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POSSIBILITY TO CREATE A SOCIAL ENTERPRISE IN TODAY'S WORKING ENVIRONMENT

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JEL Classification

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Abstract

Purpose – This paper aims to debate the possibility of creating a social enterprise in a certain region of Romania.

Design/methodology/approach – In the first section there is a theoretical approach of some aspects of societal change processes and seven trends which indicate the change processes within the working environment. From the same point of view, there are also mentioned different types of entrepreneurial activities. The paper ends with a case study which is dealing with the study of the potential to create social enterprises to support rural communities in Bistrita Nasaud county.

Findings – The data provides an array of social problems that are facing the people of this region: the lack of jobs, of qualifications required by the market, poverty, social exclusion of vulnerable groups.

Practical implications/originality/value – The presentation of a case study specific to social entrepreneurship within a larger theoretical framework triggers a complex approach in compliance with the specified theoretical aspects.

1. Introduction

Societies are fundamentally changing under the impact of technological developments such as large-scale, networked information and communication technology at a global level. The society that is emerging nowadays can be characterized by four determinants. The leading determinant is the development towards the change society. It is equally instigated and intensified through the growing international influences and interdependencies. Complexity and dynamics increase due to the global entrepreneurial structures. Traditional working structures change in order to remain competitive within this international context. This development has strong impact on enterprises.

Perhaps the greatest competitive challenge companies face is adjusting to – indeed, embracing – non-stop change. They must be able to learn rapidly and continuously, innovate ceaselessly, and take on new strategic imperatives faster and more comfortably [Ulrich, 1998].

Our paper aims to analyse the major trends indicating change processes within the working environment and to present a case study regarding the valorization of forest fruits in Bistrita Nasaud County. In the next chapter we enumerate and examine the key trends regarding the change processes within the working environment, highlighting the micro-entrepreneurship phenomena. Then, we display a case study which is dealing with the study of the potential to create social enterprises to support rural communities in Bistrita Nasaud county.

The paper ends with some conclusions regarding the opportunity to create a social enterprise in Romania.

2. Trends indicating change processes within the working environment

Several trends emerge related to the change processes within the working environment:

- The first trend is moving towards micro-entrepreneurship.
- The second trend is integrating learning, teaching, working and living. In this case we see the development towards increasing integration of the different aspects of life.
- The third trend is developing job mobility – the development of change options within one's professional career.

Continuous change within the job environment is part of today's and tomorrow's society. This implies change of jobs within the same company or between companies as well as changes within the job, for instance a new definition of tasks.

- The fourth trend is opting for parallel jobs or tasks – the development towards the combination of parallel jobs or tasks, also with different employers.

Today, companies increasingly tend to concentrate on core business processes. Consequently, outsourcing or short-term contracts increase.

These days, both companies and employees are healthier if employees have multiple skills, if they can move easily across functional boundaries, if they are comfortable switching back and forth between regular duties and special projects. [Waterman et al., 1994]

- Global and multicultural acting is the fifth trend. Fundamental changes within the working environment are triggered by the globalization of business and production chains. These increasing global dynamics require company structures in which multicultural acting is possible [Gassmann, 1997].
- The sixth trend is sustaining continuous change learning.

Continuous learning plays an essential role with regard to the growing complexity in the use of modern information and communication technologies.

Individuals, whatever their specific fields, must cope with business demands that require them to renew their knowledge and competence continuously. In many instances professional education must be completely renewed three or four times during a person's career, or professional person may have several completely new careers during a lifetime. There is a lifelong need for upgrading, updating and relearning [Longworth and Davies, 1996]. Such lifelong relearning essentially means to learn how to cope with continuous change.

- The last trend we have noticed is developing regional structures and networking. The development of regional structures and regional networks can be considered a counter-movement to better cope with globalization. Globalization and effective regional structures are two sides of the same issue. Increasing globalization creates the necessity for regional effectiveness. Within this global framework, companies and organizations join forces in order to develop regional concepts and to use their regional advantages.

In our view the first trend that is moving towards micro-entrepreneurship is the most important.

The development towards new working structures in enterprises requires self-responsibility and self-organization as well as establishing small enterprises. This trend appears central to the societal changes presently induced through the political-economic forces of globalization. Micro-entrepreneurship means the role of individual entrepreneurs taking into account global political changes and their social and economic impact. Such view includes an understanding of any

individual employee within his/her working environment as having the role and the responsibility of a micro-entrepreneur. It also includes the growing numbers of newly founded small enterprises. The new information and communication technology both creates the need for such micro-entrepreneurship and enables these micro-entrepreneurs to fulfill their roles and tasks.

The term micro-entrepreneurship, however, refers to a specific attitude rather than company size. Competitive companies need employees who act, feel and think as responsibly as if they were independent entrepreneurs. This implies the fervor to work, act and learn with the attitude of someone who feels responsible for oneself as well as one's colleagues and their individual and collective achievements. Furthermore, employees become more aware of their own competencies and know-how, thus taking the role of individual virtual entrepreneurs within their working environment [Strina, 1997]. However, it is important to look to the positive as well as the negative aspects of being a micro-entrepreneur. Foucault (1989) raises the following questions: how does one 'govern oneself' by performing actions in which one is oneself the object of those actions, the domains in which they are applied, the instruments to which they have recourse and the subject which acts? [Foucault, 1989]

On the one hand the self-responsibility is high and may appear burden because it is required for the working environment itself and for its social aspects. Besides, competition among employees is stimulated which might affect cooperation. On the other hand, micro-entrepreneurship stimulates motivation since the employees are responsible for the results of their work. The degree of individual freedom within the working environment increases with this kind of micro-entrepreneurship. Some examples of micro-entrepreneurs are:

- An outsourced department. This kind of micro-entrepreneurship implies that former employees become more self-responsible entrepreneurs – it has mainly become possible and is encouraged by the achievements of today's technology.
- Semi-autonomous working structures. These require responsibility for production and business processes. The concept of teamwork sets an example within this framework, allowing teams to directly control their production processes and stimulating the concept of micro-entrepreneurs.
- Profit centers. The reorganization of a company into profit centre structures offers to employees the possibility to develop self-responsibility and to act like managers of their own business.
- Small service companies. Within this framework new small companies are founded which offer a variety of services, e.g. translation agencies in which the translators create a network of self-responsible one-person entrepreneurs cooperating as a virtual company.

3. Types of entrepreneurial activities

The business literature provides us several typologies of entrepreneurial activities. Mintzberg (1973) suggests that entrepreneurship is one of the primary roles of management. This statement could have one of two different alternative meanings: (1) entrepreneurial activity is a part of the daily, on-going process of managing an organization; or (2) managers must be prepared to use periodic episodes of entrepreneurial activity in order to revitalize their organizations and change the direction of their organizations to keep them competitive in a changing marketplace. Meaning (1) would imply

that entrepreneurial activities are merely a subset of managerial activities and that differences in the use of entrepreneurial activities during highly turbulent times versus more stable times may be only a matter of degree. On the other hand, meaning (2) would imply that entrepreneurial activities are different in kind, separate and distinct from the normal daily activities of management, and that the undertaking of those entrepreneurial activities could be classified as episodes of entrepreneurial activity, separable from less turbulent periods of managerial activities.

The ten classes of entrepreneurial activity are:

- 1. Enterprise Turnaround – changing the basic value system, rationale, or mainspring for the existence of an organization.
- 2. Corporate Turnaround – transformation and strategic renewal of an organization through the radical restructuring of the organization's portfolio of businesses units.
- 3. Corporate Venturing – forming new ventures from within an existing organization.
- 4. Business Turnaround – transforming an existing business unit through the radically restructuring of the business unit's strategic direction and way of competing in its industry.
- 5. Product/Process Development – transforming or radically restructuring a functional unit within an existing business unit through the development of new products, processes or modes of doing business.
- 6. Need-Driven Independent New Venturing – founding a high growth-potential, independent new venture started for the purpose of fulfilling a perceived market need.

- 7. Technology-Driven Independent New Venturing – founding a high growth-potential, independent new venture started for the purpose of commercializing or capitalizing on a particular technology.
- 8. Income Substitution New Venturing – founding a “mom ‘n’ pop,” low growth-potential, independent new venture intended to replace the income that one or more individuals could have earned from gainful employment.
- 9. Income Supplementing New Venturing – founding a new business started to create extra income on a part-time basis.
- 10. Hobby / Lifestyle New Venturing – founding a venture for which making a profit is not a primary motive in the founding but that is, instead, founded for the purpose of allowing the entrepreneur to pursue a hobby or lifestyle that would not be possible or economically feasible without some contribution from the venture.

The above typology of entrepreneurial activities is based on the assumption that entrepreneurial activities are different in kind from other, non-entrepreneurial managerial activities, and that managers of existing organization may undertake such entrepreneurial activities periodically within their managerial roles, but that these entrepreneurial activities are identifiable as separate and apart from the normal, day-to-day activities of running an on-going organization. However, this issue has not yet been proven empirically in entrepreneurship literature. This may partly be a function of the emphasis on classifying entrepreneurs and ventures rather than entrepreneurial activities.

This typology does not attempt to classify the types of ventures into classes or to classify the types of entrepreneurs into classes but, instead, classifies

entrepreneurial activities into classes. The implication of this is that it is distinctly possible for a particular venture or organization to undergo several different types of entrepreneurial activity at different times in its life. It is equally possible for an individual to undertake different types of entrepreneurial activities at different times within the same organization or to undertake multiple types of entrepreneurial activity simultaneously within different organizations or ventures.

Concerning independent entrepreneurship there are several questions that arise. At what point in the founding of an independent business entity does the entrepreneurial activity cease and small business management begin? Since it is possible for a business to change over time from a hobby business to income supplementing to income substitution, even to a high growth-potential business, it seems logical that the process of making such changes in an existing organization be considered episodes of Corporate Entrepreneurship, since they take place within the context of an existing organization. Are such changes entrepreneurial activity at all? Does every such change in the goals and purpose of a business indicate another episode of entrepreneurial activity?

4. Case Study: the Valorization of Forest Fruits in Bistrița-Năsăud County - a Possible Business in the Social Economy Sector

Since 2002, the management of the Romanian woods has been accomplished in a proportion of 23% by private forest districts, two thirds of the forest surface being located in Transylvania [Abrudan, 2012], mainly in Bistrița-Năsăud county.

In this county there are significant quantities of forest fruits and medical plants such as bilberries, raspberries, savins, eglantines and hawthorns. That is why this considerable potential of the area is valorized especially by the population from this rural local community. This

means that the identification of the social needs and of the potential existing in a certain region is the first step in creating a social enterprise. [Matei & Matei, 2012] and the second one is to analyse the opportunities to create work places, social inclusions and to reduce poverty.

Regarding the methodology used in our paper, there were carried out the following steps:

- the analysis of the evolution of the working population in county, during the period 2007-2011, especially in the rural area;
- the analysis of the unemployment rate among women;
- the analysis of the forest fruits production obtained in 2012.
- the final SWOT analysis regarding the opportunity to set up a social enterprise in the county.

The research provided us a comprehensive picture of the socio-economic situation in the Bistrita Nasaud County during the period 2007 -2011. The main findings of our research reveal the following:

- a decrease of the working population between 2007 -2011 in Bistrita Nasaud County;
- an increase of the women unemployment rate from 2,5% in 2007 to 7,2% in 2009, with a slight improvement in 2010 (6%).

As a result, several social problems arose in the area such as: lack of work places, poverty and social exclusion of vulnerable groups.

In order to face these social problems a necessity to create social enterprises has emerged.

These show the existence of tight correlations, of direct connection between the number of social enterprises in an area and the indicators that characterize the population and the work force. [Matei & Matei, 2012].

According to the data provided by Bistrita Forest Department, in 2012 an important quantity of forest fruit was collected (Fig.

1), and most of this quantity was exported with a profit rate between 10% and 15%.

PLACE THE FIGURE 1 HERE

It is obvious that social enterprise with the activity of collecting, processing and valorifying forest fruits can help rural communities to fight against the above mentioned social problems.

Similar researches showed that the social enterprises integrate in the labour market vulnerable groups. However the concepts related to social economy and social enterprise are not so often implemented in Romania

Within the EU Between 2009 -2010 the number of work places in the social enterprises reached 163354, which represents only 1,16 % from the total number of working places [Monzon, J.L, R. Chaves, 2012].

The SWOT analysis shows the main strengths, weaknesses, opportunities and threats. (Fig. 2)

Conclusions

In the past decades micro-entrepreneurship has proved to be one of the main trends in the world. An attitude towards micro-entrepreneurship has emerged and developed due to the necessity to solve some social problems of the human society.

First of all training the population of the rural communities in relation to social entrepreneurship is fundamental. Secondly people have to behave responsible not only for themselves but for the whole community. Thirdly social entrepreneurs need financial resources in order to start their businesses. Fourthly government should implement a friendly fiscal policy.

Launching a social enterprise represents a huge opportunity for the rural communities taking into account the local resources (e.g. agricultural potential, vulnerable social groups).

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FIGURES AND TABLES:

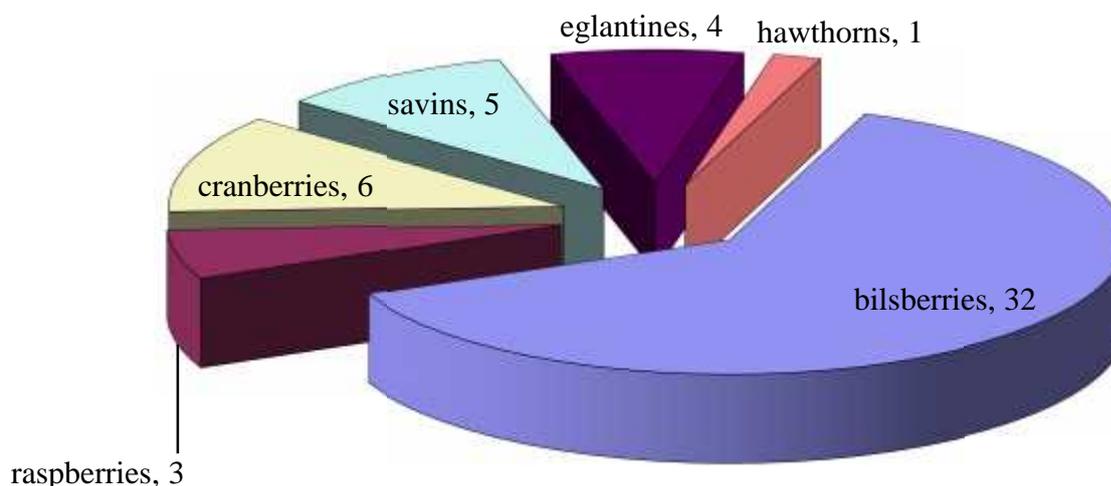


Figure No.1 Quantities of berries collected by the Forestry Department of Bistrita Nasaud in 2012 (tons)

<p><u>Strengths:</u></p> <ul style="list-style-type: none"> • Important areas covered by forests in the Bistrita Nasaud County; • high variety of forest fruits (bilberries, raspberries, savins, eglantines); • the tradition in collecting the forest fruits for the rural population in the area; • entrepreneurial competences after courses which were held in the local rural communities by experts in social economy; • available and qualified work force, among the women vulnerable from a social point of view 	<p><u>Weaknesses:</u></p> <ul style="list-style-type: none"> • seasonality; • perishable fruits; • the scarcity of financial resources needed to start a business; • the low level of entrepreneurial intentions; • overwhelming bureaucracy; • lack of marketing strategies regarding consumption of these products.
<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> • the weak competition in the area in collecting and processing the forest fruits. • the possibility to obtain a higher added value to the forest fruit • the possibility to sell the forest fruits both on the internal and external market; • a higher rate of consumption of ecological products; • a higher preoccupation for a healthy life style; • the development of some touristic facilities in the area; • the implementation of several projects for strengthening the woman social enterprising in Bistrita Nasaud County. 	<p><u>Threats:</u></p> <ul style="list-style-type: none"> • difficulties connected with efficient distribution of the products made; • low interest from the consumers in buying products made in social enterprises; • the weather; • the decrease of the purchasing power of the consumers; • the reduction of the wood surfaces; • the competition of the cheap imported products (jams, syrups); • the decrease of the active population in the rural area; • the fiscal policy.

Figure No.2 The SWOT analysis.