

Enterprises in Romanian Agriculture – Management, Present and Perspectives

Radu VOICU

The Bucharest Academy of Economic Studies, Romania

E-mail: raduvoicuro@yahoo.com

Phone: +4 (0)213191900 int. 249

Mariana BRAN

The Bucharest Academy of Economic Studies, Romania

E-mail: mariana_bran2004@yahoo.com

Phone: +4 (0)213191900 int. 249

Iuliana DOBRE

The Bucharest Academy of Economic Studies, Romania

E-mail: iulya_dobre@yahoo.com

Phone: +4 (0)213191900 int. 249

Abstract

The paper work contains synthetic references relating to agricultural enterprises found in structures of exploitations in Romanian agriculture. Their concerns over these units appear to be lower, their number is not large.

The work combines aspects of representing these units to management and their particularities in comparison with units from other branches, with their regarding functionality and the factors who determine their prospects in agriculture in the next years and the conclusions learned from the study undertaken.

Keywords: *reform, enterprise, private initiative, empirical and scientific management, risk, cost, competitiveness*

JEL classification: O13, Q15, Q 18

Introduction

Economic strength of agriculture is determined by ability of its "cells" (units) to be performance, appeared as a result of aggregation of production and economic results of their financial resources and of management exercised. The management is in fact a determinant of differentiation agricultural enterprises, was unanimously accepted his role in directing economic entities to performance. For the Romanian agricultural enterprises, induction and management development is a way to use upwards of production factors and enhancement of their adaptation to new situations, instituting the "opportunities" and, especially, by reducing the "dangers". Application of scientific management in enterprises which enabling by their economic power, market position, but it has elements in small enterprises is not only a necessity, but, also, a real promoter of their perspective.

According to the property, but the policies pursued by each country, types of units known differences in time and space. Ownership reform of our agriculture has led to a new type of exploitations. On these exploitations are "grafted" economic policies and everything is done to progress this branch. They know a certain dynamic, official statistics recorded a decrease in their numbers, especially of individual exploitations, which means that land and livestock resources are spread over fewer units, increasing production capacity of those remaining in activity.

Interested, of course, productive mechanism and, in general, functionality of each type, marked by management exercised, taking into account the differences between them, to identify the best ways to improve their activity. Such issues are considered in this paper, addressed in case of units with legal personality.

Results and discussions

Concerns specialists, those who develop and apply policy in this branch, researchers and others interested in the prosperity of agriculture is focused, usually, on individual exploitations. The thing is expected, if we consider that they are a strong reality of Romanian rural, at least in terms of number (over 3.9 million exploitations in 2007), agricultural area and owned livestock. In these exploitations, besides many aspects that characterize (physical and economic size reduced), an important question remains management type, but the possibility of exercising it, given who they manage and the resources they have. In these exploitations, the management is poorly represented, here are just as empirical limit its use, as the primary (low information, scientifically unsubstantiated decisions, etc.). Future status of the Romanian agriculture will be influenced mostly by what they do and what will happen to them in the coming years.

In the reform process in agriculture appeared, however, exploitations with enterprise status¹. They formed, mainly, be based on transformation of state enterprises into commercial societies, the latter being subsequently subjected to privatization, either by private initiative, following the event, by some individuals entrepreneurship, they start assuming the risk of some business in agriculture. This is an area less attractive to entrepreneurs, as a result of conditions specific these branch, generators, among others, the natural risk, to a lesser extent found in other economic activities. Following such approaches have emerged societies of various kinds (Table 1).

In 2007 there were 17 699 units of this type, representing only 0.5% of total exploitation.

¹ Individual exploitations, only in the broad sense may be assigned the status of enterprise, it not having any features of such economic entities, in her case prevailing production function

Exploitations with legal personality

Table 1

Legal status of exploitation	2002	2005	2007
Units with legal personality, in which: %	22672 100,0	18263 80,6	17699 78,1
Societies/agricultural associations, %	2261 100,0	1630 72,1	1475 65,2
Commercial societies, %	6138 100,0	4824 78,6	5147 83,9
Units of public administration, %	5698 100,0	4818 84,6	4177 73,3
Cooperative units, %	87 100,0	108 124,1	71 81,6
Other; %	8488 100,0	6883 81,1	6829 80,5

Source: Romanian Statistical Yearbook, 2008

Since 2002, when it started being shown in the official statistics of exploitations with legal status, it appears that their number has seen a steady decline. The strongest decline was registered by a societies/ agricultural associations (-34.8%). Other types know reductions of the number of exploitations, near between them and similar with that of total number with legal personality. Although the number of these exploitations is much smaller, so as shown, than of the individual exploitations, however, it is noteworthy that they put in value an important percentage of agricultural area. Thus, in 2007 they returned to their 34.8% of the total agricultural area used from system of units in agriculture (Table 2).

Agricultural area used by units with legal personality

Table 2

No.	Specifications	UM	2007
1	Agricultural area used - total	ha	13753046,49
2	Agricultural area used by units with legal personality	ha	4786737,94
3	Is 2/1	%	34,8
4	Units with legal personality which used agricultural land	no.	17 383
5	Area on an unit with legal personality which used agricultural land	ha	275,4

Source: Romanian Statistical Yearbook, 2008

In those circumstances, they can influence, in a certain measure, the production results extent in agriculture, if we consider that they practice the technology higher than those from more individual exploitations.

Most part of the area used by these units has commercial societies. (Table 3), some of them are agricultural enterprises successor of state enterprises, which, at the time, characterized by a high concentration of land.

Structure of agricultural land used by types of units with legal personality

Table 3

No.	Specifications	2007	
		ha	%
1	Societies/agricultural associations	615897	12,9
2	Commercial societies	1 951 114	40,8
3	Units of public administration	1 872 194	39,1
4	Cooperative units	15 088	0,3
5	Other	332 445	6,9
Total		4 786 738	100,0

Source: Romanian Statistical Yearbook, 2008

The units with legal personality use, at each level, much larger areas than what exists in individual exploitations. Thus, the average area that return on an unit with legal personality which using agricultural land is 275.4 hectares, against the average area on individual exploitations which is 2.4 hectares and the average all units, which is 3.57 ha (Table 4).

Average area of agricultural exploitations

Table 4

Legal status of exploitation	Area, in average	
	On an agricultural exploitation, ha	On an exploitation which used agricultural land, ha
Individual exploitations	2,29	2,34
Units with legal personality	270,5	275,4
Total	3,50	3,57

Source: Romanian Statistical Yearbook, 2008

Most enterprises (99%) are found among SMEs, (Small and Medium Enterprises), as shown in tables 5 and 6, the criteria being the number of employees¹. This confirms the claim that agriculture and business start gainful dress normally as SMEs.

Among SMEs, with largest share are microenterprises, in 2007 them reaching to represent over 87%. This thing is due to the fact that their numbers increased faster than at the small enterprises (10-49 employees). In addition, small enterprises (50-249 employees) fell in each year of the period, compared to 2005 (Table 6).

¹For to accommodate an enterprise among SMEs, th number of employees is involved other quantitative criteria - annual net turnover and total active, according to Law 346/2004, as amended.

Agricultural enterprises

Table 5

Year	Enterprises		Of which: by size classes, by number of employees							
	Total	%	0-9	%	10-49	%	50-249	%	250 and over	%
2005	12510	100,0	10623	100,0	1594	100,0	252	100,0	41	100,0
2006	13347	106,6	11467	107,9	1606	100,8	233	92,4	41	100,0
2007	14221	113,7	12357	116,3	1615	101,3	213	84,5	36	87,8

Source: Romanian Statistical Yearbook, 2008

In the structure of enterprises, SMEs are predominate (Table 6).

Structure of enterprises by size classes

Table 6

Year	Enterprises total	Of which:	
		SMEs	Large enterprises
2005	100,0	99,68	0,32
2006	100,0	99,70	0,30
2007	100,0	99,75	0,25

Source: Processing by Romanian Statistical Yearbook, 2008

Despite their presence less significant in terms of number, note, however, that they practice a different kind of agriculture than individual exploitations, relying on the use of modern technical and technological elements, and therefore, their production systems are higher productivity and products obtained are market-oriented companies are enrolling in economic flows. They, therefore, differ from individual exploitations, the vast majority of their production for own consumption and management practice empirically, based on tradition, on the behavior of members of rural communities on plant cultivation and animal husbandry and appropriate technologies are part of agriculture demands that increasingly use the results of knowledge.

The agriculture is a field for which extension modern management is imperative. The individual exploitations are managed, in many cases, by persons with insufficient knowledge specialized and managerial. It is, therefore, necessary, to conduct an extensive specialized training and managerial guidance and advice to those who will employ agriculture.

In exploitations with legal status, the situation would be different in terms of management applied. It is exercised, generally, by people who have average or university training.

It is conceivable that provided managerial expertise and designed to provide opportunities to meet performance management to help improve production and economic performance of enterprises. In addition, in exploitations with have hierarchical structural organization participation decisions are taken by more people as part of managerial bodies (AGM, the Board of Directors), which can provide a better foundation than when they are the result of reasoning one governor.

Connected to market relations, purchasing inputs necessary for production systems and sells them, showing concern for enterprises to provide information aimed at specific market phenomena, to adapt products to the needs of different categories of users (consumer or industrial process). The information does not only market, but also other components of the environment in which they work and to connect. Ensure information is in different parts of the environment (customers, suppliers, employment, government, agricultural organizations, etc.). It's actually a variety of organizations with which enterprises enter into direct or indirect relationships that influence their activity and hence the need of collecting information that they generate. In this way, enterprises can act according to environmental requirements, which determine the outcomes and, broadly, the existence within the economy.

The productive mechanism of these enterprises is rigorously programmed, implemented and monitored, following to exercises function of management control, is interfering with the decision to remove the influence of disturbance in order to preserve, as much is possible, under a certain control processes specific crops or livestock and steer them towards the achievement of production targets.

A negative impact on their activities and results can come, of course, from natural factors, but also in environment, looked in large sense, through his components: economic, technical, social etc. When the economic environment is unstable, such as that generated by the current crisis, it amplifies the undesirable phenomena for the enterprise. The risks are high, may occur even survival problems of enterprises in a hostile environment.

Compared with industrial enterprises, in addition, the agricultural economy is subject to influences that come from this branch features (seasonality, use of live organisms, the attack of pests or diseases, the relationship with natural factors etc.). As a result, human and material efforts, including managerial efforts, will result in the production of which will depend on size and influence derived from such items as they are, along with others, circumstantial conditions of place, and not only, in which agricultural production takes place. It is true that through decisions, is acting to counteract the influence acts to counteract the influence of some of them, but this depends on the possibilities of scientific, technical, material etc.. Human action, found in various decisions, is limited beyond phenomena losing control, causing great damage.

Obtaining the most of seasonal agricultural products generates a lack of rhythm in "into" increase of revenue, sometimes pronounced by the delayed payments from the beneficiaries (malfunctions trade relations, occurring difficulties for enterprises in terms of financial support for expenses generated by the progress of work and making other payments).

The activity of agricultural enterprises is subject, as noted, more risks than those in other branches and, hence, greater attention should be given and, by extension, the entire agriculture, their role is well known.

It sustube that enterprises should get products to higher costs than commercial family exploitations, the argument representing that they made some

expenses which not found in the first units mentioned. This thing is real, especially for those who have an hierarchical organizational structures, appeared chapters expenses not found by the commercial family exploitations. The problem is that, in the absence of accounting information from the commercial family exploitations, can not make comparisons, and these units are in small numbers, do not appear as a strong competitor for enterprises. Therefore, the competitiveness of Romanian products produced by enterprises can be addressed, especially in relation to the EU, where commercial family exploitations are consolidated, representing the base of units in agriculture.

We found that enterprises use a considerable agricultural land and some of them, we find them as increasing the animal, crops and animal produce and contribute, thereby, to the food security of the population. Moreover, they have elements of technically progress, in according with those of modern agriculture. We believe that their perspective is conditional on whether they will be competitive with commercial family exploitations, but and with the exploitations in country which come imported products. It may las the fact that they have areas greater than individual exploitations to be an advantage in terms of the production costs to ensure their chance to face competition from their current and potential competitors.

Conclusions

1. Ownership reform and private initiative has created exploitations with legal status, but their number is much smaller than the individual exploitations
2. Enterprises have a large part of agricultural area, with a contribution to crop and animal production and, hence, to the food security of the population.
3. Most enterprises are included among SMEs in joining the European policies towards the development of such units in various branches of the economy, giving them a number of advantages.
4. Because their management is exercised and were created by people with proper training, these practice are different in agriculture from this found in subsistence exploitations, with an emphasis on modern technologies (use of agricultural knowledge in production).
5. The existence of enterprises meaning act in sense of concentration of land in use, these units having physical dimensions (land owned, number of animals) larger than individual exploitations.
6. Unlike individual exploitations management at the enterprises is exercised by people who have both expertise and management, acquired through training, defending decisions likely to enjoy a rigorous foundation, taking account of the complex taking place in agriculture.
7. Their existence in the Romanian agricultural economy requires, management which will also be used among other things, the competitiveness of their products will show that compared with those obtained in commercial family exploitations, but, also, that of the imported.

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