

## EFFICIENCY OF RESOURCES UTILIZATION IN THE SUSTAINABLE DEVELOPMENT OF RURAL ENTREPRENEURSHIP

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### *Abstract*

*The paper makes an analysis of the economic and social resources involved in the rural entrepreneurship development in Romania. The methodology used is based on the analysis and synthesis of information on the social and economic coordinates of the rural entrepreneurship development. The statistical data were completed with information from articles and studies published in specialty journals as well as in Government's documents. The results allow us to conclude that the natural resources, the social capital, the rural governance and the business development have a direct influence upon entrepreneurship development in the countryside.*

**Key words:** entrepreneurship , resources, rural development

### INTRODUCTION

The entrepreneurship concept represents an initiative, a work-related attitude of an individual or of a human community, which is going to be manifested in a certain place, at a certain moment and in certain conditions, in order to maximize the profit of their activities, on short term and to focus on investments, on long term. In the modern sense of the market economy, an entrepreneur is an economic operator who mainly adopts an active and innovatory behaviour and deliberately accepts financial risks in order to develop new projects. [5]

At present, the entrepreneurship promotion and development represents one of the main directions of Europe 2020. This strategy represents a solution to the recent slowdown of the economic growth in several Member States of the European Union (EU) and intends to create more jobs and to ensure better living conditions for the population in the years to come. [4]

For the rural area, the support and consolidation of entrepreneurship and innovation represent one of the most important methods of approaching the economic issues in the rural communities, materialized under the organizational-juridical form of the small and medium-sized

enterprises (SMEs).

One of the principles that lie at the basis of the rural development policy is the principle referring to the multisectoral and integrated approach to the rural economy, in the sense of *diversification of economic activities*, of creating *additional income and employment sources*, as well as of preserving the rural heritage. [8]

In order to counteract the depopulation process of the agricultural areas and to strengthen the economic and social substance of the countryside, one of the rural development policy goals of the European Union, defined in the Council Regulation no. 1257 of May 17 1999, on the community support to rural development, targets to *the development of certain complementary and alternative job creating activities*. [3]

Thus, the development of SMEs in handicraft and in the sector of services (telecommunications, research, management, technical assistance, etc.) in the countryside provide new great opportunities for development.

The complementary activities that can be practiced in the rural areas are extremely numerous. When they get expanded by putting into value the local natural resources, the action is even better. In any case, these activities are practiced on a larger scale in the

developed agricultural areas, compared to those areas where agriculture is less developed. The industrial activities and services require specific infrastructure and skills, for which, in general, farmers are less trained and prepared. [1]

In this context, in which the developed states show an increasingly great interest in the positive role that the rural entrepreneurship can play in their economies, the present paper attempts an analysis of the economic and social resources involved in the rural entrepreneurship development in Romania.

## MATERIALS AND METHODS

The research study starts from the premise that the natural and human resources specific to the Romanian rural space are not fully and adequately put into value, and the development of the small and medium-sized enterprises represents a significant source for obtaining incomes and for the promotion of entrepreneurial skills, innovation and job creation.

The methodological approach includes the identification of the “territorial socio-economic capital” of the rural settlements by association with the other resources that can support the concrete approaches for the implementation of the strategic objectives proposed for modeling the future of the rural community as integrating part of the sustainable development policy.

The utilized research methods are the stocktaking of the utilizable resources for the sustainable development of the rural entrepreneurship and the cause-and-effect explanation of the investigated phenomenon.

The analysis is based on data and information obtained through bibliographical and field documentation.

For the researcher of the contemporary rural phenomena, the investigation of the relations that exist between the environmental and social factors, at local level, makes it possible to delimit the necessary mechanisms for the sustainable development of the non-agricultural activities, which can contribute to the increase of the number of jobs and alternative incomes, as well as to the increase

of rural area attractiveness.

## RESULTS AND DISCUSSIONS

In Romania, the rural areas cover 87.1% of the territory and include 45.1% of the population. The active population accounts for 46.3% of the rural dwellers and can sustain rural economic growth if adequate incentives become available. [8]

The human capital characteristics and their evolutions in time have a decisive impact on the rural population’s access and participation to the labour market (Table 1).

Table 1. Rural population characteristics

Year	Active population thousand persons		Employed population thousand persons		Unemployment thousand persons - by ILO*	
	total	rural	total	rural	total	rural
2010	9,965	4,427	9,240	4,208	725	219
2011	9,868	4,305	9,138	4,066	730	239
2012	9,964	4,411	9,263	4,185	701	226
2013	9,977	4,425	9,247	4,189	730	236
2014	9,277	4,165	8,614	3,945	629	220

\* International Labour Office

Source: Romanian Statistical Yearbook, 2010-2014 data series, NIS

Even though the migration of the rural population to towns has been a consistent phenomenon, which will continue in the years to come, the rural population was and probably will remain significantly numerous in the next decades as well.

Taking into account the relief forms, the climate and the hydrographical network, we can consider that in Romania, land is favorable for farming. In the rural area, agriculture, forestry and fisheries are the main occupations for the greatest part of its inhabitants.

Across regions, significant disparities can be noticed with regard to the rural population’s occupational structure (Fig. 1), which reflect the structure of regional rural economies as well as the population’s dependence on the agricultural resources. [6]

The lack of non-agricultural occupational opportunities in the rural areas was perpetuated and it maintained the dependence of the rural population on agriculture and on small farm production. Out of this reason, the

concentration in agricultural land use runs slowly, with negative consequences upon the productivity of the primary sector of national economy. [10]

This situation explains the need for creating new jobs, alternative ones, in the rural area, especially for the orientation of the small farmers or of the family members to non-agricultural sectors.

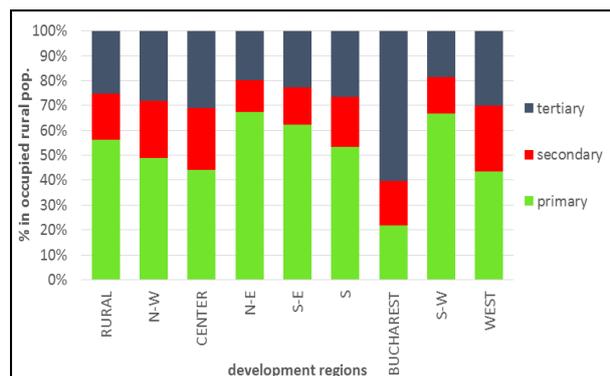


Fig. 1. Regional structure of rural employment by activity sectors, in 2011

The diversification of the non-agricultural utilization of the available natural and human capital in the rural area is sporadically present, mainly in the localities located in the proximity of towns. The enterprises are facing great difficulties in the access to finance from the banking sector, mainly due to the lack of necessary collaterals and to the entrepreneurs' weak managerial capacity.

The entrepreneurship is weakly developed, being characterized by the lack of basic managerial knowledge and skills, resulting in a low productivity level.

These problems are aggravated by many small entrepreneurs being reluctant in the relation to the banks and by the fact that most often the value of the collaterals they can offer is limited by the low value of properties in the countryside. [2]

The low rate of the entrepreneurial activity from the rural area has several causes. Here are some of them:

- Lack of the entrepreneurial education in the Romanian society before 1990;
- Unfavourable business environment in the transition period of the 1990s;
- Population's orientation towards stable jobs, in large firms, in the period of economic

growth of the first years after 2000.

In this context, the rural entrepreneurship:

- Is mobilizing the resources to meet the unsatisfied demand of the market;
- Has the ability to create or build something out of nothing;
- Is the process by which value is created from the realization of a single package of resources in order to use an opportunity.

The diversification of the available non-agricultural resources by entrepreneurial combinations has taken different forms, from tourism, supply of conditions for sports and leisure or for training up to activities such as small trade, industrial applications (ceramics etc.), consultancy services, adding value to products (meat, milk, wood products). The recent approaches focus on new land utilizations that make it possible to lower the intensity of the agricultural production, such as organic production.

The investments for increasing farm competitiveness and also on the agro-processing units contribute to capital improvement and the re-orientation of the labour force from the rural area towards local non-agricultural activities in the field of production and services.

The promotion of non-agricultural activities in the rural area and the diversification of the activities by acquiring new entrepreneurial skills, new abilities and supply of new services for the rural population are the main factors that contribute to the economic growth and implicitly to the change of mentality and to the increase of the living standard in the rural area, as well as to the stability of the territorial, social and economic equilibrium.

According to the Horizon 2014-2020 Program launched by the EU, steps will be taken to strengthen the agriculture and rural development by an important financial support allocated to knowledge transfer, modernization of the small and semi-subsistence farms, young and women farmers training, increase of profitability and competitiveness, and to assure the sustainable development of the rural areas. [9]

The promotion of entrepreneurial initiatives in the rural area starts from the need to diversify the rural economy. In general, no rural

development program can be designed without agriculture having an essential role; yet the rural economy is more developed and more dynamic if it has a more diverse structure and the non-agricultural economy has a higher share in the countryside. The non-agricultural activities regard the extractive and processing industry, food and light industry, wood and forest products harvesting and processing, cottage industry, agro-tourism activities and services.

## CONCLUSIONS

At present, in Romania, the economic function of the rural space is considered as the basic, primary function, whose main pillar is agriculture.

The rural human resources live their own history, generated by the endogenous demographic processes of the rural area and by the vulnerability of local rural economies.

The rural employment rate declined because of the lack of job opportunities in both rural and urban areas.

The rural economy features significant differences depending on the country's regions and the specific demographic, social and economic characteristics. This differentiation is noticeable mainly with regard to the low level of incomes in rural Romania, as reflected by the low living standard and by the lack of alternative income sources.

This situation explains the need for the creation of alternative jobs, mainly through the orientation of the small farmer or the family members towards non-agricultural production activities and the development of services in the rural area.

The presence of non-agricultural activities, linked to the primary sector and mainly to the natural resources exploitation and their processing are quite insignificant in economic terms.

The small-scale business development is known as the most important source of jobs/incomes in the rural area, both for the already developed economies and for the developing economies.

The analysis of the business environment in the rural area reveals its low capacity to meet the need for supplying jobs for the rural population. In most rural communities, the entrepreneurial initiatives are weakly represented. This situation severely constrains the development capacity of the rural areas according to the existing potential.

In an attractive socio-economic context, the creation and promotion of entrepreneurial initiatives addressed to the young people and women put into operation a viable mechanism for the rural community development.

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