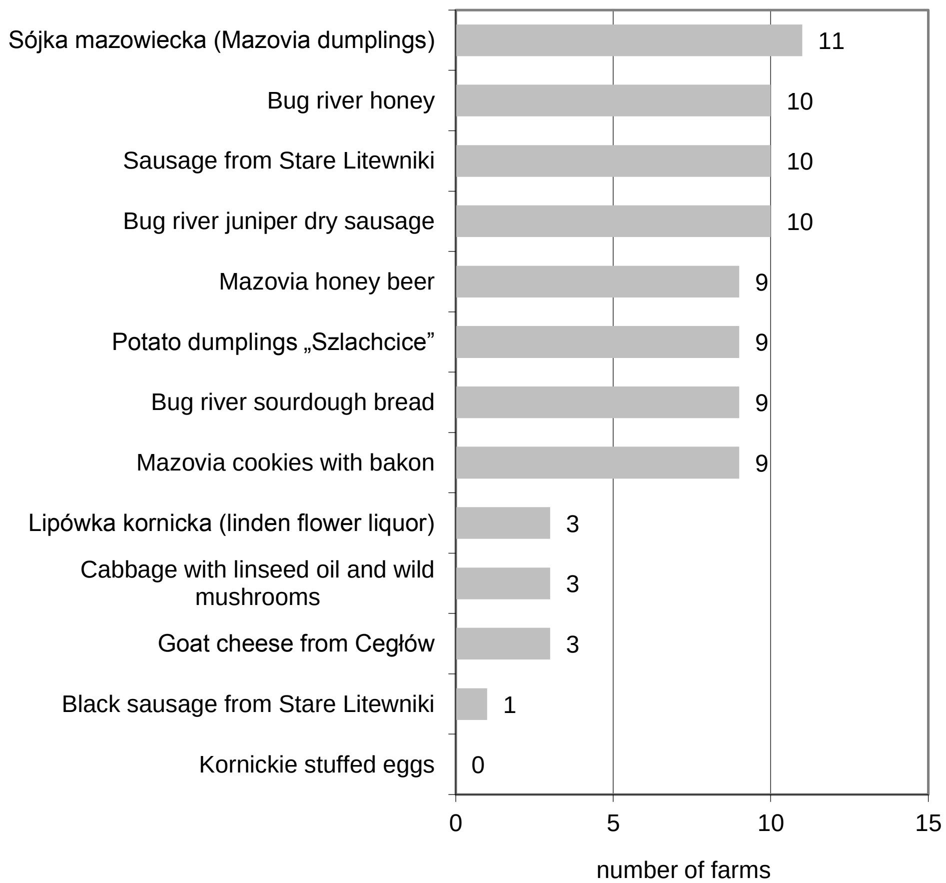

Chart 6. Recognition of products from the List of Traditional Products originating in East Mazovia among the surveyed owners of guest farms. Respondents could give unlimited number of answers
Source: own research

The most recognizable product turned out to be sójka mazowiecka (Mazovia dumplings) (11 people) followed by Bug river juniper sausage, dry sausage from Stare Litewniki and Bug river honey. Three out of four people identified as well: Mazovia cakes with bacon, Bug river sourdough country bread, dumplings with potatoes "Szlachcice” and Mazovia honey beer. Only Kornickie stuffed eggs were not recognized.

According to the farmhouse owners half of the visitors did not ask about the products included in the List of Traditional Products. The second half of the visitors asked most frequently about sójka mazowiecka (Mazovia dumplings) and dumplings with potatoes “Szlachcice”. One-third of the surveyed farm owners knew about the culinary trail “Mazovia Noble Bowl of Food”, and half of them heard of Mazovia Network of Culinary Heritage. Unfortunately, none of the surveyed visitor farms belonged to that network. When asked whether the respondents conserve in any way the regional tradition in their farm house more than half answered “no”. Two farms had regional tableware and decor, one used regional food names and one had embroidered tablecloths typical of the region.

Conclusions

The culinary potential of East Mazovia is undeniable. The two overlapping cultures of Mazovia and Podlasie regions and influences of Belarusian, Lithuanian, Tatar and Jewish cuisines resulted in the formation of a unique culinary heritage that could be the foundation of culinary tourism. Especially as a growing number of tourists seek culinary experiences. The possibility of tasting and learning about regional cuisine during the trip is important for nearly 60% of Poles and food and drink experiences significantly increase the satisfaction from the visit. Therefore the initiatives to attract this kind of tourism also in Mazovia region are not surprising. This region can be proud of not only different kinds of events where you can taste and buy local products. There is also the Competition for the Marshal Laurel promoting both food producers and various organizations whose members prepare regional and local dishes. But most of all, the first culinary trail “Mazowiecka Micha Szlachecka” (“Mazovia Noble Bowl of Food”) was delineated enabling the approach to this kind of tourism through a finished tourist product.

The surveyed owners of visitor farms located in East Mazovia were familiar with the concept of culinary tourism. They also knew the traditional products originating in their area and included in the List of Traditional Products. However they did not understand the idea of culinary tourism. Their guest farms did not draw from the regional traditions in terms of the interior design, dialect or appropriate naming dishes. They also hardly ever purchased food products from local producers. Further research should explain the reasons for this state of affairs. Is ignorance the reason, lack of understanding that local products create the unique character of the regional cuisine, and thus encourage culinary tourism? Or perhaps the reason is the lack of local producers? Another disturbing fact is that guest farm owners show very little interest in purchasing food products from their neighbours and serving meals cooked from products from their own farm. In order to encourage culinary tourism in the studied area these problems should be addressed as quickly as possible.

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