

Costin, Lenuța

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# THE RESTRUCTURING IMPACT OF THE NATIONAL ECONOMY OF RURAL DEVELOPMENT

Lenuța COSTIN<sup>1</sup>

## Abstract

*The study is intended as a brief foray into the issue of economic restructuring effect of the matrix on rural development and failed to show that it is favorable to human primary role in human resource of entrepreneurial role assumed, being the main driver of competitive advantage of Romania.*

*In Romania the labor force employed in agriculture is steadily decreasing, there is a danger of abandonment areas, unless urgent action is taken and powerful multifunctional development of agriculture, creating an integrated economic activity, entrepreneurial culture.*

*But we must look at this in terms of resources focusing on the long-term impact, which will result in small rural training centers including in the context of developing infrastructure links and economic interdependence.*

**Keyword:** *the restructuring, rural development, human factor, entrepreneurship*

## INTRODUCTION

Through this study we aimed to analyze and evaluate the impact of the restructuring of the national economy on rural development. The work brings to the fore the common denominator of both operating mechanisms of economic restructuring plan and the plan for rural development: the human factor as a decisive vector.

For this purpose, the aim is to identify the major directions that support predictability necessary changes in the agricultural policy by a broader consideration of the principle of competitiveness in agriculture, in particular by encouraging entrepreneurial skills of the human factor.

The study undertaken starts motto:

***"Do not tilt, can not replace, not tear down, you can not build, I do not deny, but you can create." Nicolae Iorga***

and is built on a theoretical approach of documentary sources used, which aims to find the answer to questions :

- *What are the consequences of economic restructuring programs implementation on the human factor?*
- *Knowledge of the problems of rural development policy creates the potential application of consistent and effective restructuring?*
- *What are the prospects of implementing agricultural sector programs on Romanian territory by PNDR 2020?*
- *What is the role of measures to increase the competitiveness of the agricultural sector aboradrea entrepreneurial capacity of the human factor?*

## MATERIAL AND METHOD

The elaboration of this study, an action required documentation, which involved the study, analysis and synthesis of the papers (papers of authors consecrated in international and national specialized literature, articles and studies published in various periodicals listed in the field or set at various international scientific meetings, theses that addressed this issue, or

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<sup>1</sup> Ec. Research Institute of Agricultural Economics and Rural Development – ASAS; costin.lenuta@iceadr.ro

the like, etc.), in areas such as economics, sociology, statistics, strategies and policies. To do the work we have used various methods and means, both classic and modern.

Since the theme is the impact of economic restructuring on rural development, common methods used were the method of analysis, synthesis and comparison. They used statistical data collected from population and housing censuses, statistical yearbooks, and economic data provided by the sites.

We hope that this document will contribute to the work of policy makers and researchers working in the field of sustainable development and employment in rural areas.

## RESULTS AND DISCUSSION

### **Restructuring of the national economy versus human factor**

The restructuring of the national economy means changing the management of economic resources, ie potential elements of economic growth. Therefore, this issue should be seen in the light of new forms of property, which is basically the engine reference all changes made by restructuring.

The restructuring of the national economy also raises the problem of dimensioning entities. Since parallel coexistence of large companies that can provide mass production under maximum economic efficiency (due to mechanization and automation of complex) with small businesses that can quickly adapt to market fluctuations and serve themselves as employees of first introduction this dual economy expresses a feature of building a market economy.

"The restructuring of the national economy should not be done at all costs, those measures should be adopted for improving the output on the market and in other areas such as the financial-banking, competition, entrepreneurship education and public awareness, respect for law. "[3]

Reality statistics show that restructuring were performed, most often through reorganization measures that have been applied strictly in the sense just follow the legal procedure without seeking human factor is crucial premise of this process.

The intention was good policy on State aid in the breakdown of staff, to create small or family associations, but all the reality shows that the existence of these companies in rural areas could not cope with competitive pressures of the market, the tax and any redress had no chance.

World experience shows that the main driving force of change, restructuring is the human factor.

As modern as current production equipment and technology, economic activity can not take place under conditions effective and still can not improve without the active participation of the human factor. The restructuring of the Romanian economy based on efficiency and profitability and its alignment with the standards and modern market economy, generating significant restructuring of human resources.

The process of adapting labor supply to restructure the economy is extremely complex and has multiple, diverse and complex determination based on extensive quantitative and structural mutations - qualitative human factors.

Regarding the human factor, the effect of restructuring has resulted from reductions in personnel, so that in 1995 the application of selective restructuring programs resulted in the layoff of 44,300 people, and restructuring of companies and some autonomous in 1997, resulted in the layoff of approximately 90,000 employees.

Depreciation of the recoil of the labor market it was still the following effects:

- cessation of industrial activities, the decline in production by transferring activities and the emergence of brownfield areas.

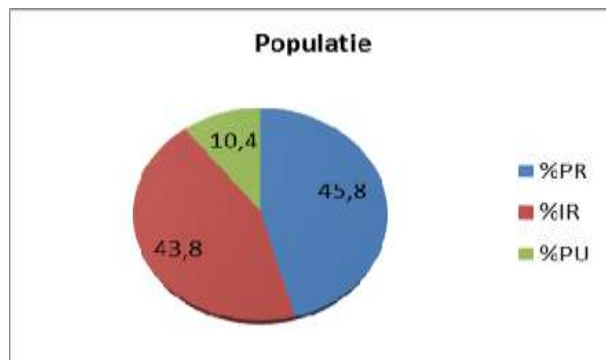
- reduce employment and increase in unemployment that resulted and maintained migratory flows of the population.
- intensification of migration of young people abroad.
- serious social problems, such as: poor development of the health system; reducing school population, the number of schools, teachers and increasing dropout; involution cultural life; reducing commuting; increasing number of retirees and homemakers; ruralization space adjacent to the city;

In the context of the restructuring of the economy, agriculture has become, after 1990, the main source of income for a significant share of the rural population that acted as a safety net for those made redundant or are unable to find a job.

The practice subsistence or semi-subsistence became a defining feature of Romanian rural area. [1]

To make a comparison of the proportion of urban and rural population will call the statistics for the years:

- Year 1970 urban population accounted for 40.8% and 59.2% rural population, source (Connor 1974: 128).
- In relation to Eurostat data from 2008, 45.8% of the population is predominantly rural area, 43, 8% in intermediate regions and 10.4% in predominantly urban area.



- In 2012, rural areas have an area of 207,522 km<sup>2</sup> (87.1%) and lived in this territory 45.0% of the population [10].

Although the number of population employed in agriculture has decreased in recent years with nearly 1 million from 3.44 million people in 1992 to 2.5 million people in 2008, its values are kept at very high levels compared with the figures recorded in the European Union.

Previous research has shown that, in absolute terms, the rural population employed in non-agricultural activities at the beginning of XXI century stood at values close to those recorded in the 30s and about half the values recorded in the 70s.

In the period 1998-2000 rural population employed in agriculture recorded maximum values (over 75% of the total rural population employed), because in recent years to reduce up to 60% [10]

Given that agricultural production recorded a sharp decline after 1990, over-agricultural employment (3.5 million persons employed in agriculture in 1992 to 2,500,000 in 2008) and fragmentation of farms are the main impediments to agricultural recovery.

In terms of professional status of employed rural population, rural development after 1990 is marked by significantly reducing the number of employees due to post-revolutionary economic transition that resulted in major dramatic reduction of activity in industry.

Thus, out of 4 million people employed in rural areas recorded in early 2008, only accounted for 1.56 million employees, compared with 4.6 million in urban areas. At the same time, the number of rural people employed in agriculture is more than 80% higher than employees in all other economic sectors. Romania is the EU country with the highest share of rural population, followed at a significant distance from Poland and Bulgaria [12]. However, in Romania there are more than one third of registered farmers at EU agricultural output value is only a tenth of that recorded for the Community area (World Bank, 2005). In particular, this is explained by the fact that the Romanian rural area continues to be defined based on the predominant agricultural employment of the population, mostly located in the self-consumption and subsistence or semi-subsistence [2].

In light of the widespread practice subsistence agriculture based on traditional forms of work, Romanian rural area is dominated by dual economy model (Boeke, 1953 apud. Aligică, 2003 Averitt, 1987, Proto, 2007).

The modern forms of market economy coexist with conventional farming, widely practiced to ensure self-consumption population. Subsistence agriculture has expanded since 1990, as a direct result of the restructuring of the socialist economy and lack of alternatives for a significant share of the rural population (Guice, 2008).

The data show that the rural population declines demographic is steadily declining and aging. In the period 2005-2012, the rural population fell by 65,646 people, and according to demographic forecasts will continue its decline moderately in 2015, followed by a sharp decline in the period 2015-2050.

Socio-economic transformations have made the post-December Romanian rural evolve differently, the uneven development became a reality of contemporary Romanian society. Many of these rural communities contribute in a small way, to economic growth, but retains the social and traditional way of life.

### **Rural Development Identify problems caused by impact**

The concept of rural development encompasses all actions aimed at improving the quality of life of people living in rural areas to preserve natural and cultural landscape and ensure the sustainable development of rural areas according to specific conditions and those lands. Rural Development Programme contains, depending on conditions and needs, development of infrastructure, agriculture, tourism, small and medium enterprises and the creation of jobs and ideas on environmental protection, education, community development.

In rural development the primary role of the human factor lies in both the situations and different roles: local communities, participants of economic and social, ecological and cultural landscape values. The concept of areas can be defined and center-periphery relationship, so basically means rural development suburbs development and preservation of their values. The consequences of the restructuring of the economic system make it possible to shift from a sectoral policy (agricultural) towards an integrated approach to rural development.

It is normal and natural for the human factor to require more attention for solving problems of socio-economic indicators disclosed potentiates implementing solutions visible impact in this area: [5]

- unfavorable demographic structure in rural areas. In the EU-27, the share of the population between 15 and 64 years is significantly higher in urban areas and percentage of people 65 and older is often higher in predominantly rural areas, but the age structure varies greatly between Member States.
- lower education level and more difficult access to education in rural areas. Human capital is a key factor for the development of rural areas. The problem of illiteracy affects rural areas. In addition, the quality of education is lower in rural areas

due to poorer educational infrastructure and low skill level of staff. Access to education until the end of the second level (secondary education) is provided in most regions, but the level of education is significantly lower in rural areas.

- Revenues are lower in rural areas than in urban areas. Urban jobs are better paid than those in rural non-agricultural employment provides higher wages than farm, men earn more than women. Activities that require low-skilled locate in rural areas and those requiring high qualifications are concentrated in urban areas, thus increasing rural employment lead to the concentration of jobs with low pay and low skills in rural areas.

- Lower level of entrepreneurship in rural areas. Entrepreneurship is less developed in rural areas than in urban areas. Business Opportunity generally occurs less often in poor and rural areas. The small number of businesses in rural per capita of population and their small size is insufficient to create significant growth. In addition to general constraints apply to all SMEs, both in urban and rural areas, rural entrepreneur also faces other obstacles: low level of education and training, difficult access to finance for business, insufficient transport infrastructure. [7]

- Poor infrastructure in rural areas. Absence of transport affects access to goods and services in regional centers and the ability to bring goods to market. Lack of transportation can be a barrier to employment and labor market participation. Broadband Internet infrastructure is less developed and adopted by the population is slower than in urban areas.

- Development of services is lower in rural areas. Almost all available goods and services are more expensive in rural areas, while lower income because of dependence on agriculture and other low-income producing activities. Education and health services are expensive and better services provided in the context of market economy.

- Migration and commuting from rural to urban areas. Commuting can help reduce unemployment in rural areas but at the same time can divert demand for key services to the urban local suppliers, resulting decline in local service delivery.

And in the agricultural field and restructuring involves concrete measures should focus on deepening structural reforms with particular emphasis on strengthening farms, rural privatization of companies where the state is the majority.

PNDR 2020 program financed by European Union rural development policy that seeks: modernization and articulation of production and marketing sectors in accordance with quality standards and EU norms; strengthening optimal scale farming and diversification of non-farm complementary nature; social infrastructure development - rural and urban providing advice and the training to farmers, owners of private land and forest. [11]

### **Proposed solutions for rural development Romanian**

In the context of social change recorded in the Romanian society in the last two decades, rural areas through a phase of redefining sinuasă determined by a number of socio economical analysis methods such as reîmproprietărirea, restructuring the economy, urban-rural migration movement, emigration, intensive development of towns located in the vicinity of large cities or isolated depopulation.

It is necessary to develop complex rural areas in aim of stabilizing the the workforce [4]. To enhance the productivity and competitiveness of agriculture, it is essential reduce agricultural labor force and the development of alternative economic activities in rural areas. from crop production, employment should migrate to the breeding, food processing and other economic and social activities [4].

Further aspects concern related fields like:

- \*\* improvement of quality food products
- \*\* because it grown cereals, maize and sunflower on surfaces too large to be diversified agricultural production structure / changed.
- \*\* economic diversification of of rural areas and increasing the added value by developing fruit and vegetable sector.
- \*\* ecological agriculture - an alternative with multiple benefits for the sustainable development of Romanian rural areas and a way to for the capitalization of resources of local communities.
- \*\* Biodiesel and biomass of energy cultures might be another option of developing the competitiveness of agricultural holdings.
- \*\* Valorisation of renewable energy sources is an important goal of the EU and Romania poticii has important potential for of renewable energy sources.
- \*\* Forestation of the agricultural areas of poor productivity, degraded land or exposed areas to the erosion.
- \*\* Diversification of activities of rural economy
- \*\* The rural tourism and agritourism are further possibilities of economic diversification rural areas with high potential for Romanian.
- \*\* The services sector is considered another field in the rural area where you can creating new jobs, as in the present situation are missing of basic services for rural population because of to low demand.

Analysis of IMM in rural areas relieve their low ability to meets the need for provide jobs for rural population. Small Business Development is acknowledged as most important source of jobs / obtaining income in rural areas, both for already developed economies as well as for the emerging. Of SMEs active non agricultural profile nationally only 18.1% in the rural area appeared in 2011, which denotes a small share of SMEs involved in the rural non-agricultural activities (industry, services and tourism areas). Although during the period 2005-2011, the number of SMEs profile non-agricultural areas increased by 16%, effects of economic crisis were felt in the last three years analyzed, it was decreased by 7492 of these units, leading to the 77,315 non-agricultural SMEs (secondary and tertiary sector) in 2011. [10]. In 2010, the credits granted for agriculture was below 3% of total credit to the non-governmental sector in the economy. [10].

In previous programming period, While there were financing mechanisms (IGS), certain beneficiaries who signed the finance contracts have failed to accessing appropriations for investment. Access SMEs to finance remains challenging. In terms of territoriality, financial services are generally less accessible to rural enterprises and agricultural sector (especially small farms) with high credit costs.

Creation of new SMEs with non-agricultural activities, cultural, recreational and cooperation rural areas, creating new jobs is the potential of a market in full development, both internally and externally, which could be exploited.

## CONCLUSIONS

For the future development and revitalization of rural areas, the focus should be on creating an attractive business environment that and by implication job growththat generates developed positively of all socio-economic indicators. The development of the human factor developing agriculture and rural areas influencing each other. The rural areas have preserved the traditions that were developed by hundreds of the generations and which is itself a treasure for human development it should not disappear. The traditional products and traditional methods of production are generally ecological and so conducive to human development.

Development of rural zones is based on the quintessence of the human factor for acquiring entrepreneurship:

-providing skills to start their own business, analytical tools and knowledge appropriate economic and business management;

- improving the knowledge TIC, territorial marketing and managing projects for access to EU funded projects; In rural areas in the development of several migrants returning from abroad with our professional work experience and bring new skills and a new entrepreneurial culture in the local economy.

In rural areas in the development of several migrants returning from abroad with our professional work experience and bring new skills and a new entrepreneurial culture in the local economy.

Rural entrepreneur is the main actor of the support measures granted by PNDR 2014-2020: upgrading of the human resources, encouraging the young to install the in rural and development of a business, the entrepreneurial the development through the continuing vocational training.

What if the course syllabus managerial skills is decisive for the new curriculum of professional training courses to acquire entrepreneurial skills, learning from of oversea experience in America, Professor Robert B. Cialdini from the prestigious Harvard University:

*"If to lead means, essentially, thou shalt put others to work (with helpful), then power of persuasion is one of the best important instruments of the manager. Many people in leading positions have assumed that this is not at your fingertips a tool and it is available only to the charismatic and eloquent ..... master for principles and use them wisely and ethically - managers can learn the art to capture at subtler attention of to a public, to influence the undecided in their opinions and convert those that oppose it. "[8]*

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