

# **Rural entrepreneurship in the Walloon Region**

## **Focus on micro-enterprises profile and prospects**

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### **1. Introduction**

The structural 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 pensioners which come to intensify the ageing of the rural population as well as a disappearance of the services to the populations such as post offices, banking agencies, small stations, schools, cribs,... The list of these services doesn't stop to lengthen (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 fabrics, by creating jobs and useful and satisfactory activities at the community. In other terms, to make so that the rural areas remain a place of life and work.

In addition, 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 Micro-Enterprises (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 towards the added value and their capacity of creation of job [UWE, 2006].

The origin of the reflexion of this study is that the sector of ME in rural areas represents a vector of redeployment of the rurality which makes it possible to answer above-mentioned waitings. The objective of this study is to identify the position of ME in next rurality. Results of this study give the profiles of the entrepreneur and its enterprise in rural areas. The study 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. Lastly, the last part consists of a prospective step. The aim of the part is to identify the favourable sectors to develop the rurality and consider measures that could incite the creation of enterprises on these territories.

### **2. Method**

The ME are defined from three criteria: the size of enterprise (maximum 10 people), a legal criterion (is regarded as ME, all the economic entities, which they 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 association) and a geographic criterion (the enterprise is situated in the commune selected).

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 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 rate of survey on the whole of the selected communes is 13%.

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 areas. Indeed, that is confirmed in 78% of the cases and they live near their enterprise (93%).

Isolation compared to the major roads seems to be a barrier to the expansion of new rural enterprises. Indeed, only 51% of entrepreneurs situated in a commune relatively isolated create their own enterprise, against 81% when the commune is situated near major road axes.

The principal motivations which justify the desire for becoming its own chief are the possibility to live of its passion (53%) and the need of autonomy and independence (47%). There are also the will to propose original services and products or to increase the value of an available establishment, often familial.

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 conserve a certain balance within 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 differ from these large competitors by this criterion to entice the customer.

#### 3.2. Micro-enterprises : essential enterprise in rural territories

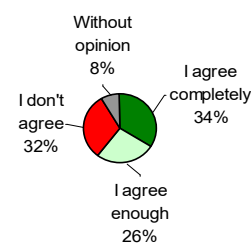
The ME are essential to develop and to maintain the dynamism in rural areas. Indeed, as the results of the survey show it, these enterprises create on the one hand, employment for the residents, and on the other hand, they take part in various local activities.

For the 94 met enterprises, a total of 363 workers is reached. Consequently, there are 3.9 workers on average by ME. For 70% of ME, more half of their personnel (except chief and joint helping) comes from the commune where is localised ME [Board.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 on ME. Thus, we can say that a large party of ME creates local employment.

Board 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 employment for residents".



However, to determine the entrepreneurs's opinion with regard to the role of their ME towards the local employment, we subjected the following assertion to them: "The activity of a rural ME creates employment for residents" [Fig. 1]. For the 32% who don't agree with this assertion, the impossibility to create local job 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 employ when the enterprise is so small. Others think that the ME need a little qualified labour. Well, actually, young people are more and more encouraged to undertake to do higher schools. In consequence, they are too qualified for the job offered by ME.

Another share of the entrepreneurs, enough of agreement with the assertion, estimate to create job 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 management of staff, the fact that the operation of much of ME is mainly family as well as impossibility of increasing their infrastructures, due to the urban rules, are as many barriers to the increased creation of job by ME.

As shown in the figure above, a little more than one third of the entrepreneurs thinks that they play an important role in the economic dynamism of their village. On the one hand, they prefer to engage of 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, employ personnel of their area is an effective means to make known themselves there. 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 contribute indirectly to the maintenance of a lot of jobs (suppliers, subcontracting, etc.).

In addition to play an important part in economic dynamic within the villages by creating job 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 in 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 tourist development of their commune.

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

Although the ME make it possible to create local job, that is not done without difficulties. Often, the entrepreneurs explain that they research a polyvalent and flexible in their schedules of work personnel.

Indeed, the majority of entrepreneurs (65%) agree for saying 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 at the diversity of the tasks which theirs are required. Furthermore, this request for versatility is in opposition with the general tendency of the young people to sub-qualify. A revalorization of the trade of craftsman would be a first step towards one rebalances between the employments offered by ME and asks it young workers.

Nearly three quarters of the entrepreneurs estimate that the personnel of ME must be more flexible in his schedules of work than that of a enterprise of bigger size. They specify that if ME wants to remain competitive on the market it must offer more flexibility and availability to its customers than the large companies. In addition, flexibility can be only if the personnel is motivated and invested in his work. Well, the miss motivation is the principal difficulty encountered by the entrepreneur in the management of his personnel (23%).

A question arises then: which are the elements which could influence the motivation of the potential workers to work in rural ME. The board 2 shows these elements, classified by descending order according to entrepreneurs.

According to nearly 90% of the entrepreneurs, the environment of work strongly influences and in a positive way the motivation of the staff. A serene climate more generates the desire for being invested in its occupation that a morose ambience. In this way, the entrepreneurs agree for saying that the cohesion and the team spirit are better in rural areas than in urban environment (55%) like in a smaller enterprise (79%). Moreover, according to two thirds of the entrepreneurs, the chief of rural enterprise is closer to his personnel than the chief of an urban enterprise, and for 84% of the entrepreneurs, the chief is closer to his personnel 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.

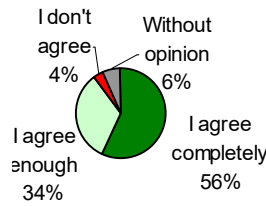
Board 2: Proportion of entrepreneurs considering the following elements like influencing the motivation of the potential workers to work in a rural ME.

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

On the other hand, the request for flexibility and availability would decrease the heat of the worker for 83% of the entrepreneurs. However, as presented previously, the entrepreneur of ME asks to his personnel to be flexible. Consequently, the need for profiting from flexible personnel for the chief of ME gets to him difficulties during the recruitment of its personnel like preserving it.

An assertion about the environment 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. The board 3 synthesizes the opinions of the entrepreneurs about the characteristics of the labour and the working conditions, on the one hand in rural areas and on the other hand, in a ME.

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



Board 3: Characteristics of the labour and the working conditions, on the one hand in rural areas and on the other hand in a ME, according to surveyed entrepreneurs.

	Rural area	ME
Requirements	Versatility	Versatility and flexibility
Cohesion of the staff	+	++
Chief's closeness	++	+++

Moreover, for 70% of the probed sample [Board 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 in urban environment, constitute 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 its 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 of the surveyed enterprises is primarily male

### 3.4. Assets of the rural areas

In addition to the fluidity of the traffic offered by the rural areas, this study allowed to show other assets of these areas. The elements which were determining in the entrepreneur's choice to establish his enterprise in rural areas were regarded as assets. It is about the pleasant framework of life which offer the rural areas as well as land more available and favourable for respectively 63 and 48%. The more pleasant social life and less stressing 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 allowed also to show assets of the rural areas for the daily operation of the enterprise. The principal asset, quoted by 90% of the entrepreneurs, is the user-friendliness which they can develop with their customers. Comes then the proximity from the 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. The absence of traffic jam, allowing to avoid a sometimes considerable waste of time in the car is also quoted by some entrepreneurs.

Nearly two thirds of the entrepreneurs estimate that the greatest availability in car park offered by the rural areas represents an advantage to develop their customers. The fact that it is not necessary to pay expenses of car park as downtown or not to waste time to seek a place where to park its car 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 mutual aid and the councils between contractors are also facilitated in rural medium

### **3.5. How to boost the rurality in the future: entrepreneurs's opinion**

In addition to finding tracks of solution so that ME can increase their potential of creation of local job, while making coincide more the employment offered by ME with the request of the young people, it is also necessary to determine the sectors which seem to be able to offer the most opportunities of development of enterprise in rural areas, and to establish tracks of solutions to encourage with the creation of enterprise in rural areas.

#### *3.7.1. Favourable sectors with the rural development*

With the question: "Which are, the activities and economic sectors which offer the most opportunities of development of enterprise in rural areas?" the surveyed entrepreneurs answered:

- The tourism : 25 entrepreneurs ;
- Agricultural and foodstuffs production sectors : 22 entrepreneurs ;
- Catering and lodging : 19 entrepreneurs ;
- Services of proximity : 12 entrepreneurs ;
- Sector of construction : 9 entrepreneurs ;
- Craft industry : 8 entrepreneurs ;
- Leisures activities : 8 entrepreneurs ;
- Wood sector : 7 entrepreneurs ;
- Renewable energies : 3 entrepreneurs ;
- Information and communication technologies : 2 entrepreneurs.

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 reception the tourists and to support the prolongation of the duration of their stay in our villages

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

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

According to approximately 10% of the surveyed 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 to 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 leisures 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 who 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 answer well to the neo-rural people's waitings who come in rural areas to find a framework of life pleasant.

Since 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 with 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 undertakings of the raw material are ways of rural development.

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

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

- To revalorize assets and potentialities of development of the rural areas ;
- To protect the enterprises from the residents (to avoid conflicts) as well as urban rules (which prevent the extension of the infrastructures) by the creation of spaces valid and adapted for ME ;
- To recognize the utility 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) ;
- To help the rural entrepreneur specifically (administrative help and also to encourage and to advise the entrepreneur in his steps) : creation of a cell of guidance ;
- To 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 that intellectual when that proves more adapted to the child ;
- To 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 tends to become a simple residential zone for those which come to find there a place of pleasant life continuously to work at the city or which, originating in the countryside, still lives there but was constrained to find an employment downtown, there are again rural ones which launches out in the entrepreneuriat and shows that there remains still possible of simultaneously living and working 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 conditions essential 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 with creation of enterprise in rural area. For that, various tracks were proposed in this study. We will retain, enter others, the revalorization of the assets of the rural area near the potential entrepreneurs, the revalorization of the trade of craftsman near the young people, recognition of the utility of ME by the population, the protection of ME towards the residents and the rigidity of the urban 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 out in the entrepreneuriat

Futhermore, if the valorization of the tourist potentialities seems to be the crenel of predilection 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 certain stability and a better perenniality of the local economies.

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