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The measurement of liquidity creation: a strategic approach to a sustainable farm business

Pomiar i zapewnienie płynności: strategiczne podejście do zrównoważonego biznesu rolnego

Abstract: The mission that was assigned to the accounting for the initial spread of the technique in the world, until the '30s was basically characterized by the prediction and control of the financial position. The great specialist Italian Fabio Besta⁷, in the second half of the nineteenth century, had given rise to a great work which is titled precisely "The Accounting – La Ragioneria". It must be taken into account that a company like a human body has 4 circuits (venous, arterial, lymphatic nervous). So the company also possesses four: the heritage trail, economic, financial and cash. These, evolve, continuously but asynchronous, fact by fact, during the year, during the evolution of the various administrative events. The inability to generate sufficient revenue has in many cases, led farmers to diversify from an agricultural base and undertake pluriactivity⁸. In this context, diversification from, and within, primary activities has become a necessity and agricultural secondary activities and services, related to the rural environment, have been the major driver of growth within the EU during recent decades⁹. Following the crisis, which started in 2007 and is still in progress, financial analysis and cash is now to be considered a real management function. The aim of this paper is to analyze the creation of liquidity of agricultural enterprises, comparing and analyzing three types of firms with traditional culture and multifunctional business.

Keywords: Account, Financial Cycles, Liquidity Creation, Agritourism, Multifunctionality

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⁷ F. Besta, *La Ragioneria, Prolusione alla regia Scuola Superiore di Commercio in Venezia*, Tipografia Istituto Coletti, Venezia, 1880.

⁸ A. Fleischer, A. Pizam, *Rural tourism in Israel*, "Turism Management", Vol. 18, No. 6, 1997, s. 367-372.

⁹ European Commission, *Contribution of the European Community on the multifunctional character of agriculture*, Agriculture Directorate-General 1999.

Streszczenie: Misja przypisana rachunkowości w początkowym etapie rozprzestrzeniania się tej techniki na świecie, aż do lat 30. była w zasadzie charakteryzowana jako przewidywanie i kontrola sytuacji finansowej. Wielki włoski specjalista, Fabio Besta, w drugiej połowie XIX wieku napisał wielkie dzieło, które zatyłowane jest właśnie „Rachunkowość – La Ragioneria”. Należy wziąć pod uwagę, że firma, podobnie jak ludzkie ciało mające 4 obiegi (żylny, tętniczny, limfatyczny, nerwowy), posiada ich również cztery: szlak dziedzictwa, ekonomiczny, finansowy i gotówkę. Ewoluuja one ciągle, jednak asynchronicznie, fakt po fakcie, w ciągu roku, w trakcie ewolucji różnych zdarzeń administracyjnych. Niezdolność do generowania wystarczających dochodów w wielu przypadkach doprowadziła rolników do zróżnicowania bazy rolnej i podjęcia wielozawodowości (Fleischer & Pizam, 1997). W tym kontekście dywersyfikacja z i w obrębie działań podstawowych stała się koniecznością a drugorzędne działalności rolnicze i usługowe, związane ze środowiskiem wiejskim, były głównym motorem wzrostu w UE w ostatnich kiludziesięciu latach. W związku z kryzysem, który rozpoczął się w 2007 roku i trwa nadal, analiza finansowa i środków pieniężnych obecnie powinna być traktowana jako funkcja rzeczywistego zarządzania. Celem niniejszej pracy jest analiza płynności przedsiębiorstw rolniczych, porównanie i analizowanie trzech rodzajów firm o tradycyjnej kulturze oraz biznesu wielofunkcyjnego.

Słowa kluczowe: konto, cykle finansowe, zapewnienie płynności, agroturystyka, wielofunkcyjność

Introduction

Firm administration in the last 50 years has shown one development in terms of scientific research in operative terms that is not registered in the past. The theory of the firm has had a growing scientific clarification of its asset, economic, financial and cash aspects. Managers were always provided with more consistency and support to break down the uncertainty of risks as much as possible. In recent years, transferring the segment of administration, the progress of cognitive science, and a well-established corporate image as a living subject, and an open cognitive subject with positive entropy are observed. Enterprise development is linked to the ability to teach which is linked in turn to formation and information. Greater importance is given to data knowledge of the subject to the volitional level, managing and operating that, make up the administrative body. The industrial and service sectors of the III¹⁰ and IV¹¹ industrial Revolution, dominated by the accounts of continuous quantitative monitoring in connection with the new quality strategies and changing production-environment relations is now being challenged to generate new paradigms. Today's accounting method, based on double-entry, it is not the fruit, as it might appear, of the work of some individuals who in recent times have proposed the adoption, but is the synthesis of a continuous application of evolutionary principles that began to appear since the era of the Hittites and Romans.

The art of “numeracy” probably started when man began to establish the relationship of giving and taking with others. The same Columella in his books “De Res Rusticae” spoke of two modern management concepts as the Computatio Operarum and Compendium Opere¹².

Anyway, the mission that was assigned to accounting for the initial spread of the technique in the world, until the '30s was basically characterized by the prediction and control of the asset position. The great specialist Italian Fabio Besta, in the

¹⁰ J. Rifkin, *The Third Industrial Revolution*, Sam Martin Press, 2011.

¹¹ K. Schwab, *World Economic Forum*, The IV Industrial Revolution, Inauguration Speech, www.wef.org, 26 January 2016.

¹² J. Kolendo, *L'Agricoltura italiana nell'Era Romana*, Editori Riuniti, Roma 1880.

second half of the nineteenth century, had given rise to a great work which is titled precisely "The Accounting – La ragioneria" as the main contributor to modern accounting.

In this framework, Besta stressed that business is strongly linked to a system of internal self-sufficiency, rather than a system of relations with the external stakeholder. It is obvious that in this approach the most important parameters are business assets. He claims the admirable concepts. *Theories of registration methods procedures must, it seems to me from those accounts to those of the accounts systems; which in turn must be based on that of inventories tend to determine the items of the balance sheet and additional scriptures and quotes of the other systems, through which it set out the objects of a related records systems to the occurrence of expenditure and revenue in relation to the forecast. I tried to do so and I have always worked in search of harmony between the different theories.*

In 1930 Gino Zappa¹³, another great master of accounting technique, proposed an accounting system in the world no longer linked to business assets but to income. He wrote in 1939 a Book that we can consider a pillar of the modern accounting technique. His thoughts are very interesting; in a passage it says the following. *Even our latest concepts, as well as in the first propositions, must be received or for synthesis composed of observations and analysis of concrete facts or deductions compared with reality. If we do not proceed in this way, it may not flow from the principles that a mighty contribution to the knowledge, not only of the accounting processes, but also by events that they recognize. The theories are taught for a long time have duties to the facts and the facts have only the rights to the theories.* This confirms that an enterprise might also have observed the more refined technique in the accounting balance sheet and income statement, but the facts in operating profit is mainly represented by cash liquidity.

This development is the result of changing times, as in the previous century, began a rapid economic era characterized by enlargement of international relations, in which was created the League of Nations, because governments themselves realized that the business size is not more provincial, but the same business must move on the international scenarios. The evolution in this sense toward our time was inexorable to mark the milestones. The subsequent creation of the United Nations, the creation of the GATT, with its many Round thesis, slaughter of commercial barriers, the affirmation of free competition, the development of trade. The advent of the III and now IV Industrial Revolution and the transition from the GATT – General Agreement Tariffs and Trades to the WTO – World Trade Organization, the creation of large blocks and economic agreements, have always pushed more towards the globalization phenomena.

Within this evolution it is evident that the importance of a business, cannot depend only on its asset annual result, derived by difference of the starting equity and final equity, and its linkage with the simple economic annual result, this derived by the difference between revenues and costs. In an economy open to trade, the strength of the business is measured, of course, by the annual asset and economic result by the true Health Check of the firm which depends essentially on the financial statement and flow, and particularly by the annual cash statement and flow,

¹³ G. Zappa, *Il Redito d'Impresa*, Edizioni A. Giuffrè, Milano 1939.

both technically derived by the difference of income and expenditure. We must take into account, to be clear and to support better understanding of this analysis, that when we are in the financial analysis, the income are the cash income plus the credits, and the expenditure are the cash expenditure plus debts. In the cash analysis credit and debts are not taken into account.

It then goes from accounts which are very attentive to all internal assets transfer, to accounts that monitors mainly costs and revenues. From the application point of view, in fact, types of T-accounts, such as INVENTORIES, linked to the assets, materials and products available appear. It can be said that this approach is still in force, although international standards, IAS, IASC, EU and the OECD since the 80s of the last century, have attempted, through a special attachment, to add to the balance sheets some changes to demonstrate the economic, financial and cash situation. Following the last large and deep global crisis, which started in 2007 and is still in progress, the financial and cash annual or interim (periodical) report statement and flow is now to be considered as a real and vital pillar of the Health Check of an enterprise management function. On the specific topic that the present work wants to deal with, we have found that there is a precise scientific production. However, in general terms, the problem business-finance has produced a large number of scientific papers, on the financial relationship between the stock market trend and business, and between the stock market and industrial production. Appearing to be absent, or nearly so, is a careful and timely micro-economic analysis, on the role that finance and cash annual or periodical statement and flow have today, as modern management of a competitive specially in agricultural end rural business. It is necessary to stress this aspect that is particularly relevant in farm management. As has always been with the agricultural activity, linked at the biological cycle that are many times in the specialized and intensive monoculture, inelastic, it is suffering the absence of the minimum continuous flow of money to support the company's technical advances, expenditure and the needs of family components. One of the objectives this work is to analyze, with the facts, as with Gino Zappa, if the enlargement of the duties and targets of the farm, in the transformation from monofunctionality to multifunctionality¹⁴ give it the improvement of financial and cash results. On the other hand, the paper would like to show that also in the agricultural sector the big question of management is the cash flow and statement, and if the hypothesis that liquidity creation capability is a crucial strategy nowadays, and in the full IV Industrial Revolution and in the Age of Sustainable Development¹⁵ not only in the farm business, but also in the a business activities in all the world.

A methodological approach to the question of liquidity

The human body to maintain his liability is organized in *4 basic circulations*: the *venous blood*, the *arterial blood*, *lymphatic* and *nervously*. Even a company has comparable 4 circulations: the *asset*, *economic*, *financial* and *cash*. These,

¹⁴ A. Ciani, *L'impresa Agricola da mono a plurifunzionale: il caso della Regione Umbria*, in "Sviluppo Rurale, Società e Territorio" a cura di Elisabetta Basile e Donato Romano, Pagg. 505-530, Parte IV, Ed. Franco Angeli, Milano 2000.

¹⁵ J. Sachs, *The Age of Sustainable Development*, Columbia University Press, 2015.

evolve, continuously but in an asynchronous manner, fact by fact of the management, during the year, during the evolution of the various administrative events. This approach is represented in a schematic manner in below Fig 1.

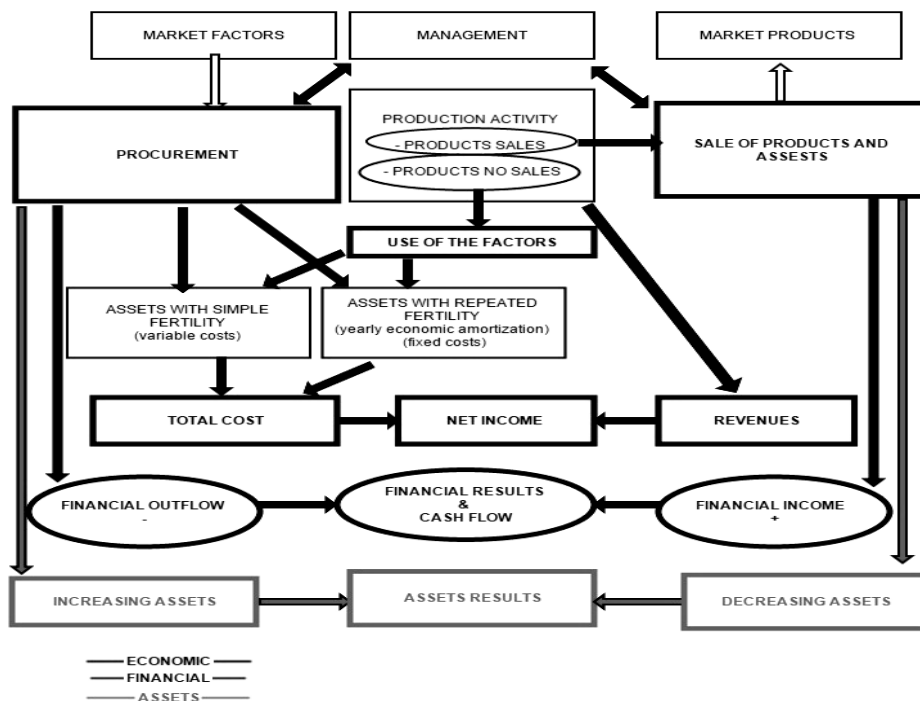


Figure 1. Financial, Cash, Economic and Asset Cycle

Source: our elaboration.

Eurostat data on the Entrepreneurial Income of Agriculture, for the period 2005-2013, confirm that revenues for the agricultural system, fluctuated considerably. In 2013 there were levels of EU-15 income, slightly below the level of 2005. From the base year of 2005, the EU-28 index rose for two consecutive years, before falling back in 2008-2010 (at the height of the financial and economic crisis) strongly below the level of 2005. Thereafter, the index of Entrepreneurial Income of Agriculture rebounded, with relatively rapid growth in 2011 and 2012¹⁶. The inability to generate sufficient revenue has in many cases, led farmers to diversify from the agricultural base and undertake pluriactivity¹⁷. In this context, diversification from, and within primary activities, has become a necessity and agricultural secondary activities and services, related to the rural environment, have been the major driver of growth within the EU during the recent decade.

¹⁶ Eurostat, 2013.

¹⁷ A. Fleischer, A. Pizam, *Rural tourism in Israel*, "Turism Management" Vol. 18, No. 6/1997, p. 367-372.

This process of adaptation to the new scenarios, has requested a re-positioning of the farm, thanks to which, it has the opportunity to go outside the boundaries of the traditional farm function following three defined paths: deepening, broadening and regrounding¹⁸. These new strategies permit, therefore, the diversification of the business areas of agricultural, pointing to new ways of creating value, which leverages an integrated use of local specificity, with positive impacts in terms of rural development¹⁹.

The evolution of the economic dynamics, related to the assertion of new values and cultural trends and behaviour, have led to new needs, new expectations and lifestyles resulting in the creation of new consumer behaviour²⁰. The latter showed, more and more, a strong sensitivity to environmental issues and quality of life. These intangible needs, have characterized a new “demand of rurality”²¹ at the base of the recovery of the activities and the socio-productive functions of the rural environment.

Management and Results in Traditional Pluri-active and Multifunctional Farm – theoretical analysis

The multicriteria approach to sustainable development, has imposed more and more at the micro level, the option of multi-functionality, especially related to the production of ecosystem services²². In this context, pluriactivity and multifunctionality are terms often assimilated but following the updating contents pluriactivity signify more than one production and we are still in the farm as the only agricultural activity. When we speak nowadays about multifunctionality that signifies that the farm sends us not only products but several ecosystems services²³.

Each company has the fundamental goal (traditional) to reach the highest level of net income. The traditional production processes anchored to strong specialization, the trend towards monoculture, deep in a dynamic market price, is certainly not conducive to the limitations of enterprise risk. This option would see the company fail, the years of magnet (technical risk) or a low market (economic risk) the continuity of the appropriate level of operating income, if this is added to the traditional position of weakness, this agricultural firm's financial activity is accentuated in the traditional production by long periods of anticipation and returns only in short periods. This causes a negative influence in the management of the non-characteristic with increased interest costs arising from borrowing short and large. The cash flow is to be qualitatively represented in Fig. 2.

¹⁸ J.D. Van der Ploeg, A. Long, J. Banks, *Living Countryside: Rural Development Process in Europe: the state of art*, Elsevier 2002.

¹⁹ C. Nazzaro, *Sviluppo Rurale, Multifunzionalità e Diversificazione in Agricoltura*, Franco Angeli, Milano 2008.

²⁰ G. Marotta, C. Nazzaro, *Verso un nuovo paradigma per al creazione di valore nell'impresa agricola multifunzionale*. Il caso della filiera zootecnica, *Economia Agro-Alimentare* 2011, p. 215-250.

²¹ L. Iacoponi, *La sfida della modernità rurale: sviluppo rurale, ambiente e territorio*, Atti del XXXIII Convegno Sidea, Napoli 1996.

²² Millennium Ecosystem Assessment, *Ecosystems and Human Well-being: Biodiversity Synthesis*, Washington, DC: World Resources Institute, 2005.

²³ P.A.L.D. Nunes, P. Global, T. Kumar, *Dedeurwaerdere, Handbook on the Economics of Ecosystem Services and Biodiversity*, Edward Elgar Publishing 2014.

The option of product diversification is a first real opportunity to limit these risks and improve the cash flow business. Relegate the role and objectives of the agrarian production to one aspect of agriculture, is always the possibility of greater risks both technically and economically. Agricultural markets, despite the many protective barriers still in place especially in the European Union, are more and more subject to strong “environmental turbulence”.

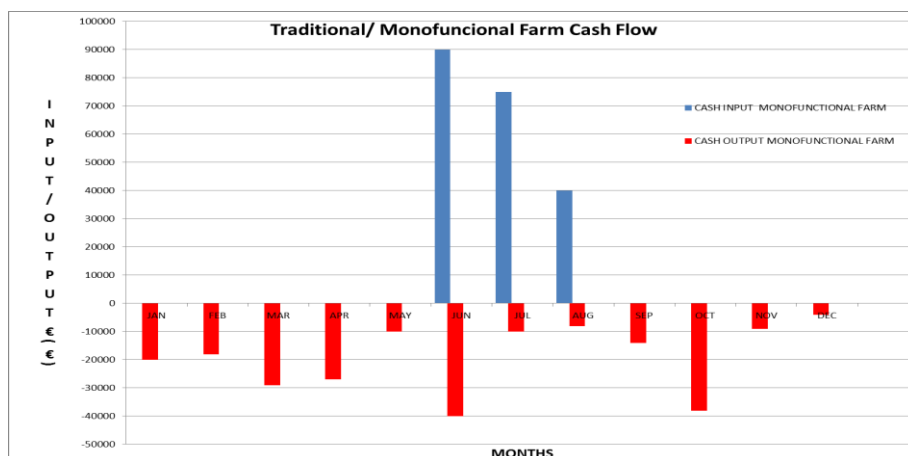


Figure 2. Our Elaboration on traditional (monofuncional) farm cash flow


Source: our elaboration.

Only the basic production function does not involve the use of appropriate functions and most of the extensive agricultural land. Integrating the activities traditional agricultural activities with non-traditional, but connected to it and complementary and capture business opportunities that offer non-agricultural functions, such as environmental protection and conservation, are other factors that increase the possibility for the entrepreneur, to raise its total net operating income and because ‘in this case is also realized an improvement in cash flow. Integrate and diversify and increase the capacity means’ creation of liquidity of the company and especially to take an option to improve the timing of financial returns and cash. The modern agricultural enterprise must be able to capture and incorporate, strong in terms of timeliness, all processes that promote technological innovation and process innovations and product that allow to increase the level of market competitiveness and ensure the placement of products on the market when they are properly qualified and typified²⁴.

Innovation is often a harbinger of later opportunities to capture costs in a timely manner consistent policies that are fundamental in their local production. It is always visible, and known to all, Scheme 1 that the final result of net income depends on the management for a large part also by the extra typical management features.

²⁴ A. Ciani, *The Rural Tourism and Agritourism: a new opportunity for agriculture and rural areas* (Between Pluria-activity, Multifunctionality, Sustainable Development Strategy and Green Economy Growth), In Atas do VIII-CITURDES–Congresso Internacional de Turismo y Desenvolvimento Sustentavel “Turismo rural em tempos de novas ruralidades”, Chaves, UTAD, 2012.

Scheme 1. Representation of Farm Management in the relationship of Agriculture and Environment

DESCRIPTION	TYPE OF MANAGEMENT	
Revenues from sales <i>+Internal consumptions</i> <i>+/-Variations in product inventory stock and warehouse</i> <i>+Variations in livestock</i>	 Operating Management	
Gross Marketable Product <i>-Products used and consumed</i> <i>-External Services</i> <i>-Land use cost</i> <i>-Other production costs</i> <i>+Services to external parties</i>		
Added Value <i>-No family labour cost</i> <i>-Social security cost of family labour</i> <i>-Depreciations</i>		
Operating Income		
<i>+Financial Input</i> <i>-Debts Costs</i> <i>+Rental Incomes</i> <i>-Rental Costs</i>		 Financial Management
-Pre-Taxation Income <i>-Taxation</i>		 Fiscal Management
-Temporary Net Income <i>+Positive Environmental Impacts</i> <i>-Negative Environmental Impacts</i> <i>+Environmental financial public supports</i> <i>-Environmental taxation</i>		 Environmental Management
Final Net Income		

Source: our elaboration.

Without prejudice to the tax which may affect the company's management recently, this being caused by constraints dictated by macroeconomic policies, remains the same but a great opportunity for maneuver to influence the level of financial income and expenses.

This, through activities diversification and integration, in the past, was perhaps not even conceivable for the farm. This is to enable the aim of providing more and more balanced spread of finances activities financial, going to dramatically improve the management of the managing of the non feature. In this option, one can transform the chronic weakness of the farm into a viable asset management of its overall result.

Fig. 3 compared with Fig 2 shows, in summary form and quality, as the cash flow of an activity close to the best depth as the traditional joins a non-traditional farm.

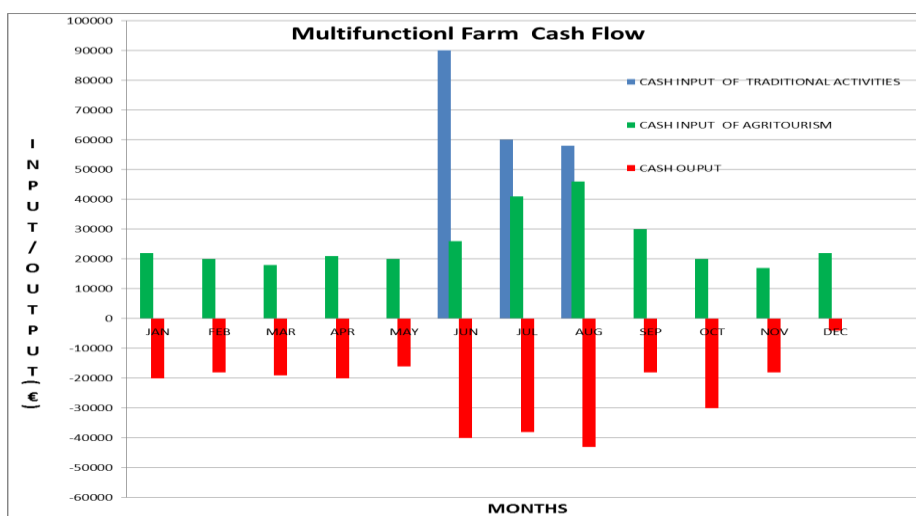


Figure 3. Representation of multifunctional farm cash flow

Source: our elaboration.

Survey, Results and Discussion about Multifunctional firms in the Central Region of Italy

The verification of the assumptions made above, has required the analysis of agricultural enterprises of the region of Umbria. Three types of companies in particular, have been taken into account: farming companies, livestock enterprises and wine companies. The analysis concerned the cash flow of these three types of companies "traditional" highlighting, according with assumption, obvious shortcomings in the creation of liquidity over time (fig. 4-5-6).

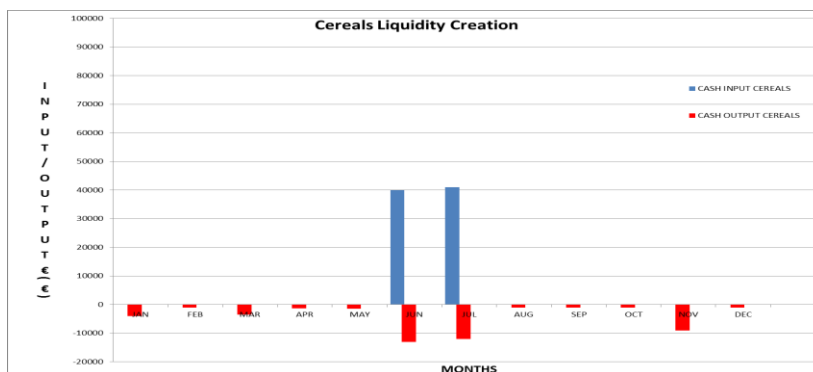


Fig 4. Representation of the Cash Flow and Liquidity Creation in the traditional farm on cereal
Source: our elaboration.

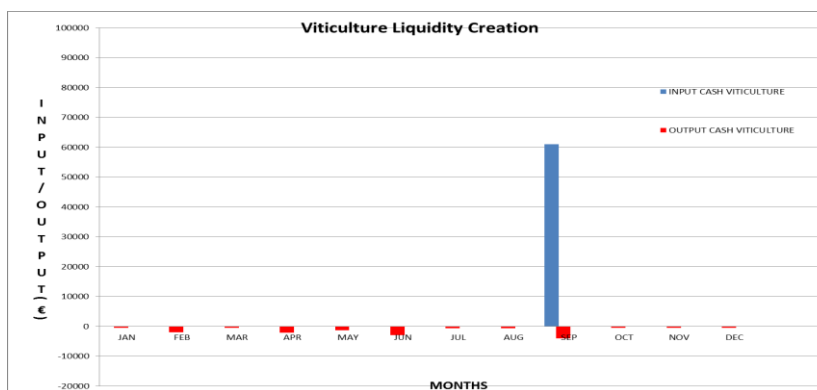


Fig 5. Representation of the Cash Flow and Liquidity Creation in the traditional farm on viticulture
Source: our elaboration.

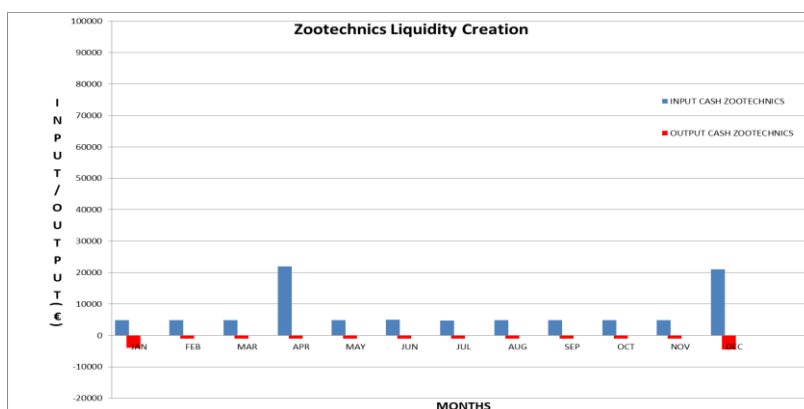


Fig 6. Representation of the Cash Flow and Liquidity Creation in the traditional farm on Zootecnics
Source: our elaboration.

In the first case, revenues are concentrated only during months of harvest (June and July). The same thing happened with viticulture firms, that concentrated their revenues only in September. It seems to be slightly different in the case of Live-stock firms. This is because they can sell their products day by day, having not to concentrate revenues for April and December, the periods in which the request for lamb meat is concentrated.

These data were compared with businesses in the same sector, which in addition to the main activity, also held complementary activities, such as agritourism (fig. 7-8-9).

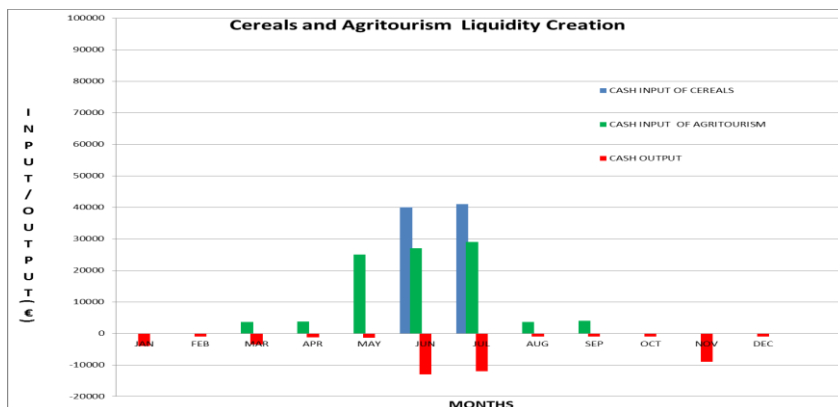


Fig 7. Representation of the Cash Flow and Liquidity Creation in the Agritourism Farm with Cereal
Source: our elaboration.

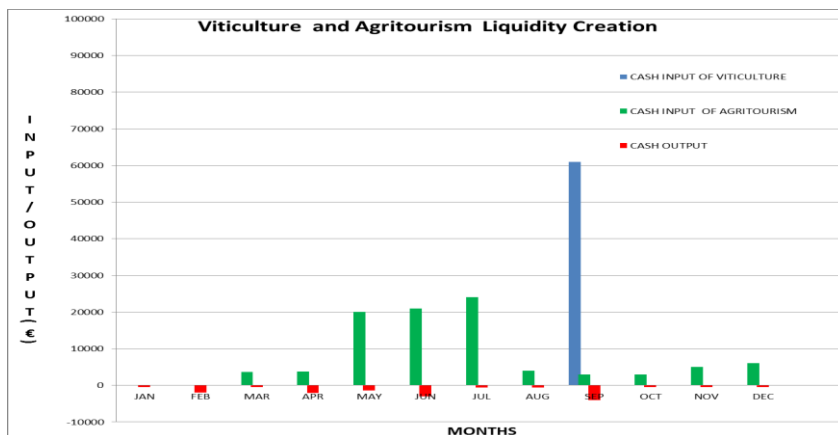


Fig 8. Representation of the Cash Flow and Liquidity Creation in the Agritourism Farm with Viticulture
Source: our elaboration.

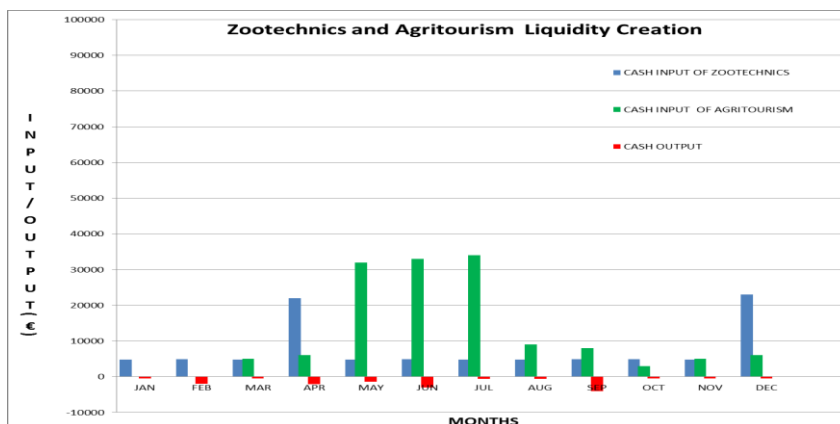


Fig 9. Representation of the Cash Flow and Liquidity Creation in the Agritourism Farm with Zootechnics
Source: our elaboration.

As can be observed, adding a complementary activity, improves, over time, the company's ability to create liquidity. This capacity is increased in all three cases, proving the hypothesis previously presented. For that particularly Agritourism has a high latitude to improve the Liquidity Creation Capability in modern and innovative farms.

Tourism, Rural Tourism and Agritourism

The evolution of tourist movement

Tourist movement could be presented with official data. There has been a virtually uninterrupted growth of international tourist arrivals – from 25 million in 1950, to 278 million in 1980, 528 million in 1995, and 1,035 million in 2012 (UNTWO, 2013)²⁵. The growth of the movement is very impressive and the socio-economic data are still impressive. The tourist activity makes 9% of the total GDP all over the world, provides employment to 1 out of 11 people, 1,300 billion in export, 6% of the total export, and 6% of the total export in the least developed countries (UNTWO, 2013).

From the new paradigm of development to the new movement of tourism. From mass to niche.

The model of sustainable development that is taking shape with the green economy, the Third Industrial Revolution linked with the evolution of ICT, bio-based economy, research in Gross National Happiness (GNH) in lieu of Gross Domestic Product (GDP) is setting new paradigms to the processes of development.

From an inverse relationship with the environment (the natural resources of traditional development) it is switching to a possible direct relationship between development and environmental resources. It is transforming from a mono-criterial

²⁵ United Nation Tourism World Organization, Report 2013.

approach (only quantitative and monetary) to a multi-criterial approach (economic, environmental, social, cultural, managerial). This is a mere consideration of the problems of the present generations transformed into an intra- and inter-generational vision. The current approach, which is strongly characterised by the development of ICT, proposes a series of paradoxes²⁶. One of them is the irrepressible spread of ICT (6 billion mobile phones in the world). It leads to the spread of invasive images of places, landscapes, traditions, etc. to an increasing mass of the population. In view of this situation, the traditional approach suggests that the need to make tourism learn about these realities should gradually fade with the replacement of communication images. It is a complete paradox that instead there are more pictures and each person is encouraged to experience these places directly. The behavioural economic analysis made some time ago predicted a significant increase in tourism worldwide despite the prospect of instability in many parts of the world. Another paradox is the decrease in the phenomenon of mass tourism and finding thematic tourism as a niche. Farm and rural tourism are significant areas in this field.

Why Rural Tourism and Agritourism

The market research²⁷ highlighted the following points made by consumers in their choice of services:

- contact with nature;
- freedom;
- sunbathing, being outdoors;
- non-routine activities;
- holiday equilibrium;
- rest, quietness.

The following characteristics refer to visitors, and can easily be extended to matters concerning rural tourism:

- love of nature;
- pleasure of genuine things;
- desire for peace;
- new experience;
- ability to adapt.

Agritourism and Rural Tourism

In the current situation the tourist movement in rural areas depends on the role of the actors who play there, creating an attractive unpolluted environment, landscape biodiversity, tradition and culture, which together make a mesh of the so-called ecosystem services.

The SDG 2015-2030 (SDSN, 2013) indicate that it is necessary for agriculture and rural areas to achieve possible prosperity. In this context, it becomes crucial to understand who creates and manages these ecosystem services, and that instead of profit they provide the benefit at zero cost. These services have been provided, and will be provided by agricultural operators, who guarantee good man-

²⁶ J. Naisbitt, P. Aburdene, *Megatrends 2000*, Rizzoli, Milan 1990.

²⁷ B. Lane, E. Kastenzholz, J. Lima, J. Majewski, *Industrial Heritage and Agri/Rural Tourism in Europe*, Directorate General for Internal Policies 2013.

agement practices and promotion of the area. Therefore, it is necessary to make a distinction between farm and rural tourism in order to bring out the truth and contribute to clarity.

Agritourism is defined as a service of tourism, which is related and complementary to the agricultural activity. This means that the farm is a service that can be offered only by farmers. It might be impossible to talk about the farm without the presence and activity of primary agriculture. In this context, in order to obtain the benefits of an innovative, integrated activity, which reinforces the multifunctionality of the farm, farmers need to provide most ecosystem services, which are the basis of attractiveness of rural areas for tourists.

Rural tourism is any form of tourist services offered in rural areas by operators who are not farmers. In my humble opinion, it is essential to make a distinction to offer the niche tourist movement rural sustainability due to the prospect of consolidation in the future. The operators of rural tourism come mainly from non-agricultural sectors and typically have greater financial and organisational capacity in making necessary investments to introduce a regime. These are operators who do not actively participate in the best practices of territory management, but benefit from its potential to the same or an even greater extent than those who are the real actors, i.e. farmers.

Therefore, the role of the farm must be strengthened to avoid the risk that the niche in tourism will gradually lose its niche character and will be transformed into a mass movement. At present, rural areas enjoy the richness and dynamism of the territory supported by farmers and this is a great opportunity for them. Some countries, e.g. China seem to follow this direction, where we can speak of more than 100 million tourists in the domestic market of rural areas in 2020. In this case, the paradigmatic character of rural tourism, sustainable tourism, the multi-criteria approach, the intergenerational character will be totally lost to the progressive deterioration of the land, which will no longer have the force of a local attraction but will have the flat indistinct attractiveness of globalisation.

Conclusion

The creation of liquidity is a key element for the survival of a company. The analysis of financial cycles related to the activities of agricultural enterprises has highlighted how companies that are able to diversify and to have a multifunctional approach to the activity, can achieve the financial stability necessary for its survival and possible profitable liability. This is especially true for the farm in the Umbria Region that is typically rural area for Europe. The analysis of some farms with the use of the data of FADN of Italy (with limits about the modality of the model of the accounting organization based in the collection of data by interview) showed that the modern management approach with diversification and multifunctionality targets give us the possibility to transform the chronic bad health of the farm concerning the cash flow needs to a virtuous opportunity. This confirms from a general point of view that the strategy of Liquidity Creation Capability – LCC is a new approach, based not only in asset and economic evaluation, but particularly financial and cash, to overcome the difficulties in a globalized environment. The financial cycles analysis, demonstrates the need for an integrated approach, able to high-

light on the one hand the importance of the economic aspect of the operations of the company, on the other the financial aspect. This new approach is a key element to address modern, multifunctional and diversified firms to new challenges to implement in all rural areas of the world the target of Sustainable Development Goals 2015-2030 and allow the firms and farms the central role that they must have in the new way of business more and more strictly linked with the Corporate Social Responsibility vision.

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