



## The Development of Entrepreneurship in the Romanian Rural Area

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**Abstract:** The practice of entrepreneurship in the Romanian rural space represents a social, physical and cultural concept, which is in the complementarity of the urban space. A complete definition would neglect and omit at the same time the complexity of ethnomethodological factors, as well as the structural diversity, presented as a specificity that shapes its personality and transposes it into an *a priori* space. Entrepreneurship is a process, which is based on identifying and managing an opportunity in the business environment, in order to capitalize it. The rural environment includes agricultural land, habitats, forests, traditional crops, natural landscapes, communities and different types of territories. This space represents the incorporation of most of the resources of the national economy, for example, resources from agriculture, fish farming, forestry, tourism or raw materials for industry.

**Keywords:** entrepreneurship; country side; the SWOT analysis; Sustainable Development

**JEL Classification:** L26

### Research Method

As a research method we have used the documentary analysis which is a method of research and interpretation based on the review of articles, books, documentaries on business financing, direct observation, SWOT analysis.

### Results

Most countries have created their own definitions of rural areas, based on socio-economic criteria (population density per km<sup>2</sup>, agricultural models or share of rural

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population), which are closely related to the perception of the heterogeneity of the area, as well as the suffered changes. Also, regarding the acceptance of a significant category of experts, the rural area is more of a geographical concept compared to the economic version, which is attributed to areas with a low level of pollution and far from urban agglomeration, with a dispersed and diverse economic activity. For example, in order to create international comparisons of rural conditions and trends, the definition provided by the Organization for Economic Co-operation and Development (OECD), which divides territorial unity into two hierarchical levels: regional and local, is unique. At regional level (especially the nomenclature of territorial statistical units - NUTS 3), larger functional or administrative units can be distinguished, depending on their degree of rurality and the share of the rural population in the population of the region. At the local level (especially the nomenclature of territorial statistical units - NUTS 5), rural areas are defined as those that include communities with a population density of less than 150 inhabitants / km<sup>2</sup>. According to this criterion, the regions were grouped into three categories, namely predominantly urban (having a rural population level of less than 15%), significantly rural (having a rural population level between 15-50%) and predominantly rural (with a rural population level of over 50%). At the same time, if we refer to the degree of integration in the national economy, the rural area is differentiated into three categories: peripheral rural areas, intermediate rural areas and integrated rural areas (EC 1998: Rural development. Situation and Outlook. Working Documents. European Commission - DGVI, Brussels).

Peripheral rural areas are characterized by the lowest density, an aging population that depends on the agricultural sector and mostly the lowest incomes. The factors that create isolation are characterized by topographic factors, such as distance from public transportation or mountain areas.

The technological and natural potential of agricultural lands, the distance and accessibility of agricultural lands to the centers aimed at sales and supply have a great influence on the commercial activity of entrepreneurs in the agricultural sector compared to the achievement of an agricultural exploitation or the continuation of activity in peripheral rural areas. At the same time, these areas generally have the most inadequate service base. The intermediate rural areas are positioned at a relative distance from the cities and are characterized as having mixed activities in the primary and secondary sectors. In most countries, these types of areas include high-performing enterprises, especially in the agricultural sector, with regard to the sale of harvested products.

For example, in the European Union you can find private-associative farms or corporate or associative farms in countries that are at a level of transition agri-food economy. Integrated rural areas are characterized by a growing level of population, where the main targeted occupations are in the tertiary and secondary sectors. Agriculture remains the core of exploitation and capitalization of the land.

These types of areas are located in the border area of large cities and have a strong imprint of urban space. Regarding the social and physical infrastructure, it can be said that it has a positive influence, in the sense of guaranteeing the premises of economic development and diversification, but there are on the other hand aspects that are against the stability of the population and the authenticity of the rural area.

Also, the positioning of these industrial centers in integrated rural areas creates potential risks in the field of environmental protection. There are quite compact correlations between the forms presented above, as well as the three types of human settlements, reported according to geographical factors. Parallel, rectangular and regular villages are often found in the lowland areas, which have the lowest age, their constitution or reconstitution being made after the legislation of several urban planning rules. Under these conditions, several features of rural areas can be delimited under different categories as in the table below.

**Table 1. Features of rural areas delimited under different categories**

Principle of development potential	Potential	The principle of socio-economic function	Number of communes	Space fitting
Areas with socio-economic dynamism	Favoring development factors predominate	Areas with complex functions	569	Pre-mountain and mountain areas
Areas with a relative balance of social and economic functions	Medium potential	Mixed function areas	1335	Permanent spatial extension
Areas that have faced socio-economic declines	Restrictive factors predominate	Areas with functions Predominantly in Agriculture	782	Plateau and plain areas

*Source: Website information*

A feature of rural areas was obtained by aggregating the information provided through the criteria of analysis of rural areas (demographic, economic, physical-geographical criteria, housing and housing, ecological and social criteria, technical equipment of localities) used in the diagnosis carried out on the substantiation of the National Plan for Agriculture and Rural Development (MAA, Rural Development in Romania, Green Paper 1998). Based on this analysis, a typology of the Romanian rural environment was made, having relatively homogeneous characteristics, which can be found summarized in Table 1. It can also be seen that areas with development potential have socio-economic functions and are positioned in the pre-mountain and mountain areas, compared to the declining areas, where the agricultural sector predominates. This can be interpreted as a high potential for the Carpathian and sub-Carpathian region, and in the lowland areas programs should be carried out to stimulate the population to capitalize on agriculture to its full capacity.

The National Plan for Agriculture and Rural Development defines the rural area as “the administrative territory of all communes in the country”, in the amount of 2685, the commune representing an administrative form of organizing the clearly defined rural territory or the basic administrative-territorial unit that brings together the population of rural environment, according to Law no 2/1968. This common form of organization can be grouped from one or more villages, with a total of 12,751 villages in the countryside. Communes, together with municipalities and cities are organized in 42 counties, including the city of Bucharest, which is assimilated as a county.

With the help of Law no 151/1998 on regional development, a legal framework was created through which 4-7 neighboring counties could voluntarily associate to form 8 development regions, which constituted a framework for the implementation and evaluation of the regional policy development, in line with the requirements of accession to the European Union. It is also mentioned that there are 341 villages on the territory of some cities and/or municipalities, according to the law on administrative organization of the country's territory. These villages have features of the rural space, but, from an administrative point of view, they are part of the urban space.

### **Sustainable Development of the Romanian Rural Area**

Sustainable development has received special attention in terms of the interconditionality between the environment and the economy, which has led to a high level of importance that analysts and politicians around the world offer.

They analyzed and subsequently established that the concept of sustainable development can be reported from three distinct points of view: the economic approach, the social approach and the aspect of sustainable environmental development. The economic approach is based on the concept of maximum income flow, which could generate, at least in the conditions of maintaining the stock of capital and/or goods, different benefits. The notion of efficient and optimal economic support the use and allocation of limited resources. However, there are also problems that may arise at the level of capital types which should be maintained (for example: processed, natural and / or human capital) and their ways of substitution. It is also difficult to assess these categories of goods, especially ecological resources. Uncertainty, catastrophe and irreversibility issues are additional difficulties.

The social approach is focused on the population and is based on maintaining more cultural and social systems, including reducing destructive conflicts. In this context, equity is an important consideration. Maintaining cultural diversity, as well as cultural capital, as a better use of awareness of sustainable practices in less dominant cultures, are considered to be of equal importance. There is also a perception of the need for today's society to incorporate pluralism and to encourage a participatory attitude in a more effective systematic and decision-making framework on sustainable development, in relation to the social side. The aim is to increase the performance at the level of the individual and subsequently at the level of the legal entity, so that the company is the final beneficiary of the sustainable development of the rural environment.

According to Limits of Growth, the authors consider that in a retrospective view of world economic thinking, the hypotheses of sustainable development and sustainability advanced in the early 1970s, in several debates conducted at the time. This concept is later continued by J.C. Coomer, who raised the issue of a sustainable society as a society that lives by self-perpetuating the limits of its environment. This type of society is not one that stagnates, but rather one that recognizes the limits of growth and seeks ways of economic ascension.

The sustainable development aspect of the environment aims at the physical and biological stability of the systems. Of particular importance is the viability of the subsystems, which is critical to the overall stability of the entire habitat. Maintaining natural systems and the ecosystem means keeping the boundaries of these systems to adapt to change in flexible and dynamic ways. Pollution, degradation of natural resources and loss of biodiversity diminish the flexibility of the system.

Therefore, the sustainable development of the rural environment represents the reconciliation of these concepts and the property of making them operable in the form of balanced considerations of the three points of view. The interfaces between the three approaches are of particular importance. The social and economic elements interact in order to achieve an orientation and equity towards poverty reduction (income distribution). The economic-environmental relationship in rural areas has produced and produces ideas on internationalization and environmental impact assessment. The interface between the social aspect and the environment has led to a renewed interest in various directions, such as the inter-generation of equity (rights and facilities for future generations) and the increase of the participation level of the population.

### **SWOT Analysis of the Romanian Rural Environment**

SWOT (Strength, Weaknesses, Opportunities and Threats) analysis is a strategic management method, very important and currently used. Its use offers a first vision from the first phase of elaborating a strategy, as well as for the strategic substantiation of a new concept. This consists of assessing the current state and stating the most important issues. The specificity of the SWOT analysis consists in the parallel study of the internal characteristics, as well as of the external influences, considering both the negative and the positive factors. Applied, generally, in rural development studies, target groups living in certain areas. For this purpose, the SWOT analysis offers the possibility to evaluate the internal situation and the problems arising in the rural area by determining and analyzing the local, regional and national factors, which act endogenously. This way allows us to find answers to the problems identified on the phenomena coming from outside that take place in a micro-region. As a first step, the evaluation of the internal specificity of the micro-region begins, or the strengths and weaknesses, based on which the opportunities and threats (risks or restrictions) on development can be observed, as positive and negative external effects. The method was used by a team of the Ministry of Public

Works and Spatial Planning (MLPAT) on the rural environment, in order to develop territorial development programs.

**Table 2. SWOT analysis of the Romanian rural area**

Strengths	Weaknesses
Member country of the European Union - Virgin places, with a very appreciated level of landscaping - A multitude of authentic rural areas, which keep the specificity of the area - Possibility of a closed circuit on the problem of waste (especially on agricultural farms) - Carrying out collaborations between producer groups, agrotourism pension managers and the energy industry (wind, geothermal, solar energy, etc.).	- The impact of accessing the structural funds on the rural environment (the degree of absorption for PNDR 2007-2013 exceeded 91%) - Lack of a legislative framework to stimulate the development of the rural area, especially entrepreneurship in the Romanian rural area - A low level of collaboration between the public and private environment - Loss of the originality of the rural environment through the disappearance of some basic trades (example: millers, potters, bricklayers, painters, carpenters, etc.)
Opportunities	Threats
- Existence of financial support within the European Union - Orientation towards increasing the level of preparation for landscape architecture - Realization of a territorial organization plan, at national level, for protected areas, water, roads and network of localities. - Development of guidelines for consolidating traditional constructions - Implement the international legal framework on environmental protection	Low level of understanding of the opportunity to capitalize on Community support - Low level of motivation of staff managing development programs - Rural legislation is incomplete (lack of transparency at the legislative level) - Low level of stability of partnership structures - The real estate market has a low level of development - The disappearance of many trades that preserved traditional techniques.

*Source: Internet Information*

It is found that the Romanian rural area has a socio-economic situation with problems, but the proven potential indicates development prospects for the future.

## Conclusions

At present, there are various measures within the National Rural Development Program 2014-2020, which offers the possibility to develop entrepreneurship in the Romanian rural area, and not only in the agricultural field. The possibility of investing in landscape architecture in virgin areas, reconsolidating traditional old houses, increasing the number of medical offices in rural areas (in some areas there are even dental offices), rediscovering old trades and integrating them into the contemporary era are just some of the perspectives on which offers entrepreneurs the Romanian rural space.

Entrepreneurship is a process, which is based on identifying and managing an opportunity in the business environment, in order to capitalize on it. In Romania it manifested itself even before the Pasoptist period, and due to the freedom offered by the legislation of that time, merchants of Serbian, Bulgarian, Greek, Armenian or Hungarian origin appeared on our territory. Subsequently, certain disparities were found between the urban and the rural area, which resulted in real social problems of the Romanian rural area. Sustainable development has also received special attention in terms of the interconditionality between the environment and the economy, which has led to a high level of importance that analysts around the world attach. At the same time, at present, there are various measures within the National Rural Development Program 2014-2020, which offers the possibility of developing entrepreneurship in the Romanian rural area, and not only in the agricultural area. In the case of Romania, the increase of the degree of manifestation of entrepreneurship, in the rural space, represents the main instrument of diminishing the existing gaps between urban and rural. In this sense, with the help of accessing non-reimbursable funds for the development of the rural environment, especially to the area of non-agricultural activities, the social, economic and cultural needs of this area can be met.

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