

RURAL ENTREPRENEURSHIP - AS AN ALTERNATIVE FOR EMPLOYMENT

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Abstract: *In rural areas, the paid employment opportunities are quite rare. So, the majority of the population is involved in subsistence agriculture and in taking care of their own household, a fact which is far from the mechanisms of the market economy. The theory behind the present article is that entrepreneurship might prove to be a form of social innovation for the rural area, a solution to the problems linked to labor for the categories that find it difficult to re(insert) in the labor market. The difficulties and the opportunities to initiate a business in the rural environment will be pinpointed from the perspective of the direct social actors present on the labor market: the entrepreneurs, the unemployed, the stay-at-home people, the people in charge with the subsistence agriculture. The present study is part of a more complex research project, funded by the European Union. It was aimed at increasing the socio-professional re(insertion) opportunities by developing professional and entrepreneurial skills for multiple vulnerable professional categories coming from the rural environment of Braila County, Romania.*

Key words: *entrepreneurial resources, entrepreneurial spirit, social relations*

INTRODUCTION

The problem of the labor force from the rural area is a vital one for the economic performance of Romania if we are to take into account the meaningful percentage of the population which is located in the rural environment. If a great part of the active population from the rural area is poorly employed, or worst, is unemployed or on social assistance, it is reflected not so much in the contribution to the state budget, but more in the fact that it is becoming a consumer of the public finances. The vulnerability of the rural population is generated by the fact that 45% of the house incomes are coming from agriculture, while in the urban areas, 61.1% of them are coming from wages. According to the diagnosis made by the Romanian Government during the National Program for Rural Development (2010, pp. 15-16), over 70% of the poor people live in the country side which means that poverty is predominant in the rural area.

Another aspect which is related to the low performance of the national economy is the training of the human resource present in the rural area and, implicitly, its chances to get integrated in the modern economy of the XXI century. Despite the fact that the rural environment is well represented at the territorial- administrative Romanian level, the qualification level of any kind of employment is much lower than in the urban area. At present, the majority of professional skills developed by villagers are informal working abilities learnt in the household, especially in the fields of agriculture and animal breeding. The professional skills obtained in an institutionalized environment were gained especially at the different working places which the individuals had along their professional experience. On the other hand, the employment opportunities are quite rare in the rural area. Also, the young people from the rural environment have either a poor qualification or they are no longer interested to invest time and money in agriculture. The young generation is not even attracted by the training in the agricultural field, so the number of graduates in the agricultural studies does not manage to cover the need for personnel which is directly linked to the agricultural potential of our economy. To the low level of training of the human rural capital, we can also add an acute lack of training in farm and agricultural works management, and the agricultural production is not diversified enough so as to ensure a high productivity. A better education resulted from the gaining of new

professional competences and the development of the entrepreneurial spirit, is one of the most efficient methods to fight against the inequality and the poverty from the rural areas.

JUSTIFICATION OF RESEARCH. METHODOLOGY

The study of the entrepreneurial potential existent in the rural area of Braila County was done during a more complex research which intended to make a regional analysis upon the strategies to (re)insert in the active life some vulnerable employment categories. Depending on each community, these strategies present some local specificities regarding the economic context of each area, the availability to start a business as an alternative to having a job, the migration of the working force in the urban/ abroad area, the intent to (re)qualify in jobs demanded by the labor market, etc. (Rotilă & Mihail, 2014). Starting from the fact that the possibilities of employment are quite rare in the rural area, the objective of this study is to evaluate the tendencies and opportunities to adopt alternative strategies for employment by either getting oriented towards either the effective or the intentional entrepreneurship (Sandu, 1999). The hypothesis of the present paper is that entrepreneurship might be a form of social innovation (Zamfir, 2009, p. 2) for the rural environment, a solution for the problems related to the employment of some categories which manifest a difficulty in getting (re)integrated in the labor market.

In order to explore the already formed ideas among the vulnerable employment categories on the aspects mentioned above, our research implied the existence of two components: a quantitative one (the questionnaire) and a qualitative one (focus-group interview). The quantitative component of the study was done with the help of a questionnaire applied on a sample of 950 people, which was representative for the vulnerable employment categories (unemployed, people in charge of a subsistence agriculture, stay-at-home people) from the rural area of Braila – and it took into consideration the following variables: age, sex, employment status. The questionnaires were applied by operators, at the homes of the respondents, them being selected based on a multilayered, probabilistic sampling. The maximum tolerated error was of 3.1%, at a 95% probability level. The questionnaires were filled in between June and September 2013 and the questioning of the subjects was done by the students from Sociology Specialty from „Dunarea de Jos” University of Galati.

The qualitative component of the study based on the focus-group interview was firstly meant to analyze the filling in and the interpretation of the statistical results obtained during the questionnaire enquiry. Secondly, it was meant to understand and describe the values, attitudes, opinions and the behaviors of the employment vulnerable people on what concerns entrepreneurship as an alternative to having a job. During the research, there were organized 20 focus-group interviews, involving a total of 138 participants. The selected group was meant to reflect and to cover by its relative heterogeneous qualitative component, all the different categories of employment vulnerable people. The sampling was focused on different aspects and it was meant to cover 3 variables: the employment status, experience in working and age.

THE ENTREPRENEURIAL POTENTIAL OF THE RURAL AREA FROM BRAILA

The rural area entrepreneurship is not yet at the standards demanded by the economy market. Practically, the small and medium businesses from the rural environment are concerning only agriculture and trade. The specialists consider that for the rural areas, the ideal solution to create new working places, to reduce the low use of the working force, to increase incomes and to diminish the risks of poverty is to create non-agricultural enterprises. Unfortunately, the entrepreneurial initiative is not as high as the potential of

the rural environment (Sandu, 2005). Also, more than half of the small and medium rural enterprises are functioning as trading companies (63% in 2004). The investors choose this field because trading activities require less investments, less managerial knowledge and the time needed to recover one's money is shorter (The Romanian Government, 2008, p. 40).

On what concerns the rural effective entrepreneurship, our study shows that only a small part of the respondents are involved, directly or through a family member, into an independent economic activity or business (Fig.1). Taking into account the extremely small percentage of people which has had actual entrepreneurial experience, it is difficult to create the profile of the rural entrepreneur present in Braila County. Still, by analyzing the sex association and the effective involvement in an entrepreneurial activity, we have concluded that 77% of them were men. This manly predominance in entrepreneurship and their inclination towards the cultural component of entrepreneurship can be explained: even if both husbands are equally involved in the business, there is this tendency of naming the husband as the rightful owner or as an authorized natural person. Another indicator which helps us have a clearer perspective on the rural entrepreneurship is represented by the presence of a business in the family of the respondent. Either if they are actually working for the family business or they are close to it, this can help them learn some business management skills by simply exposing them to entrepreneurship models. But, taking into account the small number of people which has mentioned that they are close to a business of which some other family member is in charge, we could not identify some significant statistical segments.

From the 5% of respondents which have stated that they are involved in an independent or family business, 2.8% are involved in agriculture, forestry and fishing, while only a small percentage (0.7%) are concerned in trading. In agriculture, the main interest falls on animal breeding and farming, and trade means usually general stores and local bars. Their owners are usually inhabitants of those villages where the business is taking place, and the agricultural products are sold directly on the markets of close cities or through intermediaries which re-sell them on the big markets existent in the country. Also, the great agricultural potential of the county constitutes a big chance for the development of the community and for employment. But, the restraining of the entrepreneurial activities to only these two above mentioned fields indicates a low development of the rural entrepreneurship in Braila County and, implicitly, a low use of the employment force.

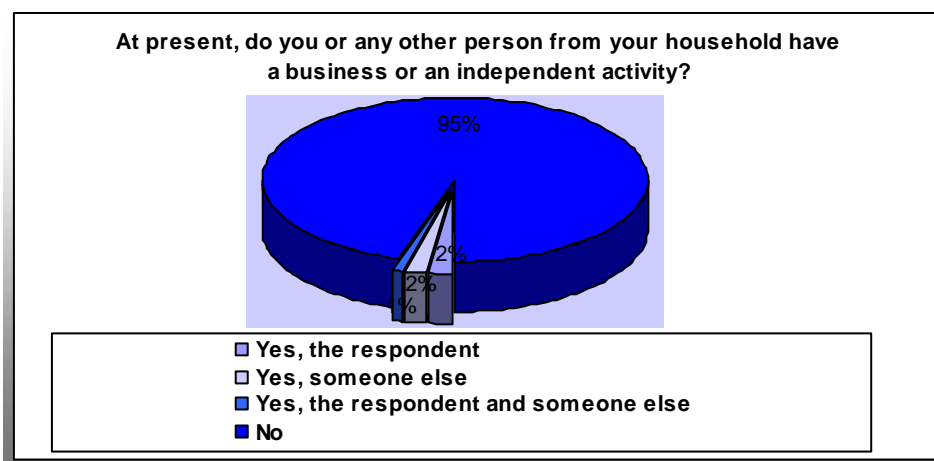


Fig. 1. The experience of having a business/ independent activity

The entrepreneurial intentions of the respondents are somewhat higher than the effective entrepreneurship, but lower than the data published through *The 2007 Public Opinion Barometer*. This state is mainly influenced by the economic and financial crisis

which has strongly affected the trust in a future business success. The evaluation of the intentions (Fig.2), on a short term (this year's or the year to come), and on a medium term (the following 5 years) indicates a bit higher availability (11.5%) to start a business in the near future than in the distant one (9.7%). In both temporal perspectives, the percentage of those who want to initiate a business or an independent activity is significantly higher than those who want to associate with someone else in order to start a business.

Probably, the uncertainty of the national economic environment and the international context is stopping most of the respondents to make future plans on what concerns starting their own business. The fields of interest for those who do intend to assume such a risk are mainly agriculture, trade and services. In agriculture, they focus mainly on farming; trade translates mainly in opening bars and general stores where one can find general products, food, fruits and vegetables. The services which were taken into account refer mainly at parlors, barbershops, manicure, pedicure, and also to auto shops.

By analyzing the socio-demographic data, we have created the profile of the potential rural entrepreneur from Braila County: male, age between 20 and 34, high-school or vocational school graduate, focused on agriculture.

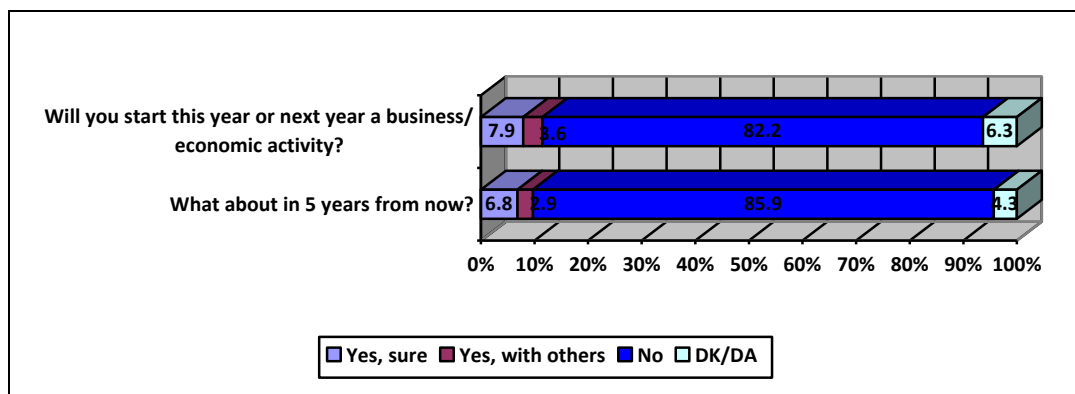


Fig. 2. The intention to start a business/ independent activity

From the analysis of the focus-group interviews, it has resulted that the motivations to become an entrepreneur are mainly linked to coercive factors resulted from the difficulty to find employment, and also to gaining a better financial situation and independence. *“I came to this class (entrepreneurship education) because I could not find a job, so I want to learn how to start my own business”* (male, 25). *“I have a different perspective in my family... we sell agricultural products... and I am happy with the way we have handled things, therefore I did not look for a job”* (female, 23). Even if the discussion participants have shown their interest in starting a business, the entrepreneurial intention is also linked to resources.

THE ENTREPRENEURIAL RESOURCES

The rural entrepreneurship from the last decade has become a continuous changing process which depends on the physical, social and economic aspects of the rural environment such as the natural resources, the social capital, the political aspect, the social networks, the normative-cultural conditions. The entrepreneurial activity is more intense in the influential rural area around the big cities or the county residence, but not so much near the small towns. The entrepreneurial spirit is influenced not only by the geographic placement, the infrastructure, the demographic factors and the human resources, but also by the labor potential. Even in the rural area of Braila County, the local aspect plays an important role in building up businesses: the quality of the human resource, the infrastructure, the cultural environment, and the socio-historic particularities. According to

local authorities, the region presents a promising frame for the development of agro-tourism, with important resources for pleasure tourism (fishing and hunting) in the Small and Big Isles of Braila. Even though the area has a great agricultural potential, the capacity to process agricultural products is still low because of the obsolete technologies. Another obstacle in the path of agricultural development is represented also by the high fragmentation of the agricultural land. The low economic potential of the small farms and their inefficient management have determined also the underdevelopment of the sector in charge of processing the agricultural products (MDRL, 2005, pp. 5-6). Therefore, agriculture is yet another sector which can be valued in entrepreneurial purposes.

The entrepreneurial tendencies depend a great deal on the social and material resources that each individual possesses, a fact which provides different possibilities to adhere to a certain social status. The great majority of the respondents own a household (aprox. 90%), animals (almost 60%) and land (48%), which means that they could trade in markets, agricultural or animal products (Fig. 3). Only 15% of the respondents have agricultural machines, thus making them have a greater entrepreneurial potential.

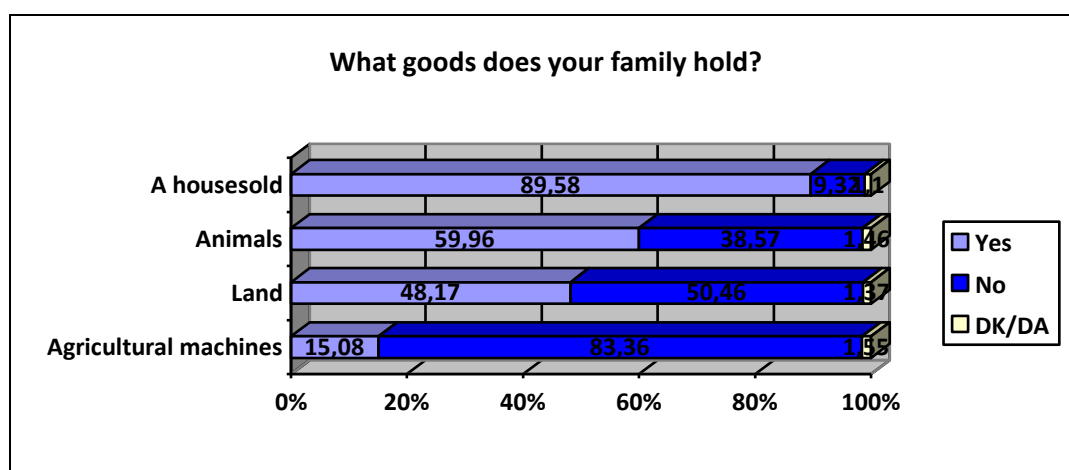


Fig. 3. Goods held in the household

From our research, it has resulted that the agricultural products obtained in one's household are used for self-consumption by about 65% of the respondents that are part of the disadvantage categories and live in the rural area of Braila. Also, 21% of the respondents have refused to mention the destination of their agricultural products. Half of them receive social help from the state, which might explain why they have refused to mention all their income sources.

Almost 64% of the respondents which own agricultural land use all of their products in their own household, approximately 17% state that a part is consumed and a part is sold, and about 2% use to sell all their agricultural products (Fig. 4). A similar behavior can be seen in those who breed animals. Since all the agricultural products are being consumed in the household, we can deduce the fact that the land surface and the number of animals are quite reduced. According to Dumitru Sandu (1999), the bigger the land surface, the higher the chances to get oriented towards a commercial behavior. Thus, the investments and the selling of the agricultural products seem to take place in the households where the number of animals and the land surface are big (p. 128). From our research it has resulted that the dominant model in the households of our respondents is the practice of subsistence agriculture, taking into account the small number of agricultural products which are being sold and the great numbers which are being used for self-consumption.

But in the case of the respondents that hold modern means of practicing agriculture (agricultural machines), we have noticed a decrease in the number of those which use the

whole products for themselves (40.5%) and the increases in the number of products used for partial (31.3%) or total trading (3.7%).

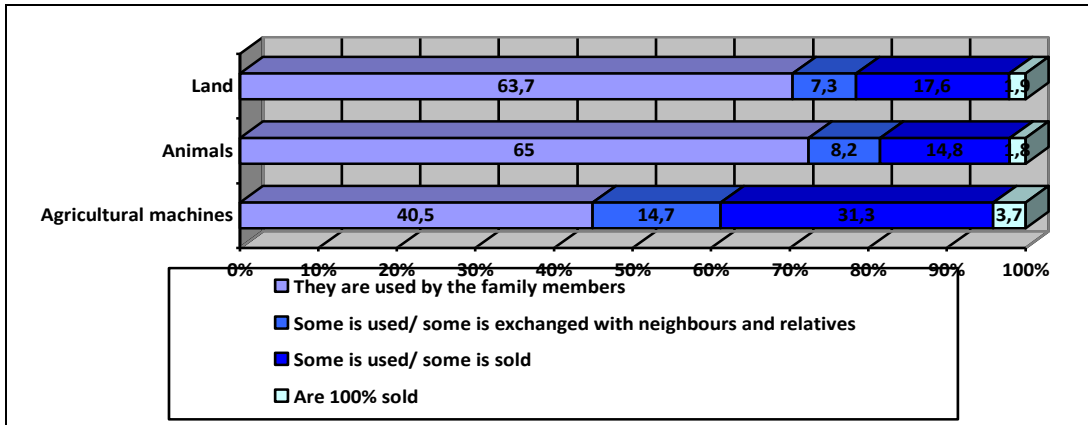


Fig.4. The destination of the agricultural products according to the household resources

The majority of the respondents think that in order to become an entrepreneur, one needs especially the financial resources for the initial investment (Fig. 5). The success of a business is also given by the local opportunities or by the economic context in general. Besides the present day crisis which has affected all business men, regardless of their living area, the potential entrepreneurs from the rural area are disadvantaged also by the poor infrastructure, the lack of endowment and utilities. Therefore, in Romania the residential environment represents one of the most important factors of social segregation, and the fact that one lives in the rural area, creates difficulties even in what concerns the initiation and development of a business. The lack of education and specialized knowledge is yet another serious obstacle felt by the potential rural entrepreneurs.

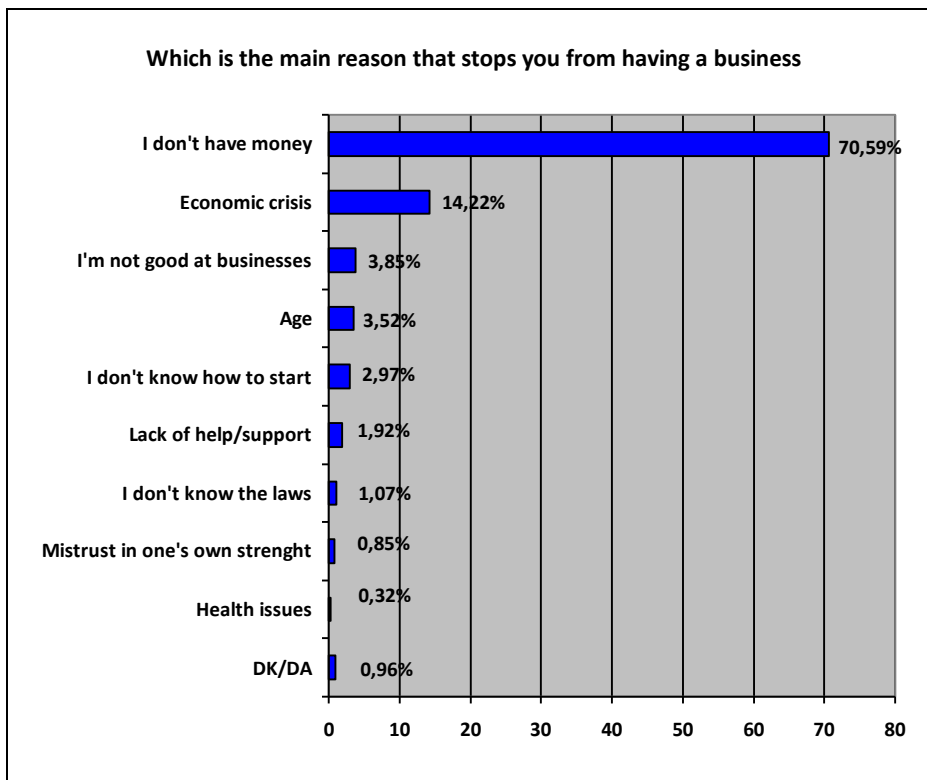


Fig. 5. Obstacles in initiating a business

Out of the discussions we have had with the participants at focus-groups, we have identified a series of limits and perspectives associated with the entrepreneurial initiative. The main obstacle in initiating a business is the lack of capital. Thus we observe that the importance of money is overestimated, while the lack of knowledge, of experience in that field and on what concerns the idea of a business is underestimated. *“I want to take a class in manicure or pedicure and to try to open a parlor. I thought at this possibility but you need money to do such a thing”* (female, 20 years of age). The lack of resources in order to do the agricultural works constitutes a problem especially for those who perceive agriculture not only as a source of income, but also as a resource generating employment. *“I would start up a business if I would have the necessary machines”* (male, 25). The participants at discussions have identified bureaucracy as the main administrative obstacle in the path of the development of entrepreneurial activities. The large number of documents and approvals needed, and also the time spent getting them are seen as obstacles by the potential entrepreneurs.

The practicing of subsistence agriculture is seen by some participants as an opportunity to later initiate a business in the agricultural field, a plus in this respect being also the experience accumulated while performing the activities specific to agriculture. *“I would open a business in agriculture, because nothing else works around here... I am good at agriculture. We know how to cultivate, mow, and breed animals... we know it all. I thought about buying some land and some machines”* (female, 39). For those who do not own any land or do not have any experience in agriculture, a solution would be to create micro-businesses in manufacturing: the processing of the agricultural products, the shoe, clothes or handicraft making. *“I intend to open up a mushroom farm”* (female, 39).

The entrepreneurial potential of an individual does not depend only on the financial resources, but also on the characteristics of his/her micro-social environment. So, the decision to become an entrepreneur is determined by the presence of the entrepreneurial model in the relationships one has with one's neighbors and relatives, and also by the quantity and quality of the social relationships materialized in the availability to associate with others. On what concerns the micro-social conditions of entrepreneurship, we might say that the presence of an entrepreneur among the parents, the relatives or friends is determinant. *“If I will be able to open up a business, I would take my uncle as my partner because he has a lot of land. He has quite a big business”* (man, 19 years old).

A solution to get out of this double vicious circle of the rural social and agriculture underdevelopment is to adopt the idea of associating in order to reach the market. Adding all the resources will help the agricultures obtain benefits which would not be attainable on their own. About the availability to associate in order to initiate a business, we have talked in the focus- group interviews and the answers received reflect a tense social climate in which are found predominant the mistrust and the discouragement. The signs of a lack of cooperation are present even in the fact that those which have entrepreneurial intentions want to start a business on their own or with someone from the nuclear family, and little are they interested in associating with someone from outside their intimate environment. *“I would get associated with someone from my family, but not with someone from outside it because I cannot trust anybody”* (woman, 26 years old).

CONCLUSIONS

The low employments opportunities related to the manpower potential existent in the rural area, implies as an alternative, the use of a new life strategy for surviving or for success: the entrepreneurial initiative. From our research results that taking such a decision does not totally depend on the household resources, the access to the necessary funds to

start a business, on the general economic climate, but also on the personal or on the family's entrepreneurial experience, on the availability to associate with others and on the level of trust.

The rural environment is perceived as an entrepreneurial resource which can either create opportunities or constrains. If in general, the starting of a business is conditioned by material and financial resources, the land surface may be an important resource for a person from the rural area which thinks at adopting the entrepreneurial strategy. Also, in the rural environment, there is a diversity of resources which can be superiorly used. Unfortunately, the processing of the agricultural products represents a field which is insufficiently developed by producers. But, if we are to take into account the limited number of working places and, especially, the potential generated by the resources existent in the rural area, we can conclude that here we can find the premises for the development of businesses.

On the other hand, the rural entrepreneurship is confronted with obstacles like the low level of education and professional training, the difficult access to financing for rural businesses, the shortage of transportation infrastructure, of commodity market and, of consultancy services. To overcome such obstacles is very important if we are to take into consideration the potential of entrepreneurship to generate working places and self-employment situations. From this perspective, entrepreneurship is justifiably occupying a central place among the objectives of the European Social Fund. In order to promote the measures which intend to increase the occupational level of the active people, especially those from the rural area, the accent falls on orienting the programs towards the family members which practice subsistence agriculture, on promoting new occupational forms for the rural area independent workers, and on promoting the entrepreneurial culture in both agricultural and non-agricultural activities. So, to encourage the people from the rural areas with part-time jobs, are unemployed or inactive, to gain and develop entrepreneurial abilities, and implicitly, to invest in their own farms or non-agricultural activities, may replace successfully the employment strategy.

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