

ANALYSIS OF DEVELOPMENT OPPORTUNITIES FOR RURAL ENTREPRENEURSHIP IN THE DEVELOPMENT REGION WEST, ROMANIA

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Abstract

Romanian rural communities are characterised mainly by an ageing population, by a decrease of birth rate and by a dependence on agriculture, particularly subsistence agriculture and demi-subsistence agriculture. The policy of rural development of the European Union aims at solving the issues of rural areas through the exploitation of their potential and by ensuring the proper services and infrastructure. Income sources are scarce because of the few jobs and this has major implications on life quality in the rural communities. Therefore, local authorities should be concerned with the development of their own localities and with the improvement of their inhabitants' life quality and implement successfully some development programmes or projects. The goal of the present paper is to present the most favourable ways of development for the rural communities in the development Region West, Romania, an area confronted with such issues as shortage of jobs and low incomes and where there are discrepancies between the economic developments of the counties making it up. Based on the analyses carried out and on study cases, the authors present the main aspects of the rural areas in the region, pointing out the fact that local authorities should be concerned with the development of their own localities and implement successfully development projects. The authors have reached the conclusion that the development of non-agricultural activities determines the diversification and increase of jobs and, implicitly, the increase of life quality in rural communities.

Key words: entrepreneurship, non-agricultural activities, rural development, SMEs, tourism

INTRODUCTION

Romania has known disparities between the levels of economic and social development of the different areas of the country.

Between the two World Wars, there was industrial activity in only a few regions of the country, where mineral and energetic resources were available. Thus, the economy of the other regions was dominated by agricultural activities.

After World War II, the Communist leadership, through its policy, tried to develop all the regions equally through industrialisation. As a result, they made investments in industry in all the areas of the country, no matter their economic justification.

The effects of industrialisation materialised in an increase of the number of localities relying on a single type of activity (e.g., Reșița, Hunedoara, Petroșani, etc.) and in the development of economic activities that were

not supported by the resources of the area and that has to rely on imported raw materials.

On the other side, the concentration of industrial investments, particularly in the urban areas, has resulted, in time, in the migration of the population, mainly the young one, from the villages to the towns, increasing considerably the urban population.

The negative effects of the industrialisation were obvious, on the one hand, in the rural areas, which not only lost the most productive population, but also declined economically and, on the other hand, in the urban areas that underwent a quick urbanisation and had to bear demographic and social pressure impossible to absorb from the point of view of the housing facilities.

In this context, working class blocks of flats or single-people's dormitories appeared in great numbers in all the towns and cities of Romania. [1]

Nowadays, we have to deal with the effects of the policy of development that marked in the

past all the counties of Romania; briefly, all the areas of Romania confront with on type or another of problems.

The issues related to job occupancy are obvious in both under-developed areas – that do not manage to make enough productive investments and cannot create a satisfactory number of jobs – and in developed areas – that, because of the economic crisis, have lost a considerable number of jobs as a result of the shortage of activities in some enterprises or of the bankruptcy of enterprises that were not enough consolidated economically. [3]

In this context, the general issues of economic development in all Romanian development regions are similar to those of the less developed European regions where the GDP is below 75% of the European Union GDP. This is also the situation of the four counties in the development Region West of Romania [2]

MATERIALS AND METHODS

As material, we have used the partial results of the research project “Promoting entrepreneurship to increase job occupancy in the rural environment” (POSDRU 110/5.2./G/89043 from 30.01.2012), carried out through the Romanian Academy, Timișoara Branch, by the Scientific Research Team Sustainable Rural Development of Romania.

Research was conducted in the four counties of the development Region West, i.e. Timiș, Arad, Bihor and Caraș-Severin.

Within the project, we made diagnosis analyses of the present state of unemployment and of people occupied in subsistence agriculture in the rural areas of the entire region and in each of the four counties of the region; the study is a quantitative and qualitative scanning of the three main issues: unemployment, subsistence agriculture, and dynamics of the business environment.

RESULTS AND DISCUSSIONS

Labour force occupancy in the development Region West reflects in the following factors: activity rate 66.4%, employment rate 49.5%,

long-term unemployment rate in youth (over 6 months): 12.2%. Labour force occupancy per sectors of activity is as follows: industry – 27.7%, agriculture – 25.1%, commerce, transports, hotels and restaurants – 21.1%, public administration, insurance, education, health and social work – 11.9%, constructions – 5.9% and information and communications – 15.0%.

The few chances to get a job in the rural area are because of the low number of economic agents in the rural area.

The present state of the rural area in the development Region West is the effect of the few major investments in infrastructure, particularly in the rural infrastructure that could make the areas more attractive. In most cases, the inhabitants of the rural area do not know how to speculate the opportunities of a profitable business. The main reasons why they do not start a business are the lack of information and of entrepreneurial education.

Through the project, we have carried out in the development Region West, the people in the target-group benefit from entrepreneurial education courses to acquire the necessary skills and from the consultancy necessary to start non-agricultural business such as SMEs specific and necessary to the rural area and business in rural tourism, crafts, or services.

At regional level, private investments represent 20.2% of the GDP, structured as follows: 43.7% in industry (31.6% in the producing industry); 9.9% in commerce; 9.7% in real estate; 8.6% in constructions; 8.3% in agriculture and 7.7% in transports and storage.

In the year 2011, there were, in the development Region West, 43,241 enterprises, as follows:

- 85.95% micro-enterprises (0-9 employees);
- 11.37% enterprises (10-49 employees);
- 2.25% medium enterprises (50-249 employees);
- 0.43% large enterprises (over 250 employees).

The development Region West has a population of 1,913,831 inhabitants, of which 71.5% are aged 15-64 years.

We should also mention that, in the development Region West, there are also 25

SMEs/1,000 inhabitants, and that the number of people employed in enterprises is 427,511. According to statistics, the share of the unemployed population is considerable (50.5%) at regional level and, though there are no data on the shares per urban and rural, our research shows that most of the unemployed people come from the rural area.

Thus, the shortage of jobs has resulted in the practice of subsistence agriculture and, even most dramatically, in migration of the active population to more industrialised areas.

Though in some localities in the development Region West the population is ageing, this is not a barrier to entrepreneurship: these localities can become poles of integration for the surrounding localities. It is expected that, once a new business is started, the demand of labour force is oriented not only to the active population in the locality of the investment, but also to the neighbouring localities.

The setting of many rural localities in the development Region West in a special natural landscape with exceptional cultural and historical heritage favours the development of tourism under different forms (particularly the counties of Caraş-Severin, Hunedoara, Arad, and Timiș). In the development Region West, there are five national protected parks covering 1,730 km², 4 natural protected parks covering 2,731 km², and 2,104 monuments and sites listed on the List of Historical Monuments. In the Timiș County, there are 2,142 accommodation places and 338 monuments and sites on the List of Historical Monuments, i.e. 16.1% of the total number of monuments and sites in the region. However, as ADR-Timiș statistics show, this potential is not valorised properly.

At the level of the development, Region West there are 497 tourism structures (as a rule, small capacity bed-and-breakfasts) with 23,276 beds, of which only 5,950 are functional. [4]

The strategic vision for the period 2014-2020 approaches all regional disparities specific to Romania and presents the socio-economic development of all regions.

The global goal for the next period is to reduce economic and social disparities between Romania and European Union

Member States through supplementary increases of the GDP with 15% until 2022 and through increases of the GDP per capita to 65% of the European Union mean.

To reach this global goal, we identified theme priorities related to the objectives:

- improving human capital through the increase of the labour force and through better policies of social inclusion and education;
- developing a modern infrastructure in order to increase economic development and the number of jobs;
- promoting economic competitiveness and local development;
- optimising the use and protection of natural resources and activities;
- etc.

These theme priorities are a true advantage in the development of rural regions based on European Union funds for the period 2014-2020 also.

CONCLUSIONS

Regional development should aim at developing the infrastructure of urban (small towns) and rural areas that could become poles for investments in the region. In parallel, we should support complementary actions in other fields such as professional education and training, development of health infrastructure, protection of the environment, etc.

Diversifying the economy of the rural areas in the development Region West, particularly tourism potential, and the development of SMEs, particularly activities that self-support from the points of view of human and material resources if the area, are pertinent measures and solutions for the re-launching of the rural areas.

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