

Opportunities and Challenges for a Sustainable Rural Entrepreneurship

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Abstract

Entrepreneurship is considered to be a solution for the development of rural areas. Furthermore, rural areas are favorable for opening and developing new businesses, but generally are considered to be a vulnerable environment which depends on a number of factors. Also, the sustainability of rural entrepreneurship should be supported through the implementation of strategies in the rural areas and through the development of citizen's entrepreneurial spirit. The aim of this paper is to investigate the importance of supporting rural entrepreneurship within countries, and also the establishment of a various number of opportunities and challenges encountered when creating a sustainable rural entrepreneurship. Statistical indicators regarding the business environment in Suceava County, Romania, have been used as research methodology. The results underline that supporting rural entrepreneurship by governments and creating opportunities to entrepreneurs could ultimately lead to economic growth, innovation, competitiveness, employment and social integration.

Key words: rural areas, rural entrepreneurship, sustainable rural entrepreneurship, rural development

J.E.L. classification: L26, F64, F63, O18

1. Introduction

Most often, rural areas are considered to be very favorable locations for starting and developing new businesses. However, the development of such areas is dependent upon government decisions and policies, which in recent times have been more concentrated on these issues. Supporting rural entrepreneurship by the governments could subsequently lead to economic growth, well-being within society, innovation, competitiveness, employment and social integration.

The main concern approached in this study shall cover the establishment of a sustainable rural entrepreneurship, through the identification of challenges and opportunities that people and countries confront nowadays when trying to develop the rural areas. In order to create a sustainable rural entrepreneurship, it is compulsory to involve the local community, which is directly in charge with the rural development of their areas.

This research aims to investigate the importance of supporting rural entrepreneurship within countries, and also the establishment of a various number of opportunities and challenges encountered when creating a sustainable rural entrepreneurship. People from rural areas must be encouraged towards adopting an entrepreneurial spirit. The establishment of sustainable businesses in rural areas, which will provide qualitative and distinguishable products and services, will further lead to rural development and to a high life standard.

The following section shall include a literature review of rural entrepreneurship and sustainable rural entrepreneurship. Afterwards, undergoes a section regarding the research methodology, one section which contains the results of the research and the opportunities and challenges identified by the authors.

2. Literature review

For what it is recognized worldwide, entrepreneurship is considered to be the engine of a country's economic growth. Therefore, every country supports nowadays the development of the business environment, through miscellaneous policies and programs. In all these decision-making, the individual has a central role. The individual, on the basis of his skills and capabilities, has the power to innovate and to create a very successful business, as Schumpeter stated in his "Theory of economic development" (1934). Moreover, other authors (Acs, 2006; Thurik, 2010), in their articles concerning the relationship between entrepreneurship and economic growth, underline the fact that entrepreneurs are individuals who create new businesses, which will subsequently bring welfare to countries and citizens, like employment, high productivity or new technological changes.

At the same moment, entrepreneurship is also an important source of economic growth for rural areas. Nowadays, in the rurality has appeared the necessity to encourage the local community in adopting an entrepreneurial spirit. Rural areas provide entrepreneurs with an "innovative and entrepreneurial milieu", which will further allow enterprises to develop and become competitive (Stathopoulou et al., 2004). Besides the advantages provided to businesses, rural entrepreneurship also contribute to local development (Korsgaard, 2015). Local people will have the opportunity to remain in the villages and get employed in a local enterprise, without the necessity of migrating to other big cities. Also, decision-makers could deploy measures in order to develop some rural areas for becoming more attractive for future investors. In that manner, local people will attain a higher life standard.

Many authors believe that entrepreneurs can contribute in a high manner to rural development (Malecki, 1993; Henderson, 2002; Acs, 2006). Entrepreneurship remained an important settlement for resolving the economic issues of rural communities, this is why governments are intended to enhance the business environment in rural areas. On the other side, the most important agents who foster rural entrepreneurship and development are entrepreneurs, universities and governments. It is distinguished thereby that a tight connection between these three parties will increase the development of rural communities.

Rural entrepreneurship should not be based solely on setting up businesses in rural areas, but also on setting up businesses that use the raw materials from these locations and to include them in the production processes (Sima). This will add value to various resources from rural areas, and local people will be able to find a job at the local level. However, it is sometimes difficult to achieve this because there is not enough financial capital in order to make these opportunities conceivable, and insufficient available funds from the public institutions to provide investors with different facilities.

Another issue related to rural entrepreneurship is the sustainability of rural entrepreneurship. A solution for creating a sustainable rural entrepreneurship is to set up businesses active in various economic activities, not just in certain activities. One of the most important ways of creating sustainable rural entrepreneurship is considered to be the development of the business environment in these rural areas (Ansari et al., 2013). Also, the development of a sustainable business environment in rural areas can be achieved through the involvement of local communities in entrepreneurial activities. Thus, a sustainable environment will be constructed and developed, because local people are among the most interested parties when it comes to the economic development of those areas and the retention of local people on local labor market.

Furthermore, rural areas are found to be very favorable locations for the development of eco-economy, by taking into account the abundance of natural resources that might be at the base of some innovative enterprises. Thus, several potential areas favorable for the development of eco-

economy in the rural environment would be: agri-food; renewable and alternative energy; tourism; agriculture; forestry; landscape, landscape and biodiversity" (Kitchen et al., 2009).

In establishing a sustainable rural entrepreneurship, a significant role is being played by public institutions that are directly responsible for the development of rural areas and with the creation of an rural entrepreneurial environment. Therefore, these public institutions should establish within these rural areas an entrepreneurial culture, well-developed infrastructure and facilities, and support for local development (Lordkipanidze, 2002).

3. Research methodology

In this research paper, a number of statistical indicators have been used as research methods, concerning the characterization of the entrepreneurial environment in Suceava County, as it is one of the most developed cities in the North-East Region of Romania, of which our university belongs. Statistical data was provided by the Suceava County Statistics Department, for the period 2011-2017.

The main indicators analyzed in the following chapter, referring to the state of the business environment in Suceava County, are the following: total number of enterprises, number of enterprises by size, number of private entrepreneurs by category, active enterprises by activities, turnover of local units from industry, construction trade and other services, gross investment of local units from industry, construction trade and other services, local units personnel and top 10 companies in 2017 by turnover.

4. Analysis of the statistical indicators regarding business environment in Suceava County

Within this chapter were analyzed a set of statistical data, referring to the general situation of the entrepreneurial environment in Suceava County. Suceava is a large city in the North-East Region of Romania, very recognized for its beautiful landscapes, tourism and hospitality. It is also a university center, which means it is quite attractive for foreign investors who intend to set up a business in this area, considering that people are highly educated. Among the most renowned fields in the university are the economic studies, engineering and faculty of letters and communication sciences.

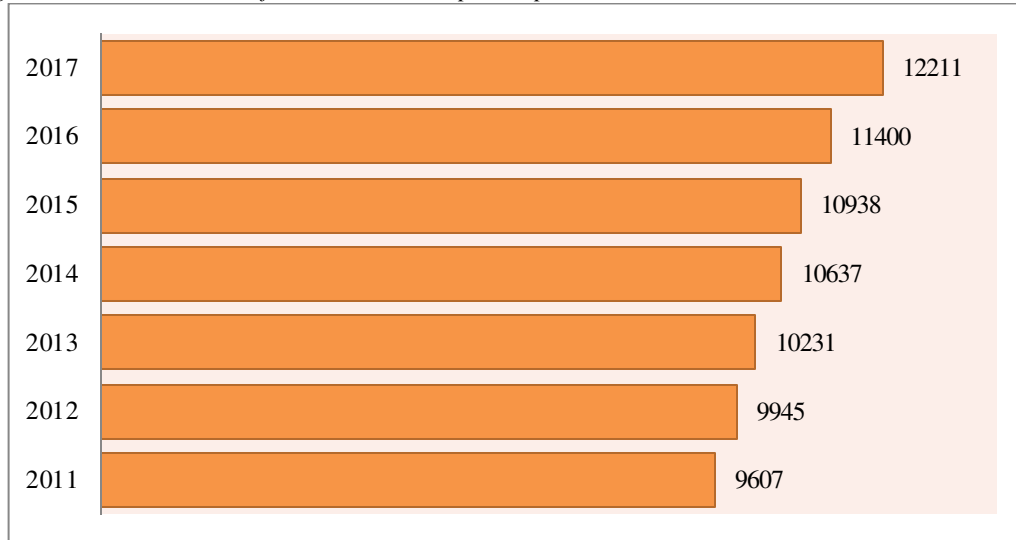
Moreover, Suceava County is predominantly an area in which rural environment dominate the city. The rurality in this city is between 60-70%, therefore there is a huge potential for setting up a business. There are a high number of enterprises in the rural areas, and the majority of them are very well-developed and successful within this area and on national and international level. Both the agricultural sector and the other sectors continue to have a high potential for growth in rural areas, such a way that the general situation of rural economy is rather attractive.

In rural areas, self-employment persons and micro-enterprises dominate the market. Also, according to 2017 Statistical Yearbook of Suceava County, in 2017, almost 42,1% of enterprises have stated that registered address in the countryside. Moreover, there are a lot of companies that have their registered address in the urban areas, but are carrying out their activities in the rural areas. We can safely conclude that rural entrepreneurship is very well-developed in the rural areas of Suceava County.

The number of total active enterprises for the period 2011-2017 has experienced an upward trend, implying that Suceava was and remains an attractive location for foreign investors and for people who want to set up a company here (Figure no. 2). Compared to 2011, in 2017 the number of total active enterprises increased by over 27%, a huge increase, mainly due to the advantages offered to companies, in this city. We also take into consideration the fact that the statistical data are provided after 2011, which means that Romania was in the European Union, and companies started to have access to the free market within the EU. More and more people were motivated to open a company because they had abundant natural resources (forests, salt mines, arable land, ferrous and non-ferrous ores, uranium, etc.), skilled and well-trained workforce, a broad market of consumers at the local level and the level of wages was quite low.

Furthermore, through various programs of decision-makers in Romania and of local administrations, as well as through the implementation of projects within the university in this city, opportunities have been created for the inhabitants to open their own business. At present, there is a lot of emphasis on innovation when it comes to setting up a company.

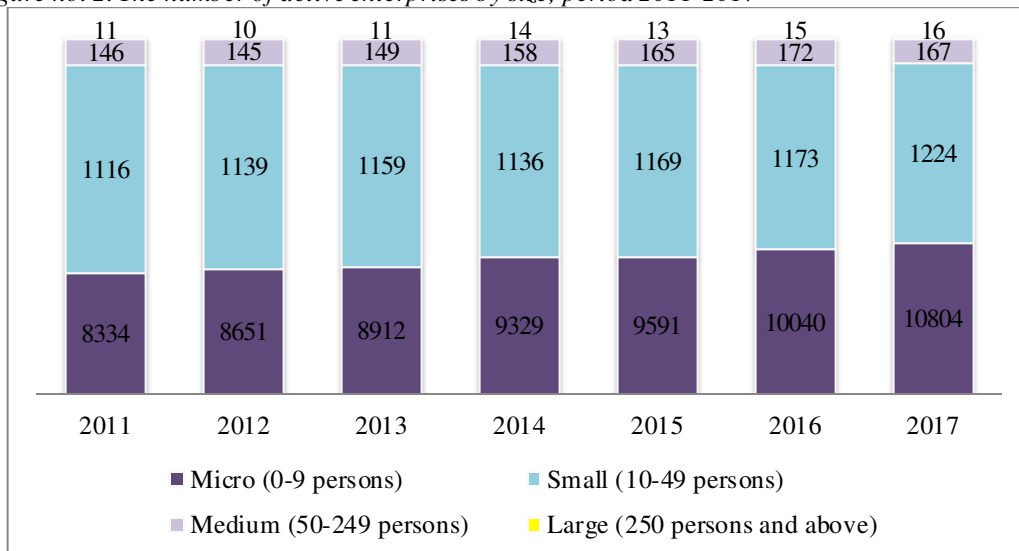
Figure no. 1. The number of total active enterprises, period 2011-2017



Source: processed from 2017 Statistical Yearbook of Suceava County

With regard to the number of active enterprises by size, it can be noticed in Figure no. 2 that the largest share is held by micro and small and medium enterprises (SMEs), followed by large enterprises. The statistical situation is as realistic as in Romania the small and medium-sized enterprises (SMEs) dominate the market. Their role is very important for this city, as they lead to economic growth, to the establishment of a high level of living and to social integration. As shown in Figure no. 2, the high frequency of micro-enterprises in this area makes the number of employees outnumbered.

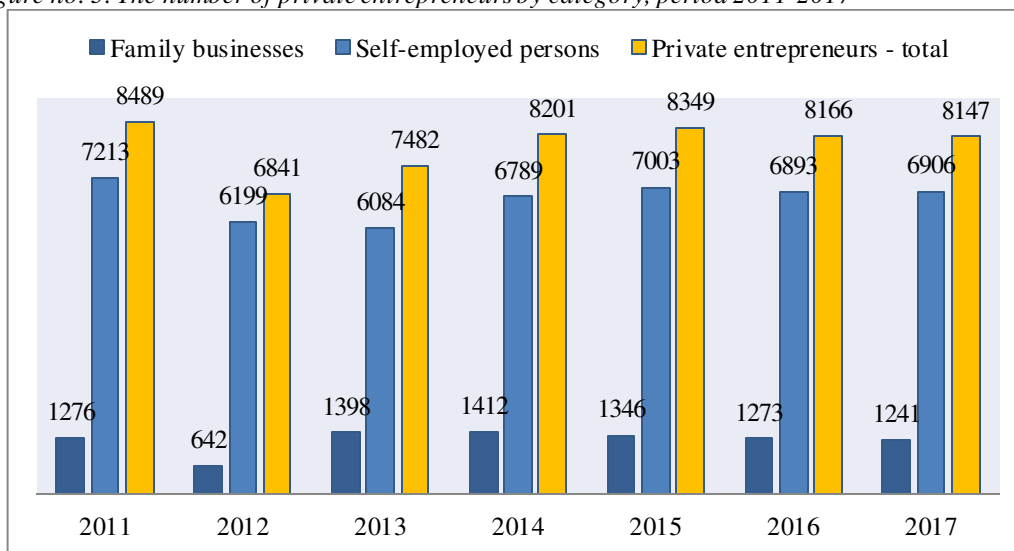
Figure no. 2. The number of active enterprises by size, period 2011-2017



Source: processed from 2017 Statistical Yearbook of Suceava County

Within this city, the largest share is owned by the private entrepreneurs, being the most numerous. In Figure no. 3 it can be observed that the evolution of the private entrepreneurs during the period 2011-2017 had an evolution with small variations. If in 2011 there were 8489 private entrepreneurs, in the years 2012 and 2013 their number dropped quite a lot, by 19.41%, respectively by 11.86%. After these years, their number grew slightly until 2016, and in 2017 the number of private enterprises will fall by 4 percent, which is not a considerable difference. We appreciate that in the period 2012-2013, Romania faced various issues at national level, including high inflation rates, budget deficit, locking down of EU funds. Most often, self-employed people had the highest share in total private entrepreneurs in Suceava County, followed by family businesses (Figure no. 3).

Figure no. 3. The number of private entrepreneurs by category, period 2011-2017



Source: processed from 2017 Statistical Yearbook of Suceava County

Regarding the number of active enterprises by activities, in the period 2011-2017, the largest share belongs to the enterprises that are active in the following fields: wholesale and retail trade, repair of motor vehicles and motorcycles; industry; construction; transportation and storage; professional, scientific and technical support, hotels and restaurants; agriculture, forestry and fishing (Table no. 1).

Table no. 1. Active enterprises by activities, period 2011-2017

Active enterprises by activities	M. U.	2011	2012	2013	2014	2015	2016	2017
Agriculture, forestry and fishing	Number	460	495	517	536	575	601	610
Industry - total	Number	1407	1419	1408	1449	1441	1474	1512
Construction	Number	917	964	1025	1072	1090	1158	1247
Wholesale and retail trade, repair of motor vehicles and motorcycles	Number	3673	3724	3739	3804	3771	3750	3965
Transportation and storage	Number	923	958	1070	1198	1336	1416	1574
Hotels and restaurants	Number	647	673	682	686	725	763	789
Media and communications	Number	182	206	211	222	222	242	270
Financial and insurance services	Number	68	75	82	87	112	131	132
Real estate transactions	Number	130	134	138	149	144	160	164

Professional, scientific and technical activities	Number	634	665	688	719	758	833	917
Administrative and support service activities	Number	186	216	228	233	247	270	303
Education	Number	42	48	54	59	64	81	98
Health and social care	Number	121	128	147	154	170	199	250
Performing, cultural and recreational activities	Number	64	70	70	83	83	105	112
Other service activities	Number	153	170	172	186	200	217	268

Source: 2017 Statistical Yearbook of Suceava County

In Table no. 2 are summarized statistical data regarding the turnover of local units from industry, construction trade and other services, for the period 2011-2017. We underline that the largest turnover is given by companies operating in the following fields: wholesale and retail trade, repair of motor vehicles and motorcycles; industry (manufacturing industry); transportation and storage and construction.

Table no. 2. Turnover of local units from industry, construction trade and other services, period 2011-2017

Activities	million lei at current prices						
	2011	2012	2013	2014	2015	2016	2017
Turnover	13668	16125	17042	17398	18298	19711	21693
Turnover - total	13668	16125	17042	17398	18298	19711	21693
Industry - total	4509	6051	6444	6156	6304	6337	6902
Extractive industry - total	73	91	71	91	98	136	117
Manufacturing industry - total	4072	5565	6012	5744	5981	5935	6474
Electricity, steam, gas, hot water and air conditioning production and distribution	268	296	251	199	82	105	110
Water supply, sewerage, waste management and remediation activities	96	99	110	122	143	161	201
Construction	1084	1042	1040	1160	1378	1168	1325
Wholesale and retail trade, repair of motor vehicles and motorcycles	6416	7077	7222	7304	7473	8701	9410
Transportation and storage	838	1056	1364	1724	1978	2219	2572
Hotels and restaurants	203	206	204	239	311	333	395
Media and communications	140	189	193	180	183	181	203
Real estate transactions	333	355	401	432	443	482	539
Education	6	6	7	8	11	14	16
Health and social care	32	35	40	52	78	98	127
Other service activities	107	108	127	143	140	177	204

Source: 2017 Statistical Yearbook of Suceava County

Data relating to the number of employees in local enterprises in Suceava County are summarized in Table no. 3. Therefore, we argue that the highest number of employees is in the companies that operate in the following fields of activity: wholesale and retail trade, repair of motor vehicles and motorcycles; industry (manufacturing industry), transportation and storage; real estate transactions; hotels and restaurants and water supply, sewerage, waste management and remediation activities.

Table no. 3. Local units personnel, period 2011-2017

Activities	persons						
Personnel	2011	2012	2013	2014	2015	2016	2017
Personnel - total	70133	70614	71277	71323	72079	75215	76485
Industry - total	24766	24589	23634	23559	23747	23884	23442
Extractive industry - total	1667	1349	1239	1368	1472	1413	864
Manufacturing industry - total	20705	20903	20419	20321	20435	20606	20743
Electricity, steam, gas, hot water and air conditioning production and distribution	1134	1083	682	547	486	462	427
Water supply, sewerage, waste management and remediation activities	1260	1254	1294	1323	1354	1403	1408
Construction	8429	7609	7807	7851	8192	8181	8254
Wholesale and retail trade, repair of motor vehicles and motorcycles	20592	20978	21074	20510	19945	21085	21486
Transportation and storage	5541	6071	6840	7598	8368	9693	10360
Hotels and restaurants	3537	3571	3698	3485	3654	3864	4075
Media and communications	897	1070	1015	1131	1019	1142	1215
Real estate transactions	4545	4749	5069	4991	4886	4852	4924
Education	244	246	254	246	270	324	370
Health and social care	531	661	675	672	842	889	1010
Other service activities	1051	1070	1211	1280	1156	1301	1349

Source: 2017 Statistical Yearbook of Suceava County

It can be observed in Table no. 5, a „Top 10 of companies in Suceava County”, in 2017, by turnover. Moreover, these companies carry out their activities in rural areas, and are amongst the most powerful companies in Suceava County. These enterprises operate in the following activities: wholesale and retail trade, repair of motor vehicles and motorcycles; industry and transport and storage. Therefore, it is pointed out that rural areas from Suceava County comprises a high potential for developing, even though are not enough deployed.

Table no. 4. Top 10 - Companies in 2017 by turnover

Top	Name of organization	Settlement	CAEN	Turnover (lei)
1	SC Savcom SRL	Scheia	4639	223768584
2	SC Dorna Lactate SA	Dorna Candrenilor	1051	189515402
3	SC Eurospeed SRL	Scheia	4519	152405571
4	SC Ecuator SRL	Ipotesti	4634	132154090
5	SC Trutzi SRL	Scheia	4690	101952664
6	SC Albertemma SRL	Paltinoasa	4752	90581356
7	SC Tehno World SRL	Baia	2221	90349185
8	SC Symmetrica SRL	Veresti	2361	87350741
9	SC Killer SRL	Horodnic de Jos	1013	75008941
10	Marelbo Prod-Com SRL	Bivolaria	1520	59729783

Source: 2017 Statistical Yearbook of Suceava County

Rural entrepreneurship in Suceava County has experienced in the last few years a growth process, and nowadays, even though the number of enterprises in urban areas exceeds the number of enterprises in rural areas, the majority of entrepreneurs from rural areas lead very big and well-developed companies. As it can be noticed in Table no. 5, Scheia is an area with a high number of enterprises. We state that trends in the field of rural entrepreneurship in Suceava County will be positive regarding the commencement and the expansion of enterprises, taking into account that in Suceava is a preponderance of rural areas.

5. Opportunities and challenges for a sustainable rural entrepreneurship

Countries and companies generally face countless challenges when they plan to build a sustainable rural entrepreneurship. The most well-known issues encountered by most villages and rural areas are a poor infrastructure, the lack of required facilities, a poor education of local people, a lack of services (health, higher education, etc.).

Hereinafter, we will put forward some of the challenges that entrepreneurs usually encounter when planning to open a business in rural areas. First of all, economic factors are the main challenge because it relates to the lack of financial and human resources (well-qualified and educated) for starting a business or developing an existing one. Nowadays, other challenge is the cultural and social factors. Rural areas are currently confronted with a reduction in the number of inhabitants, being densely populated by older people and children. The working age population and young people with higher education have migrated to larger cities or to other countries where conditions are better. Also, some people do not have the desire to work in rural areas due to isolation reasons and lack of diversified services. Another issue concerns the policies and regulations adopted by public institutions in the rural areas. This challenge is seen as a factor of excessive bureaucracy, especially when the business is a start-up or a micro-enterprise that wants to develop its activity. Thereby, shall be identified the need to reduce bureaucracy and simplify the procedures for accessing European funds for opening a business in rural areas.

Many entrepreneurs avoid opening a business in rural areas because sometimes there is no access to certain facilities, such as infrastructure, energy, sewerage and drinking water. Also, the lack of a low supply of differentiated products and services makes rural areas less attractive places for a various number of people. Most individuals prefer to live in big cities because they benefit from more services and products (higher education, health, infrastructure, motivating salaries, leisure, etc.). Finally, another important challenge that entrepreneurs encounter is the small awareness of the importance of entrepreneurship among rural inhabitants. People living in rural areas do not have the entrepreneurial education needed for understanding the importance of entrepreneurship for the economic and social development of the areas in which they live.

Although entrepreneurs often face many issues when expressing their desire to open a business in rural areas, in the meantime are multiple opportunities that they should capitalize on. A first step would be to encourage people from rural communities to participate actively in rural entrepreneurship plans and programs. By creating an entrepreneurial culture, people will more easily identify new business opportunities, while at the same time capitalizing on a multitude of resources that these areas offer.

Other opportunity would be to encourage people to not migrate to cities by creating and offering attractive and well-paid jobs. But in order to achieve this, efforts are also needed from public institutions in order to create very good living conditions for village citizens in order to remain there and work. Developing the infrastructure of the villages in order to create access to new sources of capital and to have an easily access to new markets is other opportunity for the entrepreneurs who are looking for rural enterprises. Moreover, a good opportunity for entrepreneurs would be an efficient communication between local, regional and national actors in order to identify their needs.

Ultimately, we conclude that rural areas are important sources for the economic progress of countries, so that all the challenges we have identified in this chapter should be transformed into opportunities for future entrepreneurs. In order to achieve this, a close connection is needed between decision-makers, entrepreneurs and rural communities.

6. Conclusions

Entrepreneurship is a solution for the development of rural areas, so rural development policies should focus more on developing an entrepreneurial culture. In addition to the skills and innovations that entrepreneurs own and demonstrate when they want to set up a business in the countryside, there is a lot of need and additional support from state institutions, for business consolidation and development.

Also, the sustainability of rural entrepreneurship should be supported through the implementation of strategies in the rural areas. A differentiation of products and services should be made in rural areas, in order to attract more people to live here and for a fast-growing and sustainable development. In Suceava County, enterprises have begun to diversify their products and services, and the economy of the villages has started to increase more and more. Many of them have nowadays become small cities, due to their good standing on the market.

Notwithstanding that there are many challenges and obstacles to entrepreneurs wishing to set up a company in rural areas, through a close connection between decision-makers, numerous opportunities can be created for the development of rural entrepreneurship. The development of rural entrepreneurship will lead to economic growth, employment, social integration and a high standard of life.

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