CAN ENTREPRENEURSHIP BE A STRATEGIC OPTION
FOR THE DEVELOPMENT OF THE RURAL SPACE IN ROMANIA?

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Abstract
Entrepreneurship is a key ingredient needed by transition countries to strengthen their growing market economies, being a catalyst for growth and development. For hundreds of years, rural space has been equivalent to land for agriculture, but innovations in industry and technology have changed the notion of rural space and expanded its area of activity. Thus, the rural space cannot be considered any longer as being intended only for agriculture, but can be likened to a hub of opportunities, facilitating the development of popular tourism, small businesses related to tourism activities, activities that can lead to economic development of rural communities. Romania has demonstrated an important potential for rural growth and has seen substantial improvements both in its rural business environment and in its socio-economic environments. This paper contributes to the research on entrepreneurship in rural areas by focusing on innovations that could be implemented in Romania for rural development. Those innovations in rural entrepreneurship are seen as a solution for developing new business models, creating and increasing jobs number, directly linked to the economic performance of regions.

Keywords: rural entrepreneurship, sustainable development, rural space, Romania, heat entrepreneurship, social agriculture.
DOI: 10.24818/CAFEE/2020/9/07

Introduction
Entrepreneurship is a key ingredient needed by transition countries to strengthen their growing market economies (Lafuente and Vaillant, 2013). Entrepreneurship is a catalyst for growth and development, growing remarkably over the past three decades in countries that have achieved substantial poverty reduction, such as China. There are at least three “great” ideas in the development of economy. The first is that development requires a structural transformation of what, how and where production and consumption takes place: from low value-added, low productivity and rural-based activities, to productive activities, higher value-added in services and manufacturing in cities. The second idea is that development is a multidimensional concept that requires more than eradicating income poverty. The third is the idea that market failures are predominant and that the state has an important coordinating and regulatory role to play in development (Stathopoulou, Psaltopoulos and Skuras, 2004; Naudé, 2013).
Entrepreneurship is an important source of economic growth for rural areas. Nowadays, there is a real need in rural areas to encourage the local community to adopt an entrepreneurial spirit. Rural areas provide entrepreneurs with an “innovative and entrepreneurial environment” that will further enable enterprises to grow and become competitive (Stathopoulou et al., 2004; Aggarwal, 2018).

Schumpeter (1950, 1961) defines the entrepreneur as the coordinator of production and the agent of change (“creative destruction”). Schumpeter invoked the famous term “creative destruction” to describe the volatile development that occurs in a capitalist system, a process that is essential to capitalism (Globerman and Clemens, 2018). As such, the "Schumpeterian" entrepreneur is more than an innovator. Scientists who share this view of entrepreneurship do not consider this to be very important in the earlier stages of economic development - the contribution of entrepreneurship is much more important in the later stages of development, where economic growth is driven by knowledge and competition. In the earlier stages of development, entrepreneurship may play a less pronounced role, as growth is largely determined by the accumulation of factors (Naudé, 2013). In terms of technical theory, Schumpeter and Kirzner's approaches to the nature of entrepreneurship are quite similar. Schumpeter's entrepreneur is a disruptor who first creates new products in the mind and then turns them into reality, while Kirzner's entrepreneur is a coordinator who simply observes the profit opportunities that are waiting to be achieved (Globerman and Clemens, 2018).
An effective definition of "who is an entrepreneur" must be comprehensive enough to incorporate the diversity of motivations and types of business someone can find in a rural area - and still concrete enough to differentiate between people who are entrepreneurs and non-entrepreneurs (such as managers of existing companies). According to the empirical studies of William B. Gartner, in "What are we talking about when we talk about entrepreneurship?" the following three characteristics are considered to be general features of entrepreneurship: (1) creation of a new business (2) development of an existing business; and (3) creation of a new business that adds value. Among the many definitions of entrepreneurship, novelty, business development (vs. occasional self-employment) and adding value to the market are common features. By combining these ideas, an entrepreneur can be fully defined as an individual (or part of a group of individuals) who has created a new business that offers a new product or service, package of products or services that adds value to the markets within that community (Gartner, 1990; Fortunato, 2014).

1. **Innovation, the path to sustainable development?**

Entrepreneurial initiatives that could have an impact in rural areas are incorporated into agricultural and rural development or structural policies at EU level. The European Commission's rural development policy is one of the two pillars of the common agricultural policy (CAP). These policies aim to find answers to the challenges facing rural areas for sustainable development (López, Cazorla and Panta, 2019; Harpa, Moica and Rus, 2016; Torre and Wallet, 2016).

The rural environment is a complex system in which development differences are evident both nationally and internationally. The difficulties related to the methodological analysis are due to a rural diversity and the partial lack of comparable indicators that lead to the development of objectives and indicators that meet both national and international needs. Harmonization should be easier given the common goal, but policies and strategies do not always provide the necessary coherence (Mihai and Iatu, 2020; Torre and Wallet, 2016).

Rural development is seen as a multi-level process, primarily in terms of diversity of policies and institutions; a process designed to address the issue of rural development, but also the evolution of the relationship between agriculture and society, taking into account the production of public goods, development a new model of agricultural production that integrates the interactions between agriculture and other activities, as well as the territorial combination of activities carried out by companies located in rural areas. It is a multi-stakeholder process, with interactions between farmers and rural actors, and rural development policies aiming to generate new links between “local” and “global”; as well as restoring the legitimacy of local leaders and minimizing clientelism. Finally, it is a multidimensional process meaning that rural development takes place under different practices, some in development and can be interconnected (landscape management, nature conservation, agrotourism, organic farming, specific agricultural products, short supply chains with food, etc.) in such a way that the elements considered superfluous in the modernist paradigm acquire new roles in the relations between farms and between the relations between farmers and urban populations. The challenge is to be able to operationalize the mechanism and its potential adaptation to different regions depending on their specific context and rural development policy choices. To address this challenge, the European Union has structured rural development policy around six priorities (European Commission 2013) on the basis of which regions can define their action plan for rural areas:

- improving knowledge transfer and innovation in agriculture, forestry and rural areas;
- improving the viability of the farm and stimulating the competitiveness of all types of agriculture in all regions, promoting innovative agricultural technologies and sustainable forest management;
- promoting the organization of a food chain, including the processing and marketing of agricultural products, animal welfare and risk management in agriculture;
- restoration, conservation and improvement of ecosystems related to agriculture and forestry;
- promoting resource efficiency and supporting change towards a low-carbon and climate-resilient economy in the agricultural, food and forestry sectors;
- promoting social inclusion, poverty reduction and economic development in rural areas. (Torre and Wallet, 2016).

Rural development is very connected to entrepreneurship. Institutions and people promoting rural development now see entrepreneurship as a strategic development intervention that could accelerate the rural development process. In addition, institutions and individuals seem to agree on the urgent need to promote rural enterprises: development agencies consider that rural entrepreneurship has enormous potential for employment; politicians consider it to be the key strategy for preventing rural disturbances (India, China, African countries); farmers consider it a tool for improving agricultural incomes; and women see it as an opportunity to work close to home, which offers autonomy, independence and a reduced need for social support. However, for all these groups, entrepreneurship is a means of
improving the quality of life for individuals, families and communities and of supporting a healthy economy and environment. Entrepreneurial orientation towards rural development accepts entrepreneurship as a central force of economic growth and development, without which other development factors will be wasted or removed. A proper environment is needed to enable entrepreneurship in rural areas. The existence of such an environment depends to a large extent of policies that promote rural entrepreneurship. The effectiveness of these policies in turn depends on a conceptual framework for entrepreneurship (Aggarwal, 2018).

For rural areas, entrepreneurship has attributes derived from the context in which it is developed and from the association between the environment and the resources on which rural business is based (North and Smallbone, 2000; Stathopoulou et al., 2004; Baumgartner, Schulz and Seidl, 2013). Examples of these attributes include long distances from points of sale, specialized markets and dense "networks" of mutual control, etc., which determine entrepreneurial activities. Moreover, additional problems related to declining economic activity, labor emigration and the deficit of young entrepreneurs are more significant in depopulated rural areas, which makes it more difficult to conduct business and has negative effects on the attractiveness of the region as an area where you can live and work. (López et al., 2019).

The notion of rural area is not precisely defined, so this term includes natural areas, rural areas, small settlements and villages, isolated farms with agriculture and forestry as the main economic sectors. Studies show that rural areas have high adaptability, which means that they are "resistant" to external and internal changes. These changes are partly the result of general global changes, partly of policies, especially agrarian ones in some countries, but there are also other driving forces: ecological and sectoral ones that influence rural areas. An acceptable definition of rural areas includes:

- economically integrated rural areas, close to urban centers, with oriented agricultural production, adequate to progress and change;
- intermediate rural areas, as transition areas with production of multiple crops in rural households; and
- remote rural areas, with accentuated abandonment of rural areas (Jegdić, Škrbić and Milošević, 2017).

Rurality is defined as a territorially specific entrepreneurial environment with distinct physical, social and economic characteristics. Location, natural resources and landscape, social capital, rural administration, business and social networks, as well as information and communication technologies exert dynamic and complex influences on entrepreneurial activity in rural areas. Rurality is seen as a dynamic entrepreneurial resource that outlines both opportunities and constraints. Rural entrepreneurship is described as a process strongly influenced by specific territorial characteristics while rurality provides an innovative and entrepreneurial environment in which rural enterprises can flourish and prosper or inhibit.

2. Examples of entrepreneurial practices that can be adapted to Romania

a. Social agriculture

Social agriculture has spread to rural areas in Europe since the end of the last century as a new economic practice. The number of social farms is growing, but still, in all European countries, it represents less than 1% of all farms. European Union countries have not developed a uniform definition of social agriculture and the terms of "farming for health", "care farming", "green care" or "green therapies" are used. These activities enable those in difficulty to re-establish contact with productive activity and the natural environment and to contribute to their well-being, improved health and social inclusion as they facilitate learning and stimulate self-esteem and therefore participation in the life of society (Parzonko and Sieczko, 2015; Martinho, 2020; Bassi, Nassivera and Piani, 2016).

The aim is to create formal and professional social services and to develop cooperation mechanisms between entities involved in social agriculture at the local level in order to facilitate the access of small entrepreneurs to such practices. Social agriculture seems to be an interesting proposal, especially for rural areas where it could encourage the diversification of non-agricultural sources of income and may inhibit the depopulation process. Residents in rural areas seem to be aware of the potential of social agriculture, as evidenced by examples of such projects in EU Member States. They see new opportunities for the rural community to expand and diversify their business activities. On the one hand, social agriculture is seen as a way to close the gap in the social care system, as a tool for creating new jobs in rural areas (especially for women). Broadly defined European initiatives in social agriculture include the following areas (Parzonko and Sieczko, 2015):

- education, e.g. the creation of educational farms, where children, young people, as well as adults are exposed to agricultural work, the cultural heritage of the region, etc.;
- social services, such as caring for people with physical and mental disabilities, caring for the elderly, etc.;
• social integration aimed at the integration of different social groups and local communities, etc.;
• health
• childcare, e.g. the care of the preschool child or even the care in the form of adoptive families;
• social exclusion, including, but not limited to, the reintegration of (former) convicts, the reintegration of addicts (e.g. drugs, alcohol), interaction and working with difficult young people;
• recreation and much more (Parzonko and Sieczko, 2015).

In Europe, social farming practices focus on different areas: in Italy and France, social agriculture is largely linked to the social and health sectors; in the Netherlands it is closer to the health system; in Flanders it is closer to agriculture, and in Germany, the United Kingdom, Ireland and Slovenia it is somewhere between the social and health sectors. In the light of demographic processes, especially the aging of society, “care farms” seem to be an interesting development in the field of social services. There are farms (including guest farms or organic farms) that rely on available resources and provide support to those in need. Residents can perform a variety of activities on the farm - e.g. feed the animals, take care of flowers, collect fruits and vegetables. Participating in daily activities and working on a farm has a therapeutic effect and, respectively, helps service users to remain active, regain their balance or find their place in society. The benefits can be varied:
• farms can provide a green and peaceful environment to live a peaceful life;
• work associated with caring for plants and animals creates a sense of responsibility towards other creatures, which can help people with low self-esteem;
• due to the presence of factors beyond human control (such as climate or soil quality), staying on the farm can help to accept life as it is, which can help residents find peace of mind;
• farms are enterprises, which require action to survive in an economic sense, which in turn stimulates a realistic view of life.

Social agriculture is an innovative approach to the sustainable and multifunctional development of rural areas. It refers to the role of agriculture in the development of social values. This creates the possibility to include farms in other areas of society, such as education, health and social care. This idea fits perfectly into the development of the so-called third sector in rural areas, based on own, human and material resources. There are many benefits to encouraging entrepreneurship in this area. These include the following:
• promoting entrepreneurship in rural areas;
• creating new jobs in rural areas;
• diversification of non-agricultural sources of income on a farm;
• creating a new image of agriculture and rural areas, especially in the eyes of the younger generation, which can have an impact on reducing rural depopulation processes (Parzonko and Sieczko, 2015; Martinho, 2020; Bassi et al., 2016).

b. Green Care

In recent years in Europe, the emphasis has been on the link between nature, landscapes, domestic animals, animals and agriculture on the one hand and health, social rehabilitation, education and employment on the other. This new approach includes farmers providing social and health services and has changed the way many other citizens see farmers, agriculture and their roles in society. Social agriculture, “Green Care” and agriculture for health are internationally accepted labels offered to social, educational or healthcare services that some farms offer in addition to their agricultural production. Sempik, Hine and Wilcox (2010) define Green Care as the use of farms and agricultural landscapes as a basis for promoting mental and physical health through normal farming. Green Care includes the rehabilitation or reintegration of socially disadvantaged people; promoting the integration of minorities; providing special education to children with adaptation problems; therapeutic rehabilitation for people with physical and mental problems. Farmers providing social and health services cooperate with various actors, such as civil servants from community and municipal councils, pedagogues, doctors, nurses, teachers and physiotherapists. The dynamic exchange of knowledge and intersectoral services between rural and urban areas associated with ecological care will compete with agricultural policies, which focus on agriculture and rural development in isolation from urban policy. Reports from the health, social and education sectors attest to the success of environmental care for clients and patients, and research indicates that “Green Care” is an innovative idea of social and rural entrepreneurship that the government should recognize as an important contributor to health, social inclusion and rural development. However, apart from
the information gathered by several European countries participating in a European Union (EU) funded research project on "Green care" and the agricultural sector, there is not much knowledge on the subject from the perspective of farmers. In particular, little is known about farmers motivation for providing social and health services or how farmers work become social service providers (Sempik et al., 2010; Heike Johansen, 2014). "Green Care" is seen as a "new" source of farm income and one of the many new functions that agriculture can perform in an urbanized society. Sempik and its collaborators (2010) noted that Green Care activities can create a multifunctional farm and also open up opportunities for the improvement of other agricultural functions, such as land management, biodiversity support, animal welfare, etc.

The combination of ecological and care activities gives us the opportunity to clarify which are the different groups of professionals (nurses, teachers, doctors, physiotherapists, etc.) with which farmers work and to identify the other economic sectors with which the agricultural sector interacts (Health, Education and Social sectors). Green Care is represented by six subcategories to which "green / green" activities are linked:

1. social and therapeutic horticulture;
2. animal therapy;
3. "care farming";
4. farm work as treatment;
5. eco-therapy; and
6. wildlife therapy / nature therapy (Sempik et al., 2010; Artz and Bitler Davis, 2017).

A study on farmers who have registered for Green Care activities reveals differences between European countries in terms of the most common type of "Green Care". These differences are found both in the types of activities that farmers offer as well as in the way in which farmers participate in the provision of health and care services. For example, England has a relatively high proportion of farms involved in treatment and therapy through social and therapeutic horticulture, while in the Netherlands a relatively high proportion of Green Care farms offer "care farming" as a means of social rehabilitation. Green Care in Italy is dominated by agricultural activities on farms, but with a major focus on employment for vulnerable people. These national differences highlight the importance of agricultural histories and traditions in Green Care practice, as well as the role played by the concepts of "health" and "care" in certain countries (Heike Johansen, 2014).

In some countries however, Green Care is formally institutionalized in different ways. In the Netherlands, participants are officially recognized as farmers providing social services. Such farmers are registered and their taxes are publicly funded. This income is an important supplement to the income obtained from the traditional production of farms. In this organizational structure, networking and knowledge exchange are framed in the context of the agricultural sector. In Germany and Austria, ecological care is considered part of the health sector, and farmers are paid from institutional budgets. Any "profit" belongs to the institution, not the farmer. In the UK, the 'social entrepreneurship' model allows farmers who provide social and health services to be part of the health sector and reinvest any profit on their farms. In Italy, social agriculture is a fairly recent phenomenon, although some interesting examples have been developed in this sector in the early 1970s. Only recently researchers and policy makers have defined these activities as "Social Agriculture". Most are currently linked to so-called "social cooperatives", of which there are two main types: type A cooperatives that provide social services on behalf of the state and, Type B cooperatives that support disadvantaged people to reintegrate (Heike Johansen, 2014).

In Denmark, the institutional framework in which Green Care can be incorporated is unclear. An early example of social entrepreneurship took shape in the 1850s, namely the spending of children's holidays in the city in rural areas. Non-profit associations based on a combination of voluntary work and employees with a regular salary ensured contact between children and holiday farms. The farm holiday for urban children still exists, now being coordinated by various organizations and associations, including the local farmers' association. A second example of social entrepreneurship in rural Denmark is food processing cooperatives, such as dairy and slaughterhouses. Danish cooperation began in the 1880s and has been used in several studies to illustrate the entrepreneurial performance of Danish peasants and their contribution to the creation of social capital in rural areas. A third example of social entrepreneurship in rural Denmark is based on a tradition of voluntary work in sports and leisure activities. The public-private partnership as an institutional framework for Danish social entrepreneurship can be recognized in the 1980s trend among social workers who bought small farms or cottages in rural areas and provided full day care for socially vulnerable children and young people. The authorities have approved these small private institutions, and social workers / institution owners receive their salary from municipalities (Heike Johansen, 2014).
3. **Thermal entrepreneurship**

There are several activities complementary to agricultural production that can be developed in rural areas, some even inside farms, such as agrotourism, organic farming and direct trade, where for example multifunctional agriculture can be an option, from the perspective of farmers, producers and entrepreneurs. Aquaculture in certain specific contexts can contribute to this multifunctionality. In this multifunctional role of farms, bioenergy production can be a good example, as can the “Heat Entrepreneurship” in rural Finland (Okkonen and Suhonen, 2010).

Thermal entrepreneurship promotes local business activity. Thermal entrepreneurship is the production of local renewable energy, where an entrepreneur or company sells heat at a price agreed upon by a user. In the best-case scenario, there can be many heat buyers. The heat is transmitted to the customer from the heating system by a district heating network. Generally, the fuel is brought from the entrepreneur's own forest or locally sourced wood, but can also be by-products derived from wood processing, recycled wood or peat.

Heat production from wood and other biofuels increases local occupancy and reduces the use of fossil fuels. It is also an economical and environmentally friendly method of producing heat. In addition to purchasing fuel, the contractor manages the plant's operations and earns revenue from the energy produced. Thermal entrepreneurship began operations at small oil heating installations, which were modified for the production of heat from wood. Initially, thermal entrepreneurship was a secondary occupation but it is now the main occupation for many entrepreneurs (Okkonen and Suhonen, 2010).

In Finland, municipalities have played a key role in setting up businesses that have taken responsibility for heating public buildings, such as hospitals, schools, offices and libraries, as well as private homes or industrial properties. In Finland, municipalities have privatized municipal heating since the early 1990s. Privatization has provided and continues to have mutual benefits: for forest owners, local farmers and contractors, entrepreneurship provides additional income, improved forest management, the use of underutilized harvesting equipment, and increase employment. For the municipality, a well-established thermal entrepreneurship ensures increased security of heat supply, savings in operational and investment costs of energy production when oil is replaced by cheaper wood fuels, increased use of local labor and the creation of new business opportunities, support for the existing workforce (Okkonen and Suhonen, 2010; Suhonen and Okkonen, 2013; Forsström, Pingoud, Pohjola, Vilén, Valsta and Verkerk, 2012).

A thermal energy business model is defined here as a model for:

1. Business architecture for product / service flows, including:
   (a) Establishment of the heating installation and district heating network.
   (b) Organization of wood fuel supply chains.
   (c) Defining ownership and responsibilities between all parties involved, such as service sellers and buyers, subcontractors and fuel producers.

2. Establishing the logic of earnings, strategies to generate and maintain profitable and sustainable business operations. The business model involves many stakeholders, such as entrepreneurs, subcontractors, financiers and customers. The parts presented above are interrelated, not necessarily chronological and will have an impact on the overall performance of the business (Okkonen and Suhonen, 2010).

Based on heat production contracts, three main categories can be identified in the organization of municipal heat production in Finland: public companies, public-private partnerships and private / cooperative companies (Okkonen and Suhonen, 2010; Suhonen and Okkonen, 2013).

**Conclusions**

In a study by Gundry (2014), the results showed that a high level of commitment can encourage entrepreneurs not only to take advantage of immediate opportunities and benefits, but to create opportunities. The conclusions also highlighted the fact that a strong commitment will guarantee the sustainability and continuity of a business. The concept of entrepreneurship is a long-standing pillar of economic theory. From the beginning, the notion of entrepreneurship has been a force for economic change, introducing new energy into exchange systems and allowing these systems to produce surpluses that contribute to an important aspect of human well-being. Beyond the well-being associated with the economic surplus, it is observed that other benefits come from entrepreneurship. Entrepreneurs run the economy, creating new concepts, innovations, new projects, employment and national wealth. Entrepreneurs bring a balance to a nation's economic system, offsetting concentrations of power, increasing competitiveness. Entrepreneurship primarily serves the community and society, providing an improved standard of living, social receptivity and sustainable industry. It adds to the social and psychological well-being of the community, providing an outlet for creative action. Entrepreneurship offers third world countries the opportunity to develop (Stathopoulou et al., 2004; Peredo and Anderson, 2006).
Entrepreneurs provide added value to rural areas, involving local resources in the process. This is why rural development is more inter-related in rural areas than in urban areas. For this reason, rural entrepreneurship is mainly based on community, strong family ties and has a relatively high impact on the rural community (Moreira and Carvalho, 2012; Harpa, Moica and Rus, 2015).

Rural communities face several challenges in the context of climate change, land degradation, deforestation, biodiversity loss and fragmentation of natural habitats, poverty and geographical isolation. The rural population is prone to extreme poverty, hunger and social exclusion, especially in developing countries in Africa, Asia and Latin America. Rural communities depend on local geographical conditions (climate, natural resources, landscape and geographical barriers, socio-economic conditions, demographic characteristics) to develop agricultural, industrial or tourist activities as ways of economic development. A traditional economy based on subsistence agriculture is still widespread in many rural areas of the globe. This type of economy is volatile to natural hazards (extreme weather, floods, landslides, erosion, drought) and poor agricultural productivity, which translates into famine, extreme poverty and massive migration. Land use management is a key factor for future rural development prospects and for finding the optimal balance between natural habitats, agricultural land and built-up areas. Rural tourism, agrotourism, religious tourism and ecotourism are alternative or complementary economic activities that could further stimulate rural entrepreneurship, while reducing the rural community’s dependence on a major economic sector (agriculture, forestry, energy, mining or fishing). (Mihai and Iatu, 2020).

Rural entrepreneurship plays a crucial role in the economic development of rural and disadvantaged areas. Rural entrepreneurship can play an important role in creating new jobs, income and wealth and therefore in combating the main economic and environmental weaknesses of rural communities. Consequently, the creation of new projects seems mandatory for integrated development (Stathopoulou et al., 2004; Moreira and Carvalho, 2012).

Romania has demonstrated an important potential for rural growth and has seen substantial improvements both in its rural business environment and in its socio-economic environments. This indicates that the life cycles of the industry for small enterprises in rural Romania have changed from those that ensure survival to those associated with medium enterprises. The impact of the rural business environment on SMEs shows that the survival and growth of micro-enterprises depend on external conditions over which control is little or not at all. Therefore, the environments in which families, companies and support systems operate are not always favorable for encouraging rural people to take up entrepreneurship as a career, which may be due to a lack of awareness or knowledge of the entrepreneurial opportunities they have (Harpa, Moica and Rus, 2016; Lekhanya, 2018).

References