

SUSTAINABLE RURAL DEVELOPMENT THROUGH RURAL ENTREPRENEURSHIP

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Abstract: *The sustainable rural development is one of the most complex contemporary issues. As in essence it presupposes reaching a balance between the need to preserve the rural economic, ecological and cultural space and the “modernization” tendency of the rural economic activity and life. The pleading for the promotion of entrepreneurship initiatives in the rural area starts from the need for rural economy diversification. In general, no rural development program can be conceived in the absence of an essential role played by agriculture, but the rural economy is more developed and more dynamic if it has a more diverse structure, with a higher share of the non-agricultural economy. In this context, the paper presents aspects of the sustainable rural development through the development of a viable network of private small and medium-sized enterprises*

Key words: *rural development, entrepreneurship, non-agricultural activities.*

INTRODUCTION

Rural development is the far – reaching transformation of the social and economic structures, institutions, relationships and processes in any rural area. It does not conceive agricultural and economic growth in the narrow sense but as well as balanced social and economic development, with emphasis on the equitable distribution as well as the creation of benefits.

Among its goals, we can mention the following: equitable access to arable land, more equitable distribution of income, widespread empowerment in health, nutrition and housing, broadened opportunities for all individuals to realize their full potentials through education and strong voice for all rural people in shaping the decisions and actions that affect their lives. There may not be a single paradigm suitable for all-purpose and nations for sustainable rural development.

The task of international development efforts for decades has been how to eradicate poverty, empower people economically, improve health care, provide educational opportunities and sustain local communities around the world. The purpose of local economic development is to build up the economic capacity of a local area to improve its economic future and the quality of life of all.

It is known that a significant labour supply exists in the rural area, largely unused or partially used, which can be activated through requalification and integration into the small and medium sized enterprises. The development of a viable network of private small and medium-sized enterprises (agri-food, industrial, local processors, handicraft, providers of services, etc.) in the rural area also has, besides the important economic function, a significant social component.

Rural entrepreneurship should not only set up enterprises in rural areas, it should also use rural raw products and create jobs for the rural people in their production processes. Rural entrepreneurship is, in essence, the entrepreneurship that adds value to rural resources in rural areas largely involving rural human resources. In other words, this means that finished products are produced in rural areas out of resources obtained in the rural areas mostly by rural people.

MATERIALS AND METHODS

The information and findings of this article were obtained through selective research-specific methods. The research followed the following process and stages: identification of the researched issue, research framework delimitation, information collection, data processing, analysis and interpretation, drawing up the conclusions. Secondary research and desk research played an important role in this article. This consisted, on one hand, in the identification of other studies and articles on the same subject, and in the processing of certain statistical data, on the other hand. Hence, the information sources used can be classified into governmental sources (statistic, ministerial and from research institutes), and non-governmental sources (independent publications).

RESEARCH RESULTS

The development potential available in the case of Romania is an important one. Rural areas represent a resource that is not enough put into value, they cover 87% of the country, and approximately 45% of the total population. Labor force in agriculture and forestry, according to the latest data provided by the National Statistical Institute, totals about 19% of total employment. The share of agriculture in the rural economy is about 60%, rural economy representing a main branch of activity.

From the analysis of the present agricultural structures (with their underperformances) of the rural economy with predominantly primary character and of the consumption of resources by the rural population, it can be concluded that the Romanian countryside is characterized by a high poverty rate (over 45%, compared to 15–18% in the urban area). The strong poverty, with the tendency to become chronic poverty, makes the rural economy shift towards the natural, subsistence economy and get isolated from the market economy.[3]

The rural areas in Romania are affected by the significant lack of infrastructure and by its deficiencies, which adversely impacts both the economic development and the quality of life. The most important needs are related to: roads, drinking water supply, public sewerage system, waste management, electric power, thermal energy, access to internet, education and training, access to health services.

Time occupancy is an imperative for development not only at part-time farm level, to which it could provide additional incomes, but also at the level of the entire national economy. This is a complex process, which presupposes, besides the diminution of the employed population in agriculture, through its attraction into other sectors, the pluriactivity development, the involvement of part-time farms into other non-agricultural activities.[5]

The diversification of the rural activities and the creation of new alternative income sources or additional incomes represents the main possibility to increase the real-time occupancy. By diversification we understand any income-gaining activity, which does not involve agricultural work, but it is linked to the farm. This refers to: tourism, accommodation and other leisure time activities, folk crafts, processing of farm products, wood processing, aquaculture, energy production from renewable sources for the market, contracts for renting the working equipment.[1]

The pleading for the growth of the small and medium enterprise sector in the rural area starts from the need for rural economy complementarization and diversification. The entrepreneur is a person who either creates new combinations of production factors such as new methods of production, new products, new markets, finds new sources of supply and new organizational forms or as a person who is willing to take risks or a person who, by

exploiting the market opportunities, eliminates disequilibrium between aggregate supply and aggregate demand or a person who owns and operates a business.

The basic entrepreneurship principles that apply to rural development are:

- Optimum utilization of local resources in entrepreneurial venture by rural population;

- Better distributions of farm produce resulting in rural prosperity;

- Entrepreneurial occupation of rural population to reduce discrimination and providing alternative occupations as against the rural migration.

- To activate such system to provide basic "6 m": manpower, money, material, machinery, management and market to the rural population.

The rural entrepreneurship is vital for rural economic development. There are several reasons for the increased interest in entrepreneurship, mainly in the rural regions and communities.

1. The rural entrepreneurs play an important role in driving local and national economies.

2. The structure of rural economies is essentially composed of small enterprises, which are responsible for most of the job growth and innovation. Moreover, small businesses represent an appropriate scale of activity for most rural economies.

3. Traditional approaches to recruitment and retention are just not working for most places, and states are looking for viable alternatives which mainly include entrepreneurship.

5. Rural entrepreneurs have successfully diversified into or started new businesses in markets as diverse as agri-food, crafts, recycling, leisure and health.

6. Diversification into non-agricultural uses of available resources such as catering for tourists, blacksmithing, carpentry, spinning, etc. as well as diversification into activities other than those solely related to agricultural usage, for example, the use of resources other than land such as water, woodlands, buildings, available skills and local features, all fit into rural entrepreneurship. The entrepreneurial combinations of these resources are, for example: tourism, sport and recreation facilities, professional and technical training, retailing and wholesaling, industrial applications (engineering, crafts), servicing (consultancy), value added (products from meat, milk, wood, etc.) and the possibility of off-farm work. Equally entrepreneurial, are new uses of land that enable a lowering of agricultural production intensity, for instance, organic production.

7. Dynamic rural entrepreneurs can also be found. They are expanding their activities and markets and they find new markets for their products and services beyond the local boundaries.

8. Although agriculture today still provides income to rural communities, rural development is increasingly linked to enterprise development. Since national economies are more and more globalized and competition is intensifying at an unprecedented pace, affecting not only industry but any economic activity including agriculture, it is not surprising that rural entrepreneurship is gaining ground as a force of economic change that must take place if many rural communities are to survive. However, entrepreneurship demands an enabling environment in order to flourish.

In order to foster entrepreneurship development in rural areas, a number of positive measures should be adopted by the government. These would imply: tax advantages, availability of cheap labor, advantages of local and regional resources, prestige and respect, competitive advantages over the big business, support and motivation of local people, advantage of backward and forward acceleration for e.g. use and returns from resources and employment generation.

At national level, the government has adopted the following measures for entrepreneurship development:

- Sound national policy with respect to agriculture, including recognition of the vital contribution of entrepreneurship to rural economic development;
- Policies and special programs for the development and channeling of entrepreneurial talent;
- Entrepreneurial thinking about rural development not only by farmers but also by everyone and every development organization;
- Institutional supporting the development of rural entrepreneurship as well as strategic development alliances.

Certain qualities for a good entrepreneur are needed for a successful business:

- Individualist / group orientation;
- Strongly committed;
- Interested;
- A creative problem solver;
- Good organizational skill;
- Good level of understanding the relationship between organization, strategies and environment;
- Creative risk taker;
- Thrive on change and cope well with uncertainty;
- Forward looking decisions.

The motivating factors in starting own business are:

- Job opportunities;
- Earning income;
- Financial independence;
- New experience and knowledge;
- Self-challenge;
- Flexible working hours.

In the present picture of rural entrepreneurship the major problems are the following:

- Lack of financial resources;
- Lack of knowledge such as marketing, sales, account maintenance, etc.;
- Unstable legislation regulating business activities for example registration, accounting, etc.;
- Less support from financial institutions, particularly in obtaining micro-credit;
- Lack of a central controlling Authority;

A rural entrepreneurship is top-most agenda on the policies of the government officials with the following objectives:

- encourage skilled and professional people who left the rural community to return to the main stream of economic activities;
- to develop the region through the startup of new companies or organization;
- attract in the area the laid-off skilled labor from nearby regions and provide job opportunities;
- promoting specific types of businesses depends upon the rural environment.

From the financial point of view it nurtures a pool of potential:

- growth enterprises through micro equity investments and foster greater access to capital for start-up firms;
- meet particular local employment needs;

- help develop flexible manufacturing networks of co-operatives, micro and other manufacturing businesses;
- develop and produce a particular product that none of the firms could manufacture alone;
- intensify training programmers to build the vocational skills for rural population;
- develop ways by which to diversify product lines and markets and expand distribution channel;
- promote co-operation between small firms in the network, thus promoting their competitive efficiency;
- provide different services in the areas of finance, marketing, research and development; and
- provide common services of daily matters in production and administration in order to lower the transaction costs.

In most rural communes, the entrepreneurial needs are weakly represented. This situation severely constrains the capacity of the rural areas to develop according to the existing potential. In an attractive socio-economic context, the creation and promotion of entrepreneurship initiatives addressed to the young people will put into motion a viable mechanism for the development of rural communities.

CONCLUSIONS

At present, in Romania, the economic functions of the rural areas almost entirely depend on the existence of the agricultural activities. This situation explains the need for creating new, alternative jobs, mainly for the orientation of the small farmers or of the family members to non-agricultural and productive activities and for the development of services in the rural area.

Business development in Romania has great differences across regions, with regard to the small and medium-sized enterprises as well. Entrepreneurship is poorly developed in rural Romania, as a result of the insufficient operation of material resources, of the deficient education, of the low level of utilities, as well as of the massive migration to the urban areas and to foreign countries, mainly in the case of young population.

The SME analysis in the rural area reveals the low capacity to respond to the need to supply new jobs for the population in the countryside. The small-scale business development is well-known as the most important source of jobs or obtaining incomes in the rural space, both for the already developed economies, and for the developing ones.

Starting from the special natural qualities of the rural area, Romania's rural strategy should support the sustainable rural development as active economic growth factor, in order to alleviate rural poverty and gradually shift to an acceptable economic and social standard in the rural areas.

The sustainable rural development, with modernization tendencies along the European coordinates, has as main objective maintaining and preserving the national character of rural area and culture, and its integration into the European area; where serious ecological, economic and socio-cultural destructions have been produced at local, regional or national level, a solution is proposed to reconstruct or restore these zones, i.e. to bring them back to the rurality standards.

While strategic planning, feasibility and market studies and analysis are necessary parts of new business start-ups, very few real entrepreneurs, the famous and not so famous, waited for a printout to see whether they should launch their new idea. Central and state governments are going to have to change some of the ways in which we currently do

business so as to be really useful to rural-based entrepreneurship. We are going to have to be more entrepreneurial ourselves.

There are large number of opportunities available for the rural entrepreneurs; what is needed at the core of rural development is “pull together a unique package of resources to exploit the opportunities”. Dreams, determination, willingness to take the risk are the main features of entrepreneurs.

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