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CONTENT

Shpresim Domi,
Department of Rural Tourism Management, Agricultural University of Tirana,
Tirana, Albania,
https://orcid.org/0000-0001-6350-8483

Giovanni Belletti,
Department of Economics and Management, University of Florence, Florence, Italy,
https://orcid.org/0000-0002-0347-4274

Gentjan Çera,
Faculty of Economics and Agribusiness, Agricultural University of Tirana, Tirana, Albania,
https://orcid.org/0000-0002-9324-181X

FACTORS AFFECTING AGRITOURISM PERFORMANCE

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Abstract

The purpose of this paper isto examine the role of agritourism size, food and beverage service offered and agriprenuer's characteristics on agritourism performance. Quantitative data from an online survey conducted on 292 agritourism, are considered. To test the proposed hypotheses an ordinal regression with two link functions was applied. Results indicate that those agritourism that offer food and beverage services perform better in terms of gross income. The size of agritourism is positively associated with its performance. Regarding the agripreuner characteristics, while gender has a significant influence on performance, by contrast, education and age are not significant. This paper practically contributes by guiding agripreuners on their daily management decisions, and furthermore, to those who aim to invest in agritourism.

Keywords: Agritourism, agripreuner, performance, ordinal regression.

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Introduction

Although agritourism is considered a strategy that foster rural development (Capelleras et al., 2022; Lupi et al., 2017; Flanigan et al., 2015; Barbieri and Mshenga, 2008; Saxena et al., 2007; Slee et al., 1997), only a few studies have examined factors that foster its successful development (Barbieri and Mshenga, 2008; Barbieri, 2010; Lupi et al., 2017). Indeed, still it is not well understood which of the factors lead to improved agritourism performance (Hollas et al., 2021).

Literature has been arguing about the size (e.g., land surface) (Barbieri and Mshenga, 2008; McElwee, 2006; de Wolf et al., 2007; Khanal and Mishra, 2014) and food services activities (Giaccio et al., 2018) as significant drivers to the performance. The larger a farm (e.g., land surface), the better it is assumed to perform in terms of revenues due to their great possibilities to have a wider range of products (Barbieri and Mshenga, 2008). In addition, due to their higher investment capabilities, larger farms may benefit from economies of scale (McElwee; 2006; de Wolf et al., 2007).

Lupi et al. (20017) stated that in Italy, food services and food tasting is the second most important service offered by agritourism farms. However, existing literature is scarce about empirically examining the effects of food and beverage services on agritourism performance (see e.g., Giaccio et al, 2018), and this study attempts to create a better understanding of this relationship.

Agripreneurs ' characteristics are argued as predictors of agritourism performance (see e.g., Nakana and Mkhabela, 2011; Barbieri and Mshenga, 2008; Hung et al., 2016; Giaccio et al., 2018; Khan et al., 2019). While there are several Agripreneurs' characteristics within our conceptual

model, age, type of education and gender are considered as the operationalization of the agripreneurs' characteristics. However, several scholars have found controversial results regarding the relationship between agripreneurs' characteristics (i.e., education, age, gender) and agritourism performance (see e.g., Nakana and Mkhabela, 2011; Barbieri and Mshenga, 2008; Hung et al., 2016; Giaccio et al., 2018). Consequently, this study aims to further contribute to clarify these controversial results. In addition, differently to the previous studies, which have examined the effects of level of education on agritourism performance, this study is innovative by addressing the effects of the type of education (Barbieri and Mshenga, 2008).

In sum, there is a scant of researchers investigating the effects of agripreuner and agritourism characteristics on its performance (see e.g., Barbieri and Mshenga, 2008; Çera et al., 2020; Nakana and Mkhabela, 2011; Hung et al., 2016; Giaccio et al., 2018). The analytical results of these few studies are inconclusive (Hung et al., 2016). Additionally, due to that agritourism in Europe and especially in Italy, represents a unique form of rural tourism development in the international scene (Santucci, 2013), and a significant growth strategy in the context of structural change in agriculture (Esposti, 2012), investigating the most important drivers of the agritourism success, is indisputable.

Finally, this study attempts to create a more comprehensive understanding about influences of agripreuner and agritourism characteristics on its performance, in the case of Tuscany, Italy.

Literature Review

Agritourism is definitely considered a significant strategy for rural development (Lupi et al., 2017; Flanigan et al., 2015; Barbieri and Mshenga, 2008; Saxena et al., 2007; Slee et al., 1997). Due to its significance on these crucial issues related to rural development, it is intriguing to elaborate the drivers that mostly boost agritourism income (Lupi et al., 2017).

Owner/manager characteristics and performance

Generally speaking, agripreneurs' characteristics are strongly argued as predictors of the agritourism performance. While there are several Agripreneurs' characteristics within our conceptual model, age, type of education and gender are considered. In addition, while other studies were focused on the level of education, this study elaborates the effects of this type of education on agritourism performance (Barbieri and Mshenga, 2008).

Several scholars have found controversial results regarding the relationship between Agripreneurs' characteristics and agritourism performance relationship. While Nakana and Mkhabela (2011) found that gender and age were significantly associated with performance, on the other side, Hung et al. (2016) and Giaccio et al. (2018) had contrary conclusions. Hung et al. (2016) found a significant link between education and agritourism performance. In contrast to this, Barbieri and Mshenga (2008) and Giaccio et al. (2018) did not find any significant link on this relationship. Previous studies have shown controversial results regarding the gender role on agritourism performance. Thus, while Brandth and Haugen (2010), and Cánoves et al. (2004) found no change in women's position to significant improvements on agritourism performance, on the other side, Barbieri and Mshenga (2008) concluded that agritourism farms managed by man perform better than those operated by women.

In sum, previous controversial results about these relationships, and furthermore, scant of research about the role of education type, leads this study to the following hypothesis:

H1: Agripreuners' (A) gender (B) type of education (C) and age have positive effects on agritourism gross income.

Agritourism characteristics and performance

The size of the farm is considered another internal factor that plays a role on the agritourism performance. In this vein, Barbieri and Mshenga (2008) found that larger farms, in terms of acreage and number of employees, are more viable economically. In contrast to these studies, Khanal and Mishra (2014) found that small agritourism performed better than larger farms in terms of income.

Agritourism is a good channel where tourists can experience local food and beverages. Agritourism farms represents one of the main commercial channels of such food and beverages (Belletti and Marescotti, 2007), enhance the number of visitors at the farm (Wilson et al., 2001), and consequently, can directly influence the economic benefits of agritourism (Barbieri et al., 2008; Giaccio et al., 2018; Giaccio et al, 2016). Domi and Belletti (2022) found significant positive effects on this relationship. Through offering food and beverage services (i.e., restaurants, degustation rooms, teaching about cooking etc.), it is assumed to attract more customers, contacting direct with them, reduce the market risk, transactions costs, and consequently, enhance agritourism performance. Lupi et al. (2017) stated that in Italy, food and beverage services is the second most important service offered.

Literature has only begun to scratch the surface regarding the effects of food services on agritourism performance (see e.g., Giaccio et al, 2018) which in turn prompted us to further investigate it. For example, one of the few studies on this behalf is that of Giaccio et al. (2018) who found a significant positive relationship on this relationship. To the best of our knowledge, literature has only begun to scratch the surface regarding the effects of food and beverage services on agritourism performance (Giaccio et al, 2016) which in turn prompted us to further investigate it.

As a result, the above discussion leads us to the following hypotheses:

H2: The larger is an agritourism in terms of land surface, the more will increase its annually gross income

H3: Offering food and beverage services will positively influence the agritourism gross income.

Methodology

Sample and data collection

To empirically investigate the proposed hypothesis, we considered the case of Tuscany. Tuscany is a well-known region in Italy and internationally about the level of agritourism development. This widespread phenomenon in Tuscany is due to the richness in local resources such as a beautiful landscape, high quality food products, historical centers spread out in the countryside etc. To this, the target group of the study were agritourism farms in Tuscany.

The data collection process was organized into three main stages. First, a database with a list of 4,622 agritourism farms was retrieved from the regional government of Tuscany. Second, in order to address objectives of the study, a structured questionnaire was compiled via adaptation of items from previous studies related to the agritourism and farm enterprise diversification (Tew and Barbieri, 2012; Barbieri and Mahoney, 2009; Barbieri and Mshenga, 2008). The questionnaire, designed in Google form platform, included 23 questions gathering information in the following areas: (1) agripreuner profile; (2) characteristics of agritourism farms; (3) agritourism location; (4) economic performance in terms of subjective and objective measure. By using an online survey an email with the link of the questionnaire was sent to the 4,622 agritourism. The final response rate raised to 6.3% of the population, thus, reaching a sample of 292 responses. The usual response rate using e-mail survey is roughly 7–19% (see e.g. Domi et al., 2020; Capelleras et al., 2021; Domi and Domi, 2021).

This study has exploited triangulation of research methods on data gathering, by first using quantitative methods and then, in order to reinforce the results obtained from this method, we used qualitative methods. To this, qualitative data, through an unstructured questionnaire, are gathered at 8 agritourism farms, part of the target group, which are randomly selected. Questions of this unstructured questionnaire were based on the need for information to follow up the results of the quantitative data analysis.

Variables and measures

The conceptual model is designed based on objective measures. The dependent construct performance is operationalized in economic terms. We referred to the Pfeffer and Salancik (1978: 11, 34) study who defined performance as the "firm's ability to create acceptable outcomes and actions." As a result, performance was operationalized in terms of annual gross income (1=Up to

€25,000; 2=€25,000–€74,999; 3=€75,000–€149,000; 4=€150,000 – €199,999; and 5 = Over €200,000). Independent variables are those related to the characteristics of agripreuner and agritourism entities. Agripreuners' characteristics are specified by considering their age (i.e., 1=Up to 40 years old, 2=41–64 years old, and 3=Over 65 years old), gender (0=Male, 1=Female) and type of education (1=Agriculture, 2=Tourism, 3=Trade, 4=Industry). Agritourism characteristics are operationalized in terms of the land surface, and offering food and beverage services (0=No, 1=Yes).

One control variable about the agritourism location in the coastal areas was included in the analysis, as it might influence agritourism performance (i.e., 0=No, 1=Yes).

Method

Ordinal regression methodology is applied with the aim to investigate the influence of size, food and beverage services and agripreuner's characteristics (gender, age, and education) on agritourism performance. There are five types of ordinal regression (Harrell, 2015). Since the lower category is more probable (see Table 1), then the negative log-log link function was used in this study. It predicts the probability of a certain category of the dependent variable (ξ) occurring based on the independent variables (Xi). The other types of link functions can be found in two recent studies (Çera et al, 2019; Çera et al, 2021).

All the data analysis is executed in SPSS version 23. The algorithm of the ordinal regression in SPSS enables it to perform a bootstrapping procedure (1,000 resamples).

Results

Hypothesis testing

An ordinal regression is performed to assess the prediction of the outcome level (performance measured using gross income). After checking for missing values, data of 267 firms were suitable to analysis. Since the distribution of the dependent variable reflects a negative trend (Figure 1), a negative log-log link function of ordinal regression is performed. Table 1 summarizes the results of the employed ordinal regression. It was found that while gender as compared to females, males agripreuner lead to higher gross income ($W = 5.015$, $p < 0.01$). Hence, gender does matter for performance of the farmers in the context of agritourism. This result supports H1A. The data showed that neither education, nor age of the agripreuner are significant for the prediction of farm performance, consequently, the H1B and H1C were rejected.

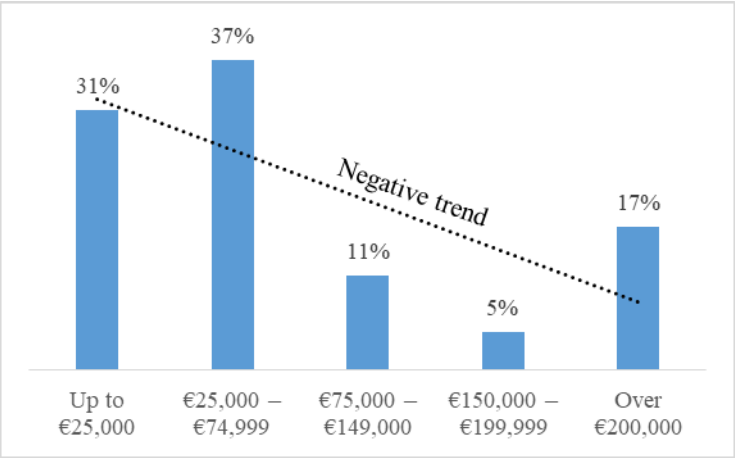

Figure 1. The dependent variable's distribution of the categories and their trend

Regarding the effect of farm size on its performance, the regression reveals a non-significant relationship ($W = 2.505$, $p > 0.10$). Nevertheless, the 95% confidence interval bounds (-4.3E-05; 0.0004) suggest running an in-depth analysis, which can be a bootstrapping procedure applied to the same regression. Such analysis is performed as a follow-up analysis to better understand the role of farm size in its performance.

Concerning the effect of offering food and beverage services on farm performance, the analysis has demonstrated a positive association (W = 15.48, p < 0.001). Hence, offering food service within the farm environment can lead to higher performance in terms of gross income. This result leads to the support of H3.

Table 1. Results of the ordinal regression

		Estimate	Wald	Sig.	95% Confidence Interval	
					Lower	Upper
Threshold	[Gross Income = 1]	-.0860	.0466	.829	-.866	.694
	[Gross Income = 2]	1.075	7.004	.008	.279	1.871
	[Gross Income = 3]	1.585	14.67	.000	.774	2.397
	[Gross Income = 4]	1.853	19.51	.000	1.031	2.676
Location	Coastal Areas	-.2029	1.157	.282	-.573	.167
	Gender	-.3420	5.015	.025	-.641	-.043
	Food Services	.6210	15.48	.000	.312	.930
	Farm Surface	.0002	2.505	.113	-4.3E-05	.0004
	[Education = Agriculture]	.0082	.0005	.982	-.704	.721
	[Education = Tourism]	-.1971	.2470	.619	-.974	.580
	[Education = Trade]	.1343	.0980	.754	-.706	.975
	[Education = Industry]	0[a]				
	[Age = Up to 40 years old]	.2034	.6675	.414	-.285	.691
	[Age = 41 – 64 years old]	.1348	.4600	.498	-.255	.524
	[Age = Over 65 years old]	0[a]				

Note: a. This parameter is set to zero because it is redundant.

To have more robust results, a bootstrapping procedure is applied in the same ordinal regression. This procedure confirms the same results obtained from the ordinal regression summarized in Table 3, regarding H1A, H1B, H1C and H3. The bootstrapping procedure enables us to better understand the role of farm size in its performance. This advanced analysis demonstrates that farm performance is positively influenced by farm size (farm surface) (W =.0002, p <0.05, CI =7.6E-05; 0.0043), showing enough evidence in support of H2.

In Table 2, some key statistics of the model fitness are reported. The results indicate the overall model was statistically significant, $\chi^2(9, n = 267) = 25.45$, $p < .01$. In addition, there was a good model fit (discrimination among categories/levels) based on our used covariates, $\chi^2(975, n = 267) = 997.96$, $p > .10$, using a person criterion.

Table 2. Model fitness

Criteria	Statistics			
	-2 LL	Chi-square	df	Sig.
Model fitting	712.24	25.45	9	.003
Goodness-of-fit	Pearson	997.96	975	.298
Test of parallel lines	680.24	31.97	27	.233
Type of R-square		Pseudo R-square		
Cox & Snell		.091		
Nagelkerke		.097		
McFadden		.034		

Discussions

This study attempts to create a better understanding of the relationship between some of the agripreuner and agritourism characteristics with its performance measured in terms of the annual gross income.

The study reveals a statistically significant impact of agripreuner gender on the gross income. Hence, gender does matter for the performance of the agritourism. More specifically, it was found

that compared to females, males agripreuner lead to higher gross income. This result is in line with Hollas et al. (2021), Savage et al. (2018), Barbieri et al. (2019), Barbieri and Mshenga (2008) and in contrast with Brandth and Haugen (2010), and Cánoves et al. (2004).

Contrary to the gender, it was found that agripreuner age does not influence agritourism gross income. This result was in line with previous studies wherein performance was measured in terms of profitability (Khanal et al. 2020; Lucha et al., 2016).

While Barbieri and Mshenga (2008) found that education level was not significantly associated with the amount of the gross income earned, Hung et al. (2016) concluded that there is a significant positive association with revenue. Differently to these previous studies, the education variable was measured considering the type of education. However, as in the case of the age variable, our data did not indicate any significant relationship between the type of previous education of the agripreuner and the gross income of agritourism.

It was found a strong and significant correlation between agritourism performance and offering food and beverage services. This is in contrast with Schilling et al. (2014) who concluded that small scale agritourism experiences more profits. To this, those agritourism that offer food and beverage services (restaurant, farm-gate selling products, degustation etc.) will perform better in terms of annual gross income.

Continuing to examine the role of the agritourism characteristics, it was also found that agritourism size measured in terms of the land surface is statistically significant. This is in contrast with the study of Hollas et al. (2021) who concluded that farm size does not matter for agritourism profitability. However, this is in line with Barbieri and Mshenga (2008), Lucha et al (2016) and Hung et al. (2016) where it was found that agritourism operations with a larger acreage, are more profitable. Our analysis uncovered a significant, but relatively weak, positive relationship. Thus, the more land surface an agritourism farm, the higher gross income will have.

Conclusions

This paper contributes in terms of theory and practice. Firstly, this paper provides a more comprehensive understanding about the role of agripreuner and agritourism characteristics on its performance measured in terms of annual gross income. This is due to there was scant research on this domain, and furthermore, the analytical results of those few studies were inconclusive. Secondly, this paper practically contributes to guide practitioners as they make management decisions about agritourism destination development and investment. Thirdly, due to the importance of agritourism as a strategy for rural development, and more specifically, in the case of Tuscany, this study has also policy implications.

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Drita Luzo (Kllapi),
Doc. Dr., Economic Faculty, "Eqrem Çabej" University,
Gjirokastër, Albania,
https://orcid.org/0000-0003-2425-8332

THE ROLE OF THE BANKING SYSTEM IN MARKET RISK MANAGEMENT

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Abstract

During their activity, commercial banks are constantly faced with different types and groups of risks, some of which accompany banks throughout their lives and some others appear temporarily, only in certain moments and circumstances. For a bank, high risk exposure often means a greater chance of losing money. The history of the banking system is replete with cases where banks, even if financially strong, have found themselves in the face of difficulties and have even risked bankruptcy due to poor risk management.

Today, in the conditions of an increasingly competitive environment, the problem of risk management is considered of vital importance for every bank. This paper focuses precisely on market risk management. It describes the main methods used by banks to analyze this risk, policies and strategies that design them for a more effective management of the main problems that arise to them during this process. The paper is treated in two planes: first in a general theoretical plan, which describes how banks operate in the world and second in a somewhat more concrete plan, regarding the policies, methods and rules followed by banks operating in our country..

Keywords: banking system, market risk, management, analyse.

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Introduction

By market risk we mean the risk of losing a position in the off-balance sheet as a result of price changes in the financial market. Unlike the usual credit risk, the risk faced by banks does not result from the non-appearance of the issuer or seller of the financial instrument. It belongs to the category of speculative risk, where price fluctuations can result in losses or gains. This risk appears not only due to market changes, but also due to actions taken by traders, who can accept or avoid these risks. The bank's growing exposure to market risk has come as a result of the change in the trend of this business, from the traditional function of intermediation, to trading and investing in financial products. These provide a greater potential for capital gain, but expose the bank to a higher risk.

Market risk results from changes in:

a) the price of the instruments'value

b) the price of amenities,

c) income derived from the instruments (interest rate)

d) price (exchange rate) of currencies.

Therefore, the main components of this risk are:

1. value risk
2. the risk of amenities
3. interest rate risk
4. currency risk.

Each component of risk includes a general aspect of risk and a specific aspect of risk, which begins in the specific structure of a bank's portfolio.

Market risk accompanies not only standard instruments, but in particular derivative instruments (derivatives) such as options, value derivatives, currency derivatives, interest rate derivatives, etc

The price volatility of many assets held in the tradable and investment portfolio is often very significant. It also exists in mature markets, however it is much higher in emerging or liquid markets. The presence of large institutional investors, such as pension funds, insurance companies or investment funds, has also had a major impact on market structure and market risk. Institutional investors regulate their large investments and trading portfolio by trading at a high rate: in rising price markets, high buying tends to push prices up, on the contrary, downward markets become more fluctuating when large packages of financial instruments are sold by these institutional investors. Eventually, this leads to an expansion of the amplitude of the price change and consequently to an increase in market risk.

Literature Review

Market risk is the risk of loss that arises as a result of opposite developments in market price fluctuations, which may appear in interest rates, foreign exchange markets, stocks and commodities. It is caused as a result of commercial activities and management of the bank's Assets / Liabilities. Furthermore, market risk may arise from other positions taken by the bank, such as in the trading portfolio.

By its very nature, market risk requires a great deal of attention during management, as well as performing appropriate analyzes. A prudent manager should be fully aware of how closely related a bank's market risk exposure is to its equity. Aware of the growing exposure of this exposure and of benefiting from disciplines that normally impose capital requirements, in January 1996 the Basel Committee amended the 1988 Capital Agreement by imposing specific capital additions to market risk. These capital risk standards for the market were implemented by the G 10 countries at the end of 1997.

Methods

At the bank, the organization of the investment, trading and risk management function should follow a more or less standardized form. Necessary projections and quantitative and qualitative analyzes of the economy, including all economic sectors of interest to a bank, and the money and capital markets, are carried out internally by economists and financial analysts and externally by market experts and industry. This information is communicated to the bank through the reports and brochures of analysts, who are responsible for government securities or for a group of securities in one or more sectors of the economy. If a bank has a large trading or investment portfolio, then traders / analysts of these securities groups can report to a portfolio manager who is responsible for certain types of securities. Operational responsibility for managing a bank's trading and investment portfolio rests primarily with the investment committee or treasury group.

Results

Market risk management policies should reflect in particular the bank's objectives as well as related policy directives, designed to protect capital from the negative impact of adverse market price movements. Policy lines must be drafted within the limits set by the applicable legal and political framework. While market risk policies may vary from bank to bank, some types of policies are present in all banks. These include:

Market valuation

This refers to the valuation of a bank's portfolio to reflect changes in asset prices, which have come as a result of fluctuations in market prices. This policy allows assets to be revalued at their current market price (accounting policies may require that these assets be presented at a lower cost or at market value). The volume and nature of the activities in which a bank engages generally determine the density of the revaluation process. For a bank, it is considered appropriate to evaluate and revaluate positions related to its investment portfolio, at least on a monthly basis. Whereas, regarding the activities of the tradable portfolio, since they are sold and bought on a continuous basis, it is necessary for the bank to evaluate the market at least once a day. The reports prepared

during this process should be sent for review to the bank's senior managers, who are responsible for the bank's investments.

For assets / liabilities and risk management

Other issues that need to be included in the market valuation policy are valuation responsibility and the methods used by the bank to determine the new market price for an asset. Some jurisdictions have sanctioned in more detail legal arrangements that specifically cover the process of valuing a bank's assets by market. The Bank should consistently obtain the latest price and use this information from external sources when revaluing its investment portfolio assets.

Position limits

A market risk management policy should set limits on long-term, short-term and net position, taking into account the liquidity risk that may arise from the execution of outstanding transactions such as open contracts or buy and sell commitments. securities (for example, option contracts or repurchase agreements). Long position means the position in the purchase of a security, while the short position (Short), means the position in its sale. The difference between a long and a short position in a certain title, constitutes the net position of this title. The net position can be in buying (when long position> short position), it can be for sale (long position <short position) or zero (long position = short position).

Banks, especially those with a large investment and / or trading portfolio, often set limits on the positions held by securities dealers / traders operating on the stock exchange on behalf of the bank. The establishment of these boundaries is related to various factors, including the specific organization of investment and trading functions and the level of technical skills of "traders" and "dealers". The level of sophistication and quality of analytical support provided to dealers can often play as important a role as the specific characteristics of a bank's tradable and investment portfolio. Or the level and quality of its capital. This indicates the limits of its control.

Provisions for loss prevention

Market risk management policy should also include taking measures to prevent losses from various positions in securities. These measures relate to predetermined limits of exposure to loss. These limits should be set in accordance with the capital structure of a bank and its profit trend, as well as in accordance with the overall risk profile. When losses in bank positions reach unacceptable levels, ie exceed the set limits, these positions should be closed automatically or consultations with risk managers and the assets / liabilities committee should be initiated to review or confirm the loss prevention strategy.

Concentration

It involves holding a large number of securities of a single issuer or affiliated group of issuers, or holding securities in the same market, region or economic sector. Concentration increases price risk directly or because of the higher transaction cost (transaction cost increases when the amount of securities to be bought or sold, at a given point in time, is so large that it affects the price market equilibrium). A bank's investment and trading policies should normally set boundaries regarding different concentrations. Counterparty boundaries are also included in this category, which are often set to avoid overexposure to market participants. A prudent bank should have these limits in the piazza, in case the process of placing them in the respective place takes time or is of a risky nature. If a bank decides to adopt a liberal concentration policy, it should be regularly monitored and reviewed by a relatively high level of management.

Limits to new market presence.

New financial products or as they are otherwise called new market presence, provide profits that are much higher than those of standard instruments. In a highly competitive market environment, these products put pressure on competitors to enter new businesses in order to gain more or not lose a market advantage. However, these new products involve a special risk

undertaking, which means that a bank is willing to invest or trade in a new instrument even though its return and variance have not yet been tested in the market, or suitable market may not yet exist.

A bank should have risk management policies that describe its presence in emerging markets. Limits associated with new market presence need to be reviewed and adjusted from time to time. Since the rapid spread that initially occurs in new market segments attracts competitors, these markets can rise rapidly. Increasing the use of a new instrument also helps to increase the breadth and depth of secondary markets, as well as increasing their liquidity. Once a market stabilizes and has sufficient liquidity, the bank must restore it to applicable levels in mature markets.

Conclusion

The tendency of banks to extend their activity beyond the traditional financial intermediation activity has increased worldwide. More and more they are emerging as active participants in the financial markets through investing and trading in securities. Such an activity, properly managed, provides the bank with large profits, but at the same time exposes it to the so-called market risk.

- Market risk is the risk of losing positions in the off-balance sheet of a bank, as a result of unfavorable price fluctuations in the financial market. It is present whenever there are changes in: the price of financial instruments, interest rates, exchange rates and the price of "amenities". It follows that its main components are: 1. Securities price risk, 2. Interest rate risk, 3. Currency risk and 4. Commodity risk.
- It is important for the bank to properly analyze, measure, and manage this risk, in order to take advantage of favorable market price fluctuations and minimize its exposure to losses.
- The senior management levels of the bank should engage in the design of appropriate policies to achieve the most effective management of market risk. These policies are designed in line with the main objectives of the bank and are a reflection of its attitude towards risk in general. Although each bank may have its own specifics regarding market risk management, there are some moments that constitute the skeleton of an effective management and that is felt by almost all banks. These are: market valuation, positioning margins, loss prevention provisions, concentration, margins on new products in the market and credit risk assessment.
- In the context of market risk management, it is important for banks to pay due attention to the selection and management of their tradable and investment portfolio. In many countries the composition and size of the portfolio is subject to legal regulation, but within these general limits each bank can set its own specific limits.
- In our country, market risk management is even more in theoretical terms and few banks pay due attention. This is because, at the moment, the activity of investing and trading in securities still does not occupy a very important place in the life of Albanian banks. The lack of a secondary market in the country makes their tradable portfolio very limited (Treasury Bills and Repo with the Bank of Albania) while the investment portfolio is poor.
- The bank's capital can be considered as a protection zone against losses related to market risk. Its calculation should be subject to legal regulations. Banks in our country determine the Request for Regulatory Capital for market risk coverage, based on the Regulation of the Bank of Albania.

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Roland I. Robinson, ”Banking funds management”
Robert A. Schartz ” Capital markets, trading and performance”
Stephen A. Ross,”Institucional markets and financial innovation”

Shpresim Domi,
Department of Rural Tourism Management, Agricultural University of Tirana,
Tirana, Albania,
https://orcid.org/0000-0001-6350-8483

Giovanni Belletti,
Department of Economics and Management, University of Florence, Florence, Italy,
https://orcid.org/0000-0002-0347-4274

Ilir Kapaj,
Faculty of Economics and Agribusiness, Agricultural University of Tirana, Tirana, Albania,
https://orcid.org/0000-0003-0349-044X

THE ROLE OF LOCATION ON AGRITOURISM SUCCESS; APPLYING HIERARCHICAL REGRESSION MODEL

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Abstract

This study investigates the effect of location on agritourism performance, focusing on the Tuscany region, Italy. Data were driven from a survey conducted to 292 Tuscany agritourism farms, together with qualitative information gathered from 8 personal interviews. Hierarchical multiple regression model was employed to analyse the data. Results indicate that location typology matters in agripreuners' decision where to start an agritourism enterprise. Results suggests opportunity for designing the support policy and framework for agritourism development in Tuscany region.

Keywords: Agritourism, agripreuner, performance, Italy.

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Introduction

Due to that agritourism in Europe and especially in Italy, represents a unique form of rural tourism development in the international scene (Santucci, 2013), and a significant growth strategy in the context of structural change in agriculture (Esposti, 2012), investigating the most important drivers of the agritourism success, is indisputable. However, firm's performance is a complex, multidimensional and dynamic phenomenon (Moultrie et al., 2006), and empirically investigating the factors that affect it, it is challenging (Domi and Capelleras, 2016). Scholars argues that combinations of business' features are more likely to explain the performance (Newbert, 2008) rather than examination of direct link between each and performance (e.g. Jogaratnam, 2017; Lonial and Carter, 2015).

While this paper focuses on the role of agritourism location and type of service offered on performance, there are several reasons to justify these relationships. First, recent studies have examined the location as factor that influence the agripreuner's decision to start an agritourism enterprise (Honey et al., 2019; Lupi et al. 2017; Lucha et al, 2014; McGehee and Kim, 2004), and consumers' decision to visit the agritourism farms (Barbieri and Mshenga, 2008; Che et al. 2005; McGehee 2007; Honey et al., 2019). This is due to that massive fluctuations of visitors at those close located attractions it is assumed to increase the number of visitors at the agritourism farms, and consequently, their performance in terms of profitability. Second, this study it informs the debate about the links between agritourism location and their performance in the context of the case of Tuscany region, Italy. To this, due to its worldwide reputation of Tuscany region (e.g., Florence, Siena etc.), as cultural destination (Giaccio et al., 2018), and a significant growth visitors for this purpose (Van der Borg, 1996), it is intriguing to consider if the proximate location of agritourism to these art cities, will increase the number of visitors at the farm, and consequently, its performance.

However, while the effects of location on agritourism performance are examined, there are still some inconsistencies about this relationship (Giaccio et al., 2018; Grande et al., 2011; Barbieri and Mshenga, 2008). This study investigates a more inclusive operationalization of the agritourism's location, by considering the proximity to one or more attractions (i.e., natural resources, coastal area, art city) and location typology (i.e., being disadvantaged or advantaged areas, and being close to one or more attractions etc.), as a potential source of visitors' fluctuations into the farm. This study tends to further contribute on this behalf.

In sum, the purpose of this research, therefore, was to investigate effects of location on agritourism performance. To achieve this purpose, two main objectives are developed to (1) examine the effects of agritourism's location approximate to one or more natural and/or anthropogenic resources on its performance; and (2) agritourism's location into disadvantaged, advantaged areas and/or areas with development problems on performance.

Literature Review

Location and agritourism performance

Due to that traditional countryside separated from urban life is no longer valid (Kapferer, 1990), increase about environmental awareness, viewing rural landscapes as consumption and recreation resource (Lundmark, 2006; Mather et al., 2006), the need to participate on farms' activities for recreational experiences (Barbieri and Mshenga, 2008), to experience the rural life and to support local farmers, has prompted a huge increase of visitors fluctuation on rural areas. Many urban residents are seeking a farm experience that is perceived to be relaxing (Barbieri and Mshenga, 2008), take active part in the fun activities offered by farms (Che et al. 2005; McGehee 2007), to value rural natural scenery and landscape and to escape from intensive and busy urban life (Honey et al., 2019). Obviously agritourism is acting as a "bridge reconnecting urban dwellers with agriculture and rural life" (Barbieri et al., 2016, p. 1101).

Approximate to the populated areas (i.e., urban cities) and location into reach rural areas in natural amenities (i.e., attractive landscape, protected areas etc.), prompted agripreuners to transform their farm into agritourism (Honey et al., 2019; Lupi et al. 2017; Lucha et al, 2014; Brown and Reeder, 2007).

There are just a few studies empirically investigating the role of location on agritourism performance (see e.g., Barbieri and Mshenga, 2008; Giaccio et al., 2018). A few recent scholars has elaborated the distance from an urban area and the highway (Barbieri and Mshenga, 2008), proportional size of forest surfaces, presence of organic and environmental certifications, altitude to which the farm is located (Giaccio et al. (2018), as drivers of agritourism performance. Giaccio et al. (2018) had controversial results regarding the specific dimensions of location on agritorusim performance. They found that proximate to the forest surfaces contributed to the growth income. Barbieri and Mshenga (2008) concluded that the distance to an urban area with at least 50 000 residents and proximity to the highway did not have any significant effect on agritourism gross income. Pacciani (1998, p. 38) stated that agritourism is perceived as the "missing link in a quality territorial system that integrates agricultural, tourist, artisan, environmental, cultural and historic resources". Other studies have stated that seaside resorts and attractive landscapes (Saxena et al., 2007; Grande et al., 2011), topography (McElwee, 2006), areas with environmental restrictions and characteristic landscapes (Lupi et al., 2017), represents tourist attractiveness, which in turn, it might be profitable for agritourism.

However, as Saxena et al. (2007) stated, other characteristics of location that drive performance may depend on other local context. In this vein, there is a need to empirically investigate a more comprehensive operationalization of location, which in turn are assumed to influence agritourism performance. This study has selected a more inclusive measure of the agritourism's location in terms of being surrounded by attractions such as art city, natural, thermal and coastal areas. Additionally, location typology is considered, in terms of being located into advantaged or disadvantaged areas.

In sum, the non-comprehensive operationalization of location dimensions and controversial results of scant previous studies, leads this study to empirically investigate the effects of location on agritourism performance, and following hypothesis is proposed:

H1: The proximity to one or more natural and anthropogenic attractions (i.e., art city/natural area/sea/thermal areas) it affects agritourism performance.

H2: Being located into the (A) disadvantaged; (B) intermediate; (C) advantaged areas will positively influence the agritourism performance.

Methodology

3.1 The process of data gathering and the sample

To empirically investigate the proposed hypothesis, the case of Tuscany region in Italy, was considered. Tuscany is located in Italy, and is an internationally well-known region about agritourism development. It has the highest number of agritourism entities compared to other regions of Italy. To this, a database containing 4,622 agritourism farms was retrieved from the Tuscany regional government. This database contained some preliminary data in terms of name of the agritourism, address, municipality, email, telephone and website.

To gather the required data, necessary to investigate the proposed relationship, a structured questionnaire was drafted. The items were mostly adjusted from previous studies (Tew and Barbieri, 2012; Barbieri and Mahoney, 2009; Barbieri et al., 2008). The final questionnaire was composed by 28 items organized into the following sections: (1) farmer/farms household profile; (2) characteristics of agritourism farms offerings, including farm products, accommodation and other recreational services; (3) location in terms of distance from an urban area and/or highway; and (4) economic performance in terms of objective measurement.

The online survey method was applied. To this, the Google form platform was exploited to design questionnaire and deliver it to the 4,622 agritourism farms through e-mail. After two weeks period a follow-up email was sent to the agritourism farms that had not yet responded. Finally, after 1 month period, we obtained 292 responses representing a response rate up to 6.3% of the population. In fact, by using the email survey technique, the response rate is approximately 7% to 19% (see e.g., Domi and Domi, 2021; Capelleras et al., 2021; Thomas and Wood, 2014). The sample's representativeness was checked using a Chi-Square (χ^2). Results showed no statistically significant differences in terms of geographical location (province) between sample of surveyed agritourism and the population.

Additionally, to the quantitative data, also qualitative data are gathered through face-to-face interviews with eight agripreuner exploiting an unstructured questionnaire. They were randomly selected from the target group. The unstructured questionnaire contained questions based on the need for additional information about quantitative data analysis.

To test the outlined hypothesis hierarchical multiple linear regression is employed with robust standard errors. In addition, the models fit the data well, there are no influential cases an outliers.

3.2 Variables and measures

The items used in this paper are based in the previous studies and adjusted to the purpose of this study (Appendix 1). Regarding the depended variable, we referred to the Pfeffer and Salancik (1978, pg. 34) study, who defined performance as the "firm's ability to create acceptable outcomes and actions". In this vein, this variable in our study was operationalised using both objective and subjective measure. Regarding subjective measure, performance was measured based on financial (profitability, sales etc.) and non-financial measures (customer loyalty, attraction of new customers and better use of human resources). Regarding the objective measures we considered the annual gross income of agritourism.

Three independent variables are further specified. To this, location is operationalized in terms of location typology and proximate to the local attractions. As regard to the location typology, it is investigated if matters for agritourism performance, being located into one of the three rural areas; (1) disadvantaged areas[1], (2) intermediate areas, (3) and advantaged areas. The variable

[1] *Rural areas with development problems*

proximate to the local attractions considers the role of approximation to one or more attractions (up to four scale) on agritourism performance.

3.3 The model

The model implied to assess the effect of location typology, approximation to the attractions on agritourism gross income. The reason of choosing this model lies behind the aim of the study. Meanwhile we assumed that age of the entrepreneur, gender and previous experience has no impact on gross income.

The hierarchical regression model allows for measurement of the effect of each factor into the variability of explained variable by entering variables into block into the SPSS software. The first block comprise three control variables and the second block comprise other three explanatory variables of which we are interested for, namely location typology, distance or approximate to the attractions.

Results

Model summary tables, ANOVA and coefficient tables produced by SPSS software show the parameters of the model, significance of explanation/prediction and effect of each factor in explaining variable.

Model summary table shows that 3% of the variation in performance (i.e., gross income) is explained by control variables age, gender and previous experience. The values of the significance show that the variance explained by controlled and explanatory's variables are significant at 95% and 99% confidence level. On the other hand, the explanatory variables add 44.8% of the variation explained to the agriturism gross income to the initial block of the model.

Table 1. Hierarchical multiple regression model

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.151[a]	.023	.015	1.394	.023	3.043	2	262	.049
2	.396[b]	.157	.140	1.303	.134	13.711	3	259	.000

a. Predictors: (Constant), Gender, Age

b. Predictors: (Constant), Gender, Age, Hospitality_Offer, Location_typology_threeVariables, Distance_approximate_to_the_attractions

c. Dependent Variable: Perfo_GrossIncome

Table 2. ANOVA

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.833	2	5.916	3.043	.049[b]
	Residual	509.390	262	1.944		
	Total	521.223	264			
2	Regression	81.645	5	16.329	9.621	.000[c]
	Residual	439.578	259	1.697		
	Total	521.223	264			

a. Dependent Variable: Perfo_GrossIncome

b. Predictors: (Constant), Gender, Age

c. Predictors: (Constant), Gender, Age, Hospitality_Offer, Location_typology_threeVariables, Distance_approximate_to_the_attractions

The Anova table shows that the model as a whole, including control and explanatory variables, is able to significantly predict the agritourism gross income at significant level.

Table 3. Coefficients

Coefficients[a]									
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	2.844	.309		9.209	.000			
	Age2	-.100	.139	-.044	-.720	.472	-.040	-.044	-.044
	Gender	-.408	.171	-.145	-2.381	.018	-.144	-.146	-.145
2	(Constant)	1.845	.416		4.431	.000			
	Age2	-.097	.130	-.043	-.744	.457	-.040	-.046	-.042
	Gender	-.388	.160	-.138	-2.421	.016	-.144	-.149	-.138
	Location_typology_threeVariables	.390	.117	.191	3.339	.001	.194	.203	.191
	Distance_approximate_to_the_attractions	-.045	.088	-.030	-.514	.608	.012	-.032	-.029
a. Dependent Variable: Perfo_GrossIncome									

The coefficient table shows that only gender, as a control variable has a significant contribution to the variation of the agritourism performance, while agripreuners' previous experience contribution is not significant. The chances of male managed agritourism enterprise for better performance are 41.4 % higher than those female managed.

On the other hand, among the explanatory variables, all have significant contribution in the variation of the agritourism gross income except distance approximate to the attraction. As indicated on the Table 3 the variable location, if we go from rural areas with development problems to agritoursim that operate in advantaged areas it will be associated with approximately 32% increase in agriturism performance.

It resulted that if an agritourism is located into intermediate rural areas and/or at advantaged areas, will have a better economic performance in terms of gross income, than those which are located into rural areas with development problems. Agritourism farms that are surrounded by two attractions (e.g., art city and landscapes), perform better than those which are close to one attraction. However, when it raises the number of attractions that surrounds an agritourism, the effects on performance are non-significant.

Discussions

As it was assumed this study confirms the significant of being close to natural and anthropogenic attractions. This helps agritourism to enhance their gross income. More specifically those agritourism that are close to art city, forests, seaside, thermal areas etc., will experiences better performance than those that do not have such location. However, when it raises the number of attractions that surrounds an agritourism, the effects on performance are non-significant. Generally speaking, this finding is in line with the previous studies such as Giaccio et al. (2018), Saxena et al. (2007), Grande et al. (2011), McElwee (2006) and Lupi et al. (2017).

This paper is innovative by investigating the role of location into one of three categories of rural areas (i.e., disadvantaged, intermediate, advantaged areas) on the agritourism performance. It resulted that if an agritourism is located into intermediate rural areas and/or at advantaged areas, will have a better economic performance in terms of gross income. Such area are characterized by close connection with urban areas, intensive of visitor fluctuations etc., which might provide opportunities for agritourism entities. Contrary, those that are located into rural areas with development problems does not experience any positive performance. Advantaged areas are mostly marginalized area, characterized as mountain areas, long distance with massive fluctuations of visitors etc. This results is in line with findings of Giacioa et al. (2018), who found that agritourism income decrease significantly with the increase of the altitude.

Conclusions

This study is innovative through investigating the role of location typology, approximation to attractions, and type of the offer on agritourism performance.

The quantitative evidence of this study may help agripreuners to be aware of the most important determinants of performance, and consequently, to better manage their agritourism. When deciding the place where to start the agritourism activities, this study suggests advantaged areas, with a close distance to the attractions. Thus, location matters.

These conclusions has also policy implications, when designing a strategy to foster the agritourism development. Thus, it is suggested to consider the typology of the area where to support agritourism development through policy making.

Appendix 1. Variables and respective observed variables

	Variables and respective observed variables	Source
A	**Location**	
1	Agritourism located into disadvantaged area	Developed by authors
2	Agritourism located into intermediate area	Developed by authors
3	Agritourism located into advantaged area	Developed by authors
B	**Performance**	
1	Annual gross income	1. Less than €25.000 2. €25,000 - €74,999 3. €75,000 - €149,000 4. €150,000-€199,999 5. over €200,000

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