

# **Micro-enterprises in rural areas**

## **Redeployment of rurality in Walloon Region**

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### **1. Introduction**

The evolution of the economies and the rural society is often characterized negatively by the decline of the dominating productive activities, agricultural and industrial, the departure of the young and most qualified people towards the urban centres to finish their studies or to find a job, the arrival of retired people who intensify the ageing of the rural population as well as a disappearance of the services to the population [Rural Foundation of Wallonia, 2004]. In this context, it becomes imperative to implement actions which take part in the revitalization of economic, social and cultural rural networks, by creating jobs and useful and satisfactory activities at the community level. In other terms, to make so that the rural areas remain a place of life and work.

The origin of the reflexion of this study is that the sector of Micro-Enterprises (ME) in rural areas represents a vector of redeployment of the rurality which makes it possible to answer above-mentioned expectations. Moreover, to profit from a solid and balanced economic correction towards the remainder of Belgium and Europe, Walloon Union of Enterprises (2006), advise Wallonia to develop the private market, notably the ME and Small and Medium Enterprises (SME). The interest for ME and SME is justified by their representation in the enterprises in growth, their contribution to the added value and their capacity of creation of jobs [UWE, 2006].

The objective of this study is to identify the position of ME in future rurality. Results of this study give the profiles of the entrepreneur and his enterprise in rural areas and checks up how these enterprises stimulate local territories by the creation of local jobs. We also approach the social importance of these enterprises while identifying the implication of the company in the local life. The last part consists of a prospective step. The aim of this part is to identify the favourable sectors able to develop the rurality and to consider measures that could enhance the creation of enterprises in these territories.

### **2. Methodology**

The ME are defined by three criteria: the size of the enterprise (maximum 10 people), a legal criterion (are regarded as ME, all the economic entities, which have the statute of physic or moral person, working alone or employing 9 people maximum, with the exception of farms, public companies and non-profit-making associations) and a geographic criterion (the enterprise is situated in the selected commune).

A survey has been carried out and involved 94 ME distributed into the Walloon territory. The six communes selected on the whole of the Walloon territory allow to integrate the contextual heterogeneities of this territory. The heterogeneities considered are the demographic and residential dynamics, the average income by inhabitant and the dynamic of the enterprise creation.

The study targets six sectors of activities which seem to be buoyant. Theses sectors are those of foodstuffs production, catering and lodging, tourism, wood sector, eco-companies and those related to information and communication technologies (ICT). The survey was carried out using a questionnaire. This survey has been supplemented by workshops where the results obtained were discussed with the surveyed people and other actors of the rural areas.

### 3. Results & Discussion

#### 3.1. Profiles of the rural entrepreneur and Micro-Enterprise

Almost 85% of surveyed entrepreneurs are men. Their average age is 43 years old. Generally they are native of rural area (78%) and they live near their enterprise (93%). The principal motivations which justify the desire to become one's own chief are the possibility to work with passion (53%) and the need for autonomy and independence (47%). There are also the will to propose original products and services or to increase the value of an available property.

With regard to the profile of ME, we can say that it is an enterprise in good health since 76% and 81% of those have respectively their turnover and their staff which are stable or increase. Furthermore, the ME is a polyvalent enterprise. Indeed, 68% of surveyed entrepreneurs propose different varieties of services or products. This allows to keep a certain balance within the enterprise: if one of these activities is decreasing, the offer of another service or another line of goods makes it possible to guarantee a sufficient income. Moreover, the large enterprises being very seldom polyvalent, the small entrepreneur differs from these large competitors by this criterion to attract the customer.

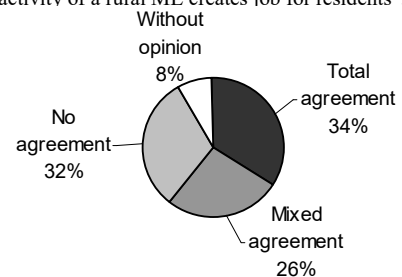
#### 3.2. Micro-enterprise: essential enterprise in rural areas

The ME are essential to develop and to maintain the dynamism in rural areas. Indeed, these enterprises create job for the residents and they take part in various local activities such as fairs and festivals, sporting club, local newspaper or cultural activities. For the 94 enterprises, a total of 363 workers is reached. Consequently, there are 3.9 workers on average by ME. For 70% of ME, more than the half of their personnel (except chief and spouse) comes from the commune where the ME is localised [Table.1]. Moreover, for 41% of surveyed enterprises, the external workers with the commune live in a radius of 15 km and thus come from neighbouring commune. Thus, we can say that a large number of ME create local job.

Table 1: Distribution of enterprises according to the share of labour situated within the commune in which the enterprise is localised.

Share of labour	Enterprise (%)
< 10%	8%
10 - 24%	10%
25 - 49%	12%
50 - 75%	17%
> 75%	53%

Figure 1: Distribution of answers of the 94 entrepreneurs to the following assertion: "The activity of a rural ME creates job for residents".



However, to determine the entrepreneurs's opinion with regard to the role of their ME towards the local employment, we mitted the following assertion to them: "The activity of a rural ME creates job for residents" [Fig. 1]. For the 32% who don't agree with this assertion, the impossibility to create local jobs is due to wage and administrative charges which are too heavy to be supported for structures of so small size. Other entrepreneurs explain that it is not necessary to hire labour when the enterprise is so small. Others think that the ME needs a low qualified labour. Well, actually, young people are more and more encouraged to undertake higher schools. As a consequence, they are too qualified for the jobs offered by ME. Another share of the entrepreneurs, who relatively agree with the assertion, estimate to create jobs but in a moderate way. In addition to the reasons mentioned above, they think that the difficulties and worries due to the recruitment and the staff management, the fact that the operation of much of ME is mainly family based as well as the impossibility to increase their infrastructures, due to the space management rules, are as many barriers to the increased creation of jobs by ME.

As shown in the figure above, a little more than one third of the entrepreneurs think that they play an important role in the economic dynamism of their village. On one hand, they prefer to engage the personnel of their entourage to decrease the travelling expenses of their personnel and also because proximity is more easily combinable with availability and flexibility. Moreover, according to some entrepreneurs, to employ personnel of their area is an effective means to be well known locally. In

addition, some entrepreneurs think that their ME is an example of success and motivates the young people to create their own enterprise. Moreover, the ME indirectly contribute to the maintenance of a lot of jobs (suppliers, subcontracting, etc.).

In addition to play an important part in the economic dynamic within the villages by creating jobs for the residents, the ME take part in the socio-cultural life within their village. Indeed, on the whole of the surveyed sample, 64% of entrepreneurs put a lot into local life via their enterprise. The majority do it by sponsoring local fairs (43%) or sport clubs (30%). Other entrepreneurs contribute to the dynamism of their commune in putting a lot into the organisation of the local newspaper (29%), cultural activities or the local council. Moreover, the entrepreneurs estimate that their enterprise corresponds to a place of pleasant meeting, which supports the contacts between the various local actors and which can possibly have a positive impact on the touristic development of their commune.

### 3.3. Characteristics of the labour expected by the rural entrepreneur

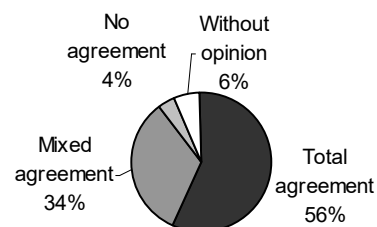
Although the ME enhance the creation of local jobs, that is not done without difficulties. Often, the entrepreneurs explain that they seek a versatile and flexible in their schedules of working staff. Indeed, the majority of entrepreneurs (65%) agree to say that the personnel must be more polyvalent in rural areas than in urban areas and more polyvalent within a ME than in a bigger enterprise (95%). The entrepreneurs explain that since a ME can't employ a lot of workers, it's essential that those are very adaptable and can answer to the diversity of the tasks which are required. Furthermore, this request for versatility is in opposition with the general tendency of the young people to specialize. A revalorization of the trade of craftsman would be a first step towards synchronization between the offered jobs by ME and required jobs by young workers. Nearly three quarters of the entrepreneurs estimate that the staff of ME must be more flexible in its schedule of working than in a bigger enterprise and the entrepreneurs think that the flexibility is only possible if the workers are motivated and invested in their work.

A question arises then: which are the elements which could motivate the potential workers to work in rural ME. The Table 2 shows these elements. They are classified by decreasing order according to entrepreneurs. According to nearly 90% of entrepreneurs, a good ambience of work motivates the workers. A serene climate generates a bigger desire to be invested in one's occupation than a morose ambience. In this way, the entrepreneurs agree to say that the cohesion and the team spirit are better in rural than urban area (55%) as well as in a smaller enterprise (79%). Moreover, according to two thirds of the entrepreneurs, the chief of rural enterprise is closer to his staff than the chief of an urban enterprise, and for 84% of the entrepreneurs, the chief is closer to his staff in ME than in a bigger enterprise. Consequently, in ME, the cohesion of the staff and the closeness of the chief, which strongly contribute to create a good environment of work, are considerable assets for the recruitment of the staff that it would be advisable to point out and to highlight. In addition, an assertion about the ambience of work within rural ME was submitted to the surveyed entrepreneurs. The figure 2 shows that for 90% of them, the ambience within rural ME is good and that only 4% of them don't agree with this assertion. According to the latter, there is more jealousy and suspicion in a smaller enterprise.

Table 2: Proportion of entrepreneurs considering the following elements as influencing the motivation of the potential workers to work in a rural ME.

Elements influencing the workers's motivation	Entrepreneurs (%)
Good ambience of work	89%
Flexibility of the schedule	83%
Fluidity of the traffic	70%
Distance home-working place	69%
Public transport	68%
Proximity of the large road axes	63%
Proximity of the schools	62%
Proximity of the cribs	58%

Figure 2: Distribution of answers of the 94 entrepreneurs to the following assertion: "The ambience within rural ME is good".



On the other hand, the request for flexibility and availability would decrease the willingness of the worker for 83% of the entrepreneurs. However, as presented previously, the entrepreneur of ME asks his personnel to be flexible. Consequently, the need for profiting from flexible staff brings difficulties to the chief during the recruitment of one's staff like for its preservation.

Moreover, for 70% of the probed sample [Table 2], the fluidity of the traffic has a positive influence on the motivation of the personnel. Consequently this element which is more met in rural areas than in urban environment constitutes an asset for the recruitment of the staff. A smaller proportion of entrepreneurs estimates that the distance which separates the residence from the place of work and the availability of public transport have an influence on the motivation of the potential workers. Indeed, everyone is obliged to have one's car in rural areas. The proximity of the schools and the cribs appear in last position. That is perhaps due to the fact that the labour force of the surveyed enterprises is primarily male.

### ***3.4. Strengths of the rural areas***

In addition to the fluidity of the traffic offered by the rural areas, this study shows other strengths of these areas. The elements which were determining in the entrepreneur's choice to establish his enterprise in rural areas were regarded as strengths. Such as the pleasant environment as well as lower land price for respectively 63 and 48%. The more pleasant and less stressing social life as well as a reduced competition are also determining factors of localization for respectively 32 and 24%. Moreover, the dynamism of the commune is also an element taken into account by 1 contractor out of 4. The survey also shows strengths of the rural areas for the daily operation of the enterprise. The principal, quoted by 90% of the entrepreneurs, is the quality of human relations which they can develop with their customers as well as the proximity from endogenous resources, quoted by 51% of the active entrepreneurs in the sector of the catering and lodging and 50% of the entrepreneurs of the wood sector. Nearly two thirds of the entrepreneurs estimate that the greatest availability in car parking offered by the rural areas represents an advantage to develop their customers. The fact that it is not necessary to pay expenses for car parking as downtown or not to waste time to seek a place where to park are elements which the customer appreciates to find in rural areas. Moreover, the lowest density of enterprises in rural areas encourages synergies between them. Some entrepreneurs explain that they try to be complementary with the other entrepreneurs of their entourage, by offering other products or services. The material aid and the councils between contractors are also facilitated in rural areas. According to the entrepreneurs a revalorization of these strengths could incite the creation of enterprises in rural areas.

### ***3.5. Favourable sectors for rural development: entrepreneurs's opinion***

In addition to finding solutions to increase the potential of enterprise to create local jobs, it is also necessary to determine the sectors which seem to be able to offer the most interesting opportunities of development of enterprises in rural areas, and to establish tracks of solutions to encourage the creation of enterprises in rural areas. With the question: "Which are the activities and economic sectors which offer the most opportunities of development of enterprises in rural areas?", the surveyed entrepreneurs answered: the tourism (27%), agricultural and foodstuffs production sectors (23%), catering and lodging (20%), services of proximity (13%), sector of construction (10%), craft industry (9%), leisure activities (9%), wood sector (7%), renewable energies (3%) and information and communication technologies (2%).

The valorization of the natural, architectural and cultural inheritances of the rural areas via tourism seems to be the key sector to support the economic dynamics of these areas. For many entrepreneurs, the development of this sector must be done jointly with that of the catering and lodging in order to ensure an optimal welcome of the tourists and to support the prolongation of the duration of their stay in our villages.

As well the valorization of the land via agriculture as the valorization of the agricultural raw materials via the foodstuffs production are ways which are advisable to preserve in rural areas. Moreover the need for feeding, the entrepreneurs estimate that people appreciate to have a large choice in the products which they consume. In addition, agricultural and foodstuffs production sectors allow preserving and developing a specific and local know-how. For certain entrepreneurs, it would be interesting to develop the fruits and vegetables market in Wallonia, as well as in Flanders.

The entrepreneurs consider the services of proximity insufficient in rural areas, and many are the rural ones who complain a bit. By services of proximity, the entrepreneurs include the tertiary services, the services with the old people, the services of health care, the cribs, the services of assistance to the underprivileged young people as well as the services of reparation and maintenance of household appliances, data processing or other.

According to approximately 10% of the entrepreneurs, the sector of construction is a sector which offers opportunities of development for small enterprises. They estimate that there exists in this moment a keen demand in this sector and that the offer is insufficient even sometimes non-existent. Some entrepreneurs advise the craft industry. According to them, it must be promoted whatever the type of branch of industry. However we noticed that the entrepreneur often defines the craftsman as “the small” carpenter, plumber, the mason or the mechanic.

In addition to the activities of leisure related to tourism, the entrepreneurs estimate that sports activities in the open air requiring great parks (excursions), rivers (descent in the kayak) or relief (climbings) and which allow rural just like urban people to get back in touch with one's inner self the weekend and on holiday are also a way of rural development. Moreover, these activities correspond well to the neo-rural people's expectations who come in rural areas to find a pleasant environment.

Given the proximity of the resource, some entrepreneurs think that the wood sector is convenient with the development of enterprises in rural areas. For a weak share of the questioned entrepreneurs (approximately 3%), the rural areas are favourable to the creation of green energy. It seems to them that as well the orientation of the farms towards this sector as the creation of processing plants of the raw material are ways of rural development.

### ***3.6. How to incite the creation of enterprise in rural areas?***

Among the recommendations given by the entrepreneurs and the other rural actors met during workshops, we can quote:

- revalorize assets and potentialities of development of the rural areas ;
- protect the enterprises from the residents (to avoid conflicts) as well as urbanistic rules (which prevent the extension of the infrastructures) by the creation of spaces valid and adapted for ME ;
- recognize the usefulness of ME by the population ;
- To support local integration : to develop partnerships between ME and the local actors and between ME themselves (for example by organizing meetings with attractive set of themes) ;
- help the rural entrepreneur specifically (administrative help and also to encourage and to advise the entrepreneur in his steps) : creation of a guidance unit ;
- revalorize the trade of craftsman : to invest in the education and the training of the young people and to incite them to turn more to a manual trade than intellectual one when that proves more adapted to the child ;
- develop and promote the dynamism of the commune: to develop the tourist sector, to make known the rural enterprises, to improve the services of proximity, to incite the young people to settle in rural areas.

## **4. Conclusion**

Even if the rural areas tend to become a simple residential zone for people who come to find there a place of pleasant life while continuing to work in the city or who, originating from the countryside, still live there but were forced to find a job downtown, there are again rural people who launch enterprises and show that it remains still possible to simultaneously live and work in the rural areas.

ME constitute an essential element of the strategy of local development. They instigate the rural areas by the creation of local jobs and that of relational contacts, two essential conditions to preserve the social and economic vitality of the rural territories. It is thus necessary to preserve these ME and to encourage the young people to create enterprises in rural areas. For that, various tracks were proposed in this study. We will retain, between others, the revalorization of the strengths of the rural areas among the potential entrepreneurs, the revalorization of the trade of craftsman near the young people, the recognition of the usefulness of ME by the population, the protection of ME towards the residents, the reduction of the rigidity of the space management rules and the development and the promotion of the dynamism of the rural communes. A better local integration of the young enterprises could also reassure the young people and encourage them to launch enterprises.

Futhermore, if the valorization of the tourism potentialities seems to be the best way to develop new rural enterprises, we don't forget that the diversity and the complementarity, which characterize the majority of ME, make it possible to ensure a certain stability and a better perennality of the local economies.