

RURAL ROMANIAN SPACE BETWEEN SURVIVAL AND BUSINESS OPPORTUNITIES

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Abstract: *In Romania, approximately 9.1 millions of inhabitants live in the rural environment. Attention over the rural environment is first of all drawn because of the lower life standard compared to the urban environment, of the lower income that is obtained therein, of the smaller profits of the economic activities from this environment. Poverty in the rural areas is due mainly to low agricultural productivity and low opportunities of employment in other spheres besides the agricultural sector. The development of the rural areas and reduction of the high level of poverty from these areas can be achieved through rural social economy development support and incentive programmes, development of the human capital and increase of the social protection level in the rural environment. Encouraging of the development of rural entrepreneurship may contribute to the increase of productivity in the rural areas, and based on it, to the increase of the life standards of the inhabitants from the rural areas.*

Key words: *rural space; rural poverty; labour force; entrepreneurship*

INTRODUCTION

The issue of poverty has become one of the most carefully analyzed issues in the Romanian specialized literature. Studies on poverty have gained an important momentum, particularly after 1995. Such studies highlight the dynamics, size, depth and the profile of poverty, as well as the structural, individual or regional factors related to poverty [9].

Currently, Romania continues to be deemed "the most rural country in Europe" [11]. Statistics show that almost half of the country's population is rural population, i.e. 9.171 million individuals (46%).

Romania is a country where the rural environment is almost equal to the urban environment, from a population perspective. Throughout its entire modern history, Romania was a country with a predominantly rural population. Even if migration of the rural population towards urban areas has and shall continue to be a persistent phenomenon during the years to come, the rural issue shall continue to be a critical aspect for Romania.

Most rural inhabitants operate in agriculture, forestry and fish farming (41.3 %), while only 32.6% work in the secondary sector and only 26.1%, in the tertiary sector. Most of those working in agriculture are their own employees, and the number of employees in the agricultural sector is at only 5.45% of the total number of employees in the economy of the country [6].

Throughout the world, development of the rural area entails the attention and resources not only of national authorities, but also of the international community. Rural development is a point of interest, not only for the countries with a numerous rural population, but also for economically developed countries, where things are not stimulated only by the differences in the living standards of the different population classes. For instance, initial EU member-states have overcome the stage when the rural environment was at the beginning of its time and when the foundations of the community agricultural policies were laid. The living standard in the rural environment is, today, comparable to the one in the urban environment, the income obtained in the rural environment is comparable to that of the urban environment and the profits obtained in the rural environment are similar to those obtained in other industrial sectors [2].

MATERIALS AND METHODS

The methods used for the drafting of the work are: analysis, synthesis comparison, deduction and induction method. The data used has been taken from the Eurostat statistics and the national statistics, as well as different national and international publications, based on which we have made our own calculations and constructions. The indicators used for determining the level of poverty in the rural environment are: *the size of population economically active, the employment rate of rural population, the unemployment rate, the structure of the unemployed by level of education, people at-risk-of-poverty after social transfers, material deprivation, persons living in households with very low work intensity.*

RESEARCH RESULTS

The indicators used for establishing the level of poverty are numerous: from demographic, employment, income and expense, accommodation, patrimony and property, education and health, and social network factors to community factors [5]. The most important, among such factors, are education and employment that are, as a matter of fact, strongly interconnected. A higher educational and professional qualification level provides the individual with the chance to employment and to obtain a better position on the job market and automatically, a better, regular and sure income which provides protection against poverty [3].

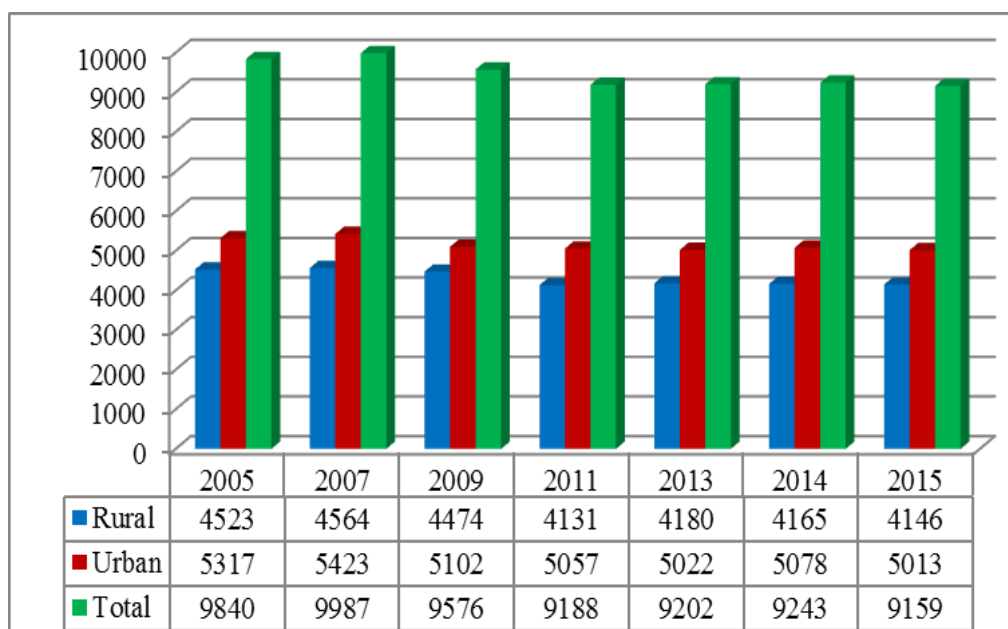


Figure 1. Active population in Romania (thousands persons)

Source: Processed data from the National Institute of Statistics, Tempo Online database, 2017, [10]

In 2015, the total active population in Romania was at 9.1 million individuals, out of which 4.1 million persons originated from the rural area, a decrease during the period analyzed, meaning that an increasing rate of working-age population becomes inactive, being thus excluded from the job market.

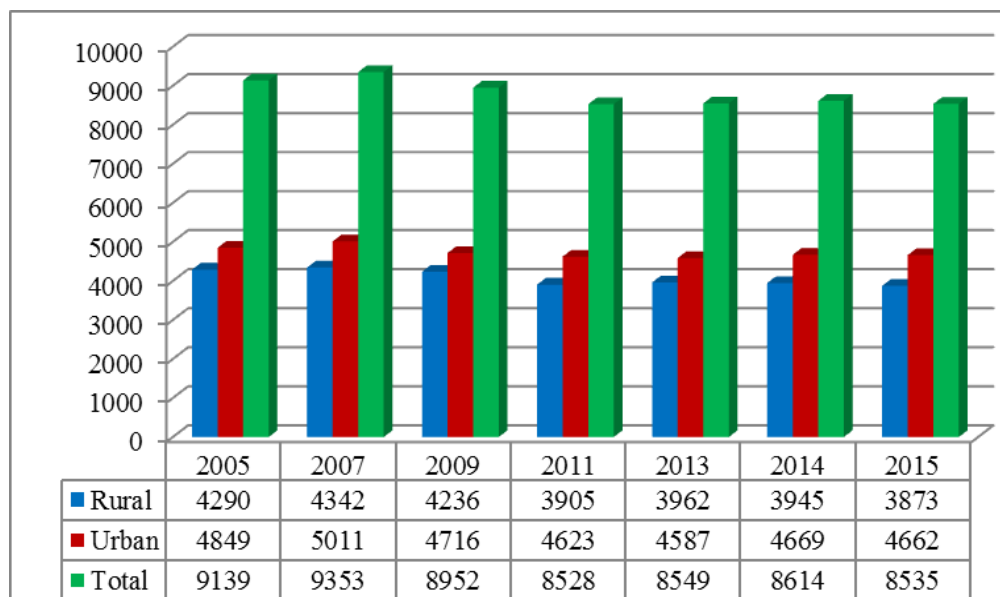


Figure 2. Employed population in Romania (thousands persons)

Source: Processed data from the National Institute of Statistics, Tempo Online database, 2017, [10]

The total employed population accounted for, in 2015, around 3.8 million individuals, a decrease of around 400,000 individuals from 2005. In relation to the working-age population (15-64 years), the employment rate was at 61.7% in the rural environment, while, in the urban environment, 61.3%, a decrease from earlier years.

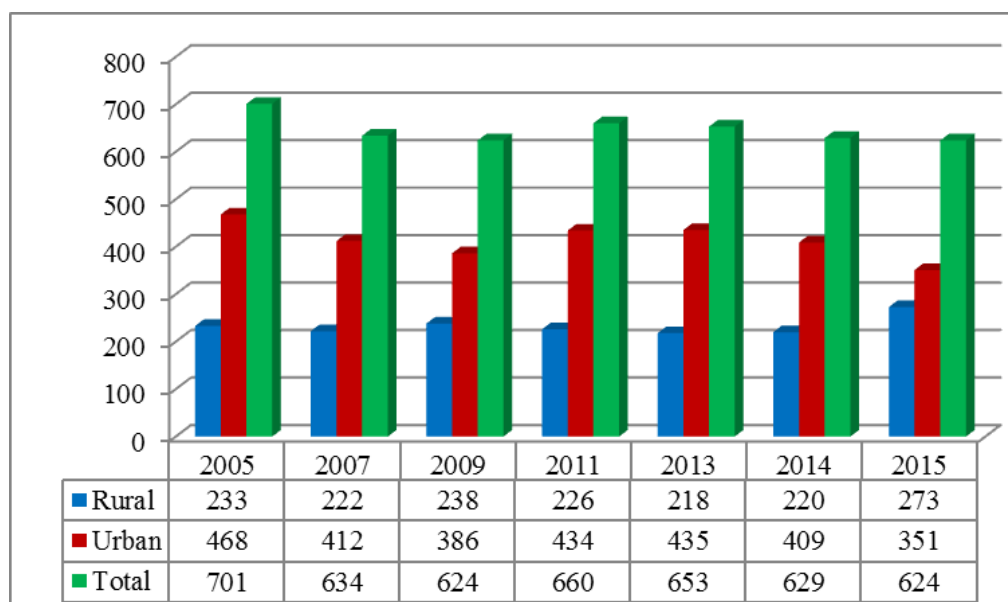


Figure 3. Number of unemployed in Romania (thousands persons)

Source: Processed data from the National Institute of Statistics, Tempo Online database, 2017, [10]

In relation to the unemployment figures in the rural area, they are increasing. In 2005, 233,000 unemployed persons were recorded, while, in 2015, the figure went up to 273,000 unemployed persons. Alternatively, the number of unemployed individuals went down in the urban environment, during the analyzed period.

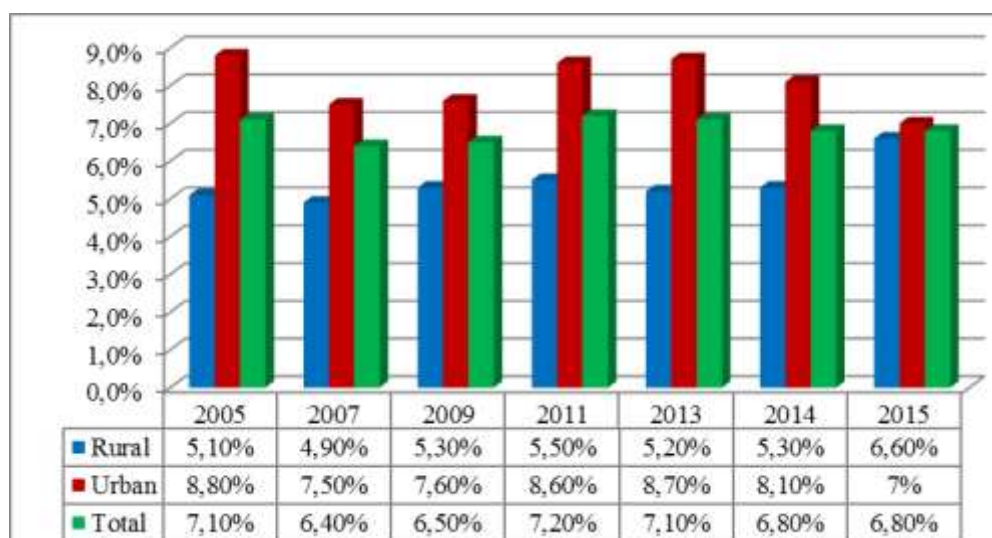


Figure 4. Unemployment rate in Romania (%)

Source: Processed data from the National Institute of Statistics, Tempo Online database, 2017, [10]

Even if, according to statistics, the unemployment rate is lower in the rural areas, employment opportunities are also reduced due to the less intense economic activity undertaken in rural areas, as opposed to urban areas. In reality, unemployment rate in the rural areas is a lot higher due to the fact that an important part of these individuals are not registered with the National Employment Agency.

Table 1.

Unemployment rate in the European Union (%)

Country	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Bulgaria	6,9	5,6	6,8	10,3	11,3	12,3	13,0	11,4	9,2	7,6
Germany	8,5	7,4	7,6	7,0	5,8	5,4	5,2	5,0	4,6	4,1
France	8,0	7,4	9,1	9,3	9,2	9,8	10,3	10,3	10,4	10,1
Hungary	7,4	7,8	10,0	11,2	11,0	11,0	10,2	7,7	6,8	5,1
Poland	9,6	7,1	8,1	9,7	9,7	10,1	10,3	9,0	7,5	6,2
Romania	6,4	5,6	6,5	7,0	7,2	6,8	7,1	6,8	6,8	5,9
EU-28	7,2	7,0	9,0	9,6	9,7	10,5	10,9	10,2	9,4	8,5

Source: Eurostat, online data codes: une_rt_a, 2017, [8]

The unemployment rate in Romania is lower, compared to other countries in the area, but also to the European Union average. Living standards in rural areas are, however, a lot lower, compared to the countries in the region (with the exception, perhaps, of Bulgaria), and particularly in comparison to the older European Union member-states.

Table 2.

Employment rate of agricultural active population in the European Union (%)

Country	2008	2009	2010	2011	2012	2013	2014
Bulgaria	19,3	19,7	19,7	19,6	18,9	19,2	19,4
Germany	1,6	1,6	1,6	1,6	1,6	1,5	1,5
France	2,9	2,9	2,8	2,8	2,8	2,8	2,8
Hungary	7,1	7,1	7,2	6,9	7,2	6,9	6,7
Poland	14,0	13,3	13,0	12,9	12,6	12,0	11,5
Romania	28,4	28,2	29,1	27,6	28,1	27,8	26,8
EU-28	5,4	5,4	5,4	5,2	5,1	5,0	5,0

Source: Eurostat, online data codes: lfsi_grt_a, 2017, [8]

In 2008, the workforce employed in the Romanian agriculture was at 28.4% of the employed population, while, in 2015, it went down to 23.5%. The workforce employed in the Romanian agriculture decreased along with Romania's accession to the EU. A significant part of such workforce migrated to western European countries. Another reason for such decline is the continuous mechanization of agriculture and amalgamation of agricultural surfaces.

Romania is ranked first in the EU as percentage of workforce employed in agriculture. The EU-28 average is at 5%, with Germania being at 1.5%, France 2.8 and only Bulgaria having 19% of the population employed in the agricultural sector.

After analysis of the aforementioned indicators, we may state that an important part of the rural population holds uncertain, seasonal jobs which offer them low and irregular income and which fail to cover health and unemployment contributions, thus contributing to deepening of the poverty crisis.

In relation to the education level of unemployed persons in the rural area, one may notice that they are graduates of primary, secondary and professional education (52.47%), with those having graduated high school at 40.08% and only 4.95% of individuals hold university studies, as opposed to unemployed persons in the urban areas, who represent 11.85%.

Table 3.

Education structures of unemployment in Romania, 2015

	Rural		Urban		Total	
	Nr.	%	Nr.	%	Nr.	%
No graduate school	3558	1.30	3210	0.92	6768	1.08
Primar education	15224	5.57	13989	3.99	29213	4.68
Secondary education	80295	29.36	52523	14.99	132817	21.29
Vocational school	47959	17.54	54059	15.43	102018	16.35
High-school studies	109602	40.08	156384	44.63	265985	42.63
Post-secondary studies	3314	1.21	9842	2.81	13157	2.11
Universitary studies	13525	4.95	60427	17.24	73952	11.85
Total	273477	100	350434	100	623910	100

Source: Processed data from the National Institute of Statistics, Tempo Online database, 2017, [10]

The transformations having occurred in the Romanian society after 1989 also comprised a deep reformation of the education system. Reformation of the Romanian education underwent several stages and also considered the schools in rural areas.

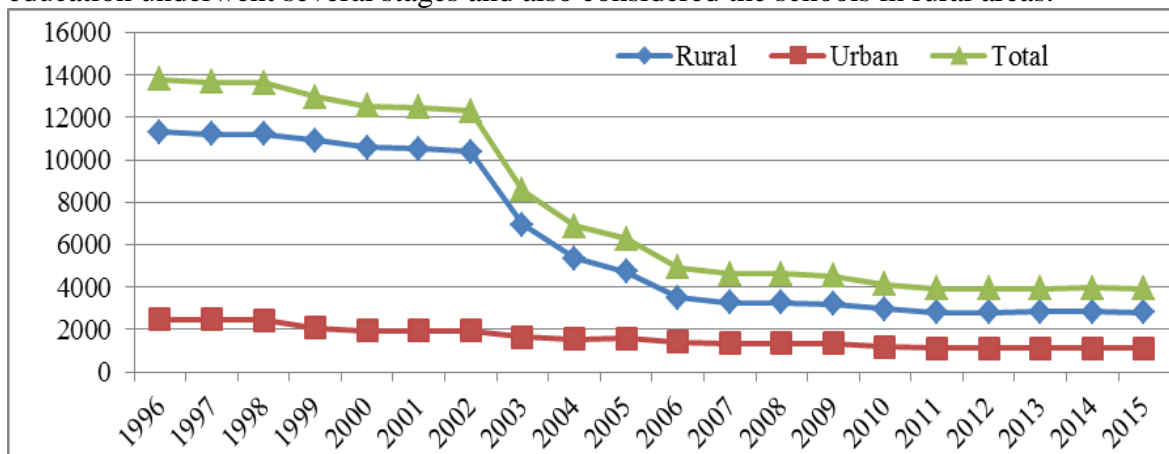


Figure 5. Evolution in the number of primary and secondary schools in Romania

Source: Processed data from the National Institute of Statistics, Tempo Online database, 2017, [10]

During 1996-2015, a decrease in the number of primary and secondary education units is noticeable, particularly in rural areas, from 11,330 units in 1996 to 2,815 units in 2015. This was due mainly to a decrease in the birth rate, after 1989, and the more and more precarious economic situation in rural areas. Another reason for this is the migration of population from rural to urban areas, but also the closing down of numerous education units due to the low number of pupils and relocation of such units within other units.

Table 3.

Indicators of poverty (%)

Indicators	RO			UE-28		
	2007	2011	2015	2007	2012	2015
People at risk of poverty or social exclusion, % of population	47.0	40.9	37.4	24.5	24.3	23.7
Risk of poverty after social transfers, % of population	23.6	22.3	25.4	16.6	16.8	17.3
Severely materially deprived people, % of population	38.0	29.5	22.7	9.2	8.8	8.1
Very low work intensity, % of population	9.9	7.3	7.9	9.8	10.5	10.6

Source: Eurostat, online data codes: tsdsc 100, tsdsc 280, tsdsc 270, tsdsc 310, 2017, [8]

In Romania, in 2015, 7435 thousand individuals (37.4%) of the total population were on the brink of poverty or social exclusion out of which 5056 thousand individuals were at risk of poverty (with an income below 60% of the average available income), 4520 thousand individuals were facing severe material deficiencies, while 1192 thousand individuals were living in households with a low employment intensity. The poverty or social exclusion level in Romania decreased, during the analyzed period, from 47.0% in 2007 to 37.4% in 2015. This figure ranks Romania first in the European Union.

The most common form of poverty in Romania is severe material deprivation, which affected 22.7% of the country's population, in 2015, as opposed to 8.1%, which is the UE-28 average. Out of all forms of deprivation, the most common is economic deprivation which further increased since 2010. The lack of financial potential leads to insufficient feeding, precarious accommodation, the difficulty to deal with unexpected debt, the lack of an annual holiday. The population living in households with very low employment intensity is at 7.9% of the population in 2015, compared to 10.6% which is the UE-28 average.

On a national scale, large rates of individuals running a risk of poverty or social exclusion are in the regions of North-East, South-East and South-West Oltenia.

Since poverty is mostly concentrated in rural areas, the anti-poverty policies and programs promoted on a national scale, as well-drafted and efficient as they may be, they still shall not be able to deal with the issue itself, in the absence of a consistent support of development programs and projects. Thus, the authorities dealing with poverty, as a priority issue, is fundamental.

In this context, development of rural entrepreneurship is an essential factor for diminishing poverty. For the Romania of years to come, there is obviously plenty of "free space" here. A better capitalization of the opportunities existing in rural areas may increase profit rates for the economic activities undertaken onsite.

European funds are a good opportunity for the development of entrepreneurship in rural areas. The 2014-2020 National Rural Development Program contains Measure 6 "Development of undertakings and enterprises" with two sub-measures intended for non-

agricultural activities in the rural area. Such sub-measures support the investments in the non-agricultural sector, performed by start-ups and existing companies in rural areas.

Sub-measure 6.2. "Support for setup of non-agricultural activities in rural areas" has the objective of promoting the diversification of activities towards new non-agricultural activities within agricultural households, micro-enterprises and small enterprises and implicitly, by creating new jobs, obtaining alternative income for the rural population and reduction in the degree of dependence on the agricultural sector. The eligible beneficiaries are start-ups, but also existing companies, by farmers or the members of agricultural households in the rural areas which diversify their activity by setting up a non-agricultural activity. The public support funds are 100% non-refundable, with a value of up to €70,000, for production activities, medical, sanitary-veterinarian and agro-tourism services, and €50,000, in the case of other activities, granted as premium (lump sum).

Sub-measure 6.4 „Support for investment in the creation and development of non-agricultural activities” has the objective of stimulating the rural business environment, increasing the number of non-agricultural activities undertaken in rural areas, development of existing non-agricultural activities, creating new jobs and increasing the income of the rural population. The eligible beneficiaries are start-ups, but also existing companies, by farmers or the members of agricultural households in the rural areas which diversify their basic activity by developing a non-agricultural activity in the rural area, within the already existing company, to be classed as micro-enterprises and small enterprises. The non-refundable public financial support shall be granted for a period of maximum three years and shall not exceed €200,000/beneficiary, for three financial years. The rate of non-refundable public support is at 70%, but may increase to 90% for applicants undertaking production activities, medical, sanitary-veterinarian and agro-tourism services, as well as for farmers who choose to diversity their basic agricultural activity by developing non-agricultural activities.

CONCLUSIONS

Employment and education are the main factors for poverty, irrespective of the residential environment. Therefore, any anti-poverty strategy must focus on the development and diversification of the job market, on facilitating access to the job market for under-privileged groups, as well as improvement of the status of education in Romania.

The development of the rural environment may not be achieved without diversification of the rural economy and improvement of the education in rural areas. Even though the comparison, on the scale of younger individuals, shows that the distance between rural and urban environments has diminished, rural education and training are still considered key issues, not only in relation to the anti-poverty policies, but even with the durable development of the rural environment. Rural education continues to deal with major difficulties related to investments in physical infrastructure, the number of qualified training staff, fluctuation of educational staff, limited access of the rural population to professional training and continuous training programs.

The widening of education and preparation of the professional career to the purpose of creating and maintaining businesses is an efficient means to keep young people in rural communities. This may be obtained by including applied subjects into the secondary and high-school curricula, thus generating new possibilities for skills in jobs found in the trade, agricultural or constructions sector. At the same time, stimulants are created for considering self-employment, particularly for individuals who believe they are not receiving a proper wage, based on their skills and experience, from their current employers and also refuse to migrate to urban areas, in search for better perspectives.

The governmental programs pursuing the reduction of poverty in rural areas should have at least two major objectives. The first objective should focus on increasing productivity in agriculture and agriculture-based industrial sectors. The second objective should focus on encouraging rural entrepreneurship by developing non-agricultural activities.

In Romania, rural entrepreneurship may develop a more significant condition, considering that agricultural and rural development reforms shall continue. The continuation of the agricultural and rural development reformation process is able to generate numerous winners and, at the same time, may encounter relatively small resistance on the part of potential losers.

An increase in the number of jobs outside the agricultural sector would immediately generate a rise in the income per inhabitant in rural areas, reduce poverty and increase the chances of the workers discouraged to return on the job market. A competitive agricultural sector would facilitate the agro-industrial development of rural areas.

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