

Human Capital
- *catalyst or limiting factor*
of rural Romania's
competitive capabilities

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arguments

- **EU 2020 STRATEGY** - *smart, sustainable and inclusive growth*
 - **CAP** - *the second pillar is more focused on competitiveness and innovation, climate change and environment.*



in Romanian rural area



- **WHO**

- **WITH WHOM**

Content

I. Rural Romania main characteristics

II. Brief overview of post-communist transformations in rural Romania

III. Rural human capital in Romania

- demographic aspects
- educational aspects
- migration

IV. The consequences

- labour market participation in rural Romania
- rural entrepreneurship
- capabilities for smart economic growth in rural Romania

Methodological note

“RURAL AREAS”

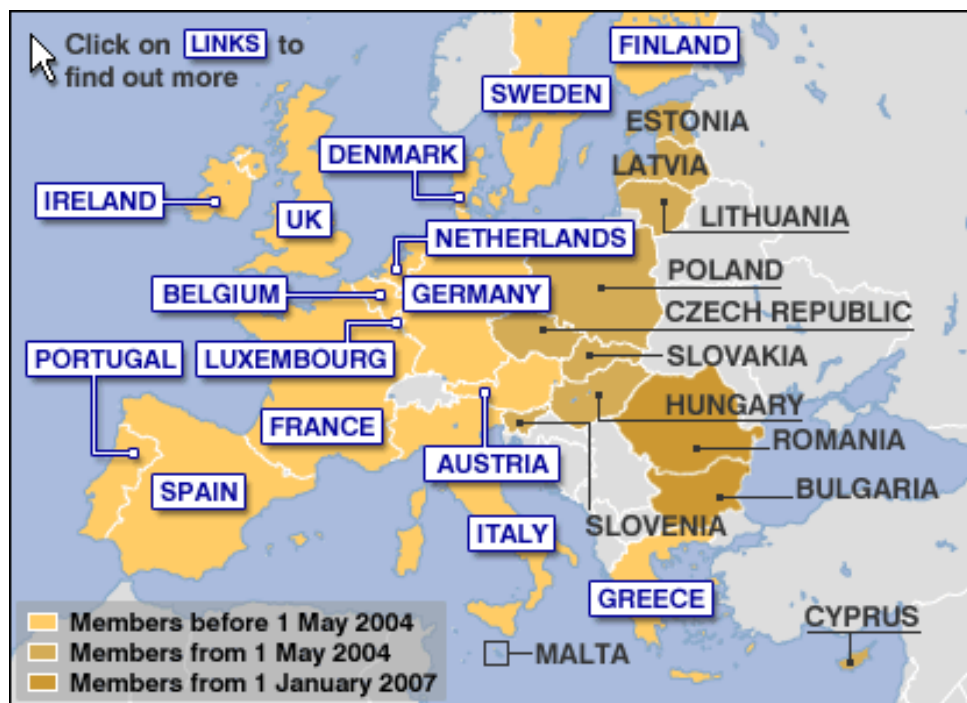
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*rural communities
as local administrative units
with status of villages*

I . Rural Romania

main characteristics

Romania – factsheet



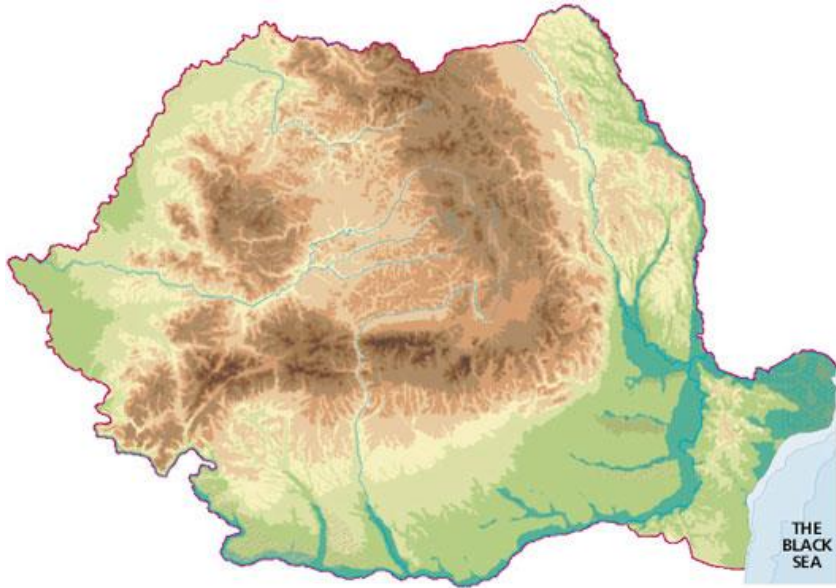
- the 9th largest country in the EU in terms of surface
(5.5% from the EU-27 area)
- the 7th EU country in terms of population
(4.2% of the EU-27 total population)
- 6th largest country in the EU according to the UAA
(7.7% of the UAA of EU-27)
- GDP/capita represents 49% form the EU-28 average
(Romania is the penultimate country in the EU, only Bulgaria has a GDP / capita lower than Romania's)

Importance of rural areas

	% Territory	% Population	% GVA	% Employment
EU-27	56.7	23.6	17.2	21.7
EU-15	56.1	19.1	16.2	18
EU-N12	58.6	40.6	29.2	36.2
Romania	59.8	45.7	32.4	41.5

Romanian rural area

- *economic situation (1)* -



Structure of Romanian rural economy:

- ▶ **only about 25% of the Romanian villages** have developed other non-farming activities, excepting the small shops

SMEs in mining, manufacturing, handicraft and agro-touristic activities

▶ **Except for two sub-branches (food and wood processing), the manufacturing activities themselves are quasi-absent from the rural Romania**

- ▶ Although the natural and cultural heritage is the most important dowry of the Romanian countryside, **the agro-touristic farms (households) are found in only 7% from rural communities**

Romanian rural area

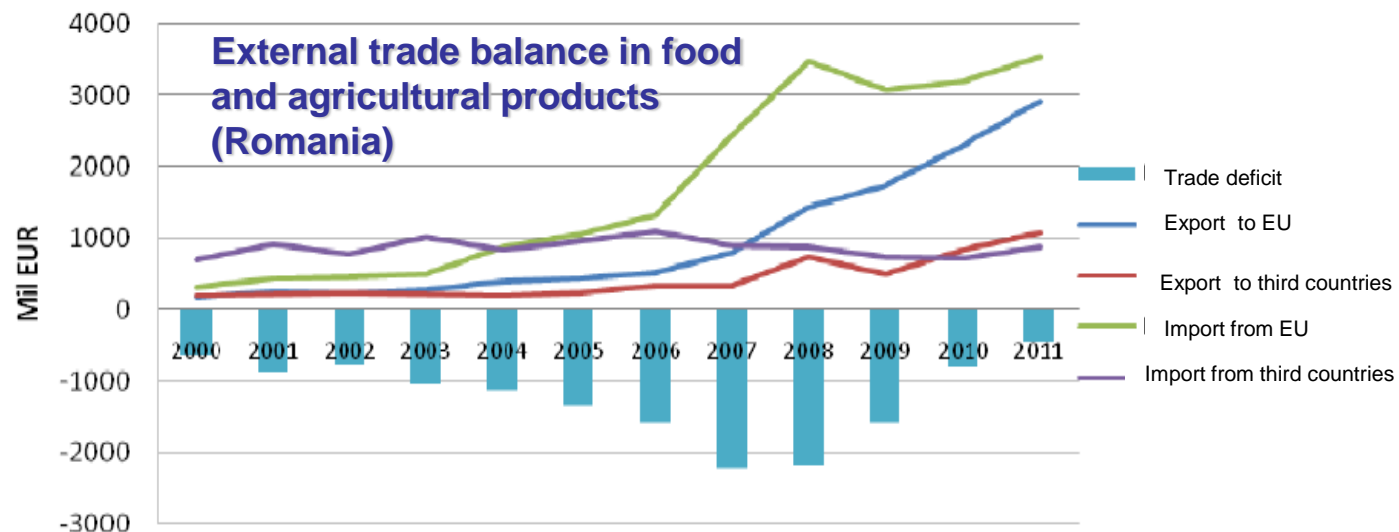
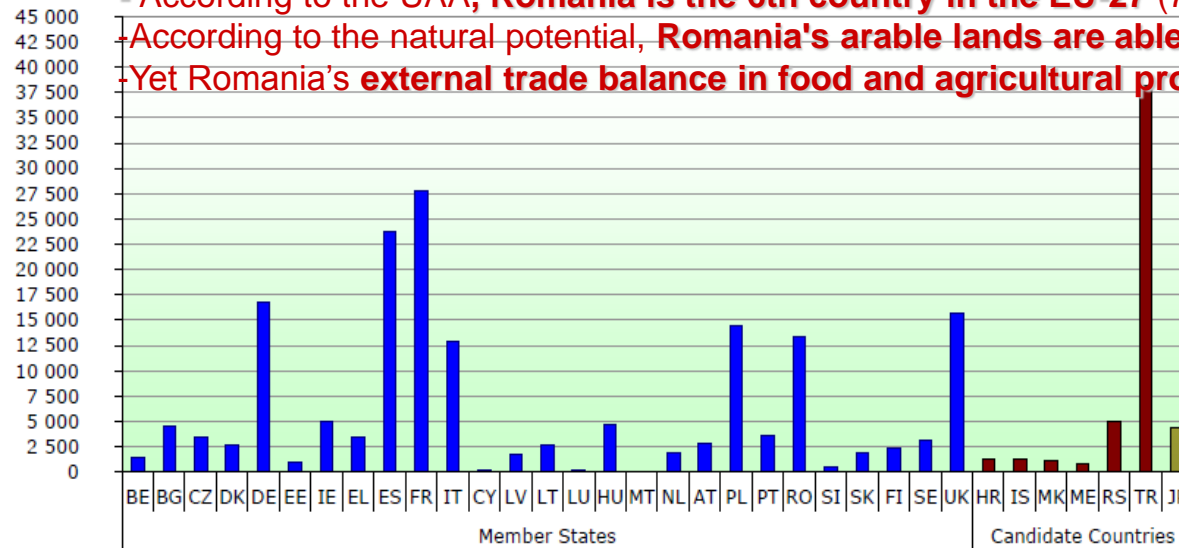
- economic situation (2) -

UUA - Utilized Agricultural Area (1 000 ha) - 2011

- According to the UAA, **Romania is the 6th country in the EU-27** (7.7% of the UAA of EU-27)

- According to the natural potential, **Romania's arable lands are able to produce food for 38.5 million people**

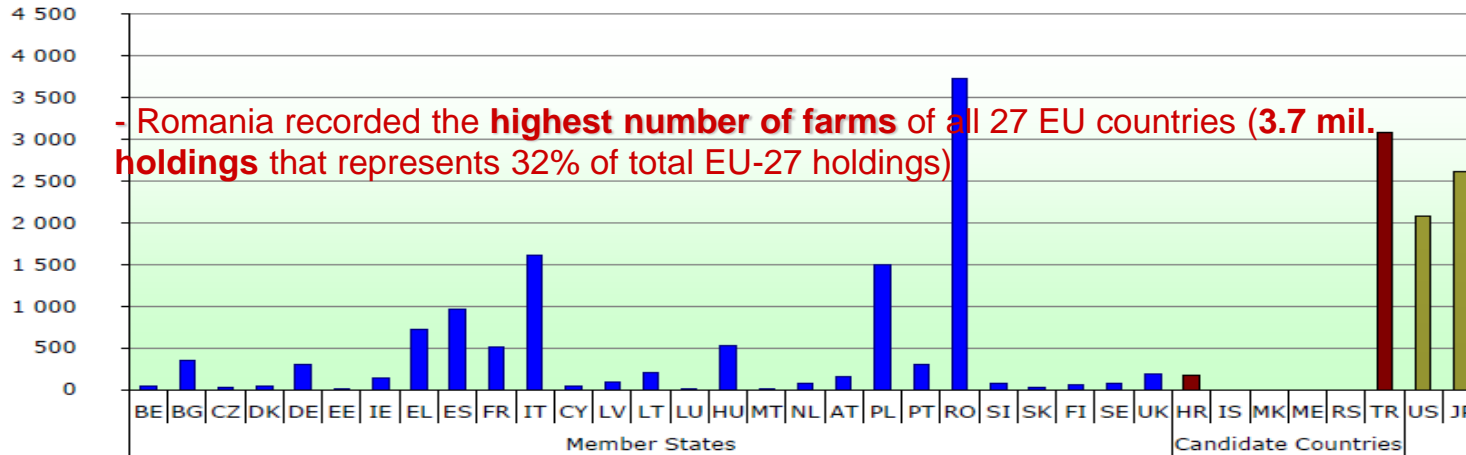
- Yet Romania's **external trade balance in food and agricultural products was negative**



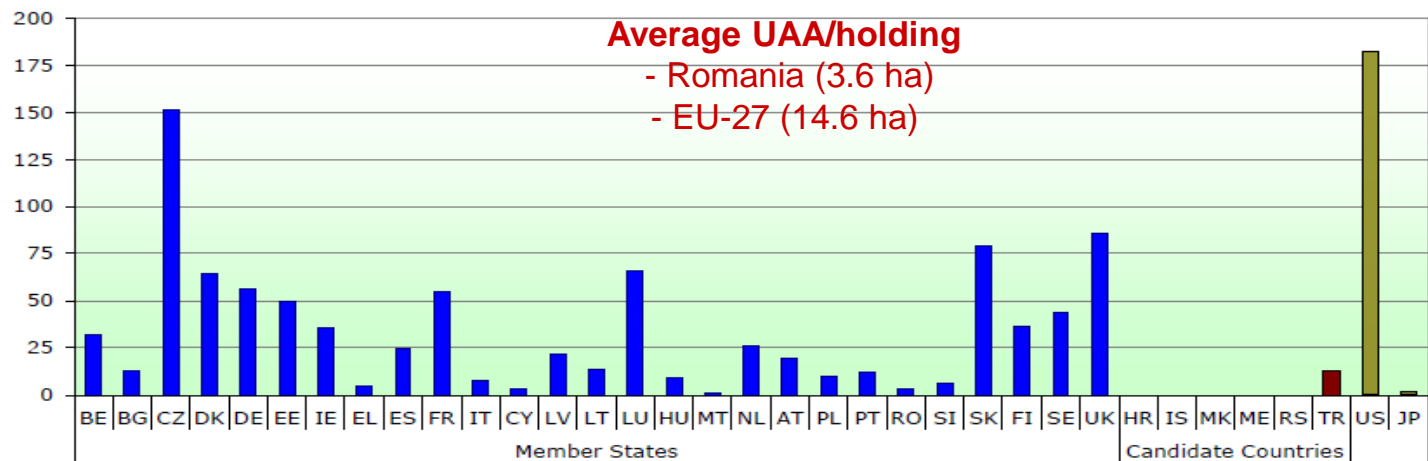
Romanian rural area

- economic situation (3) -

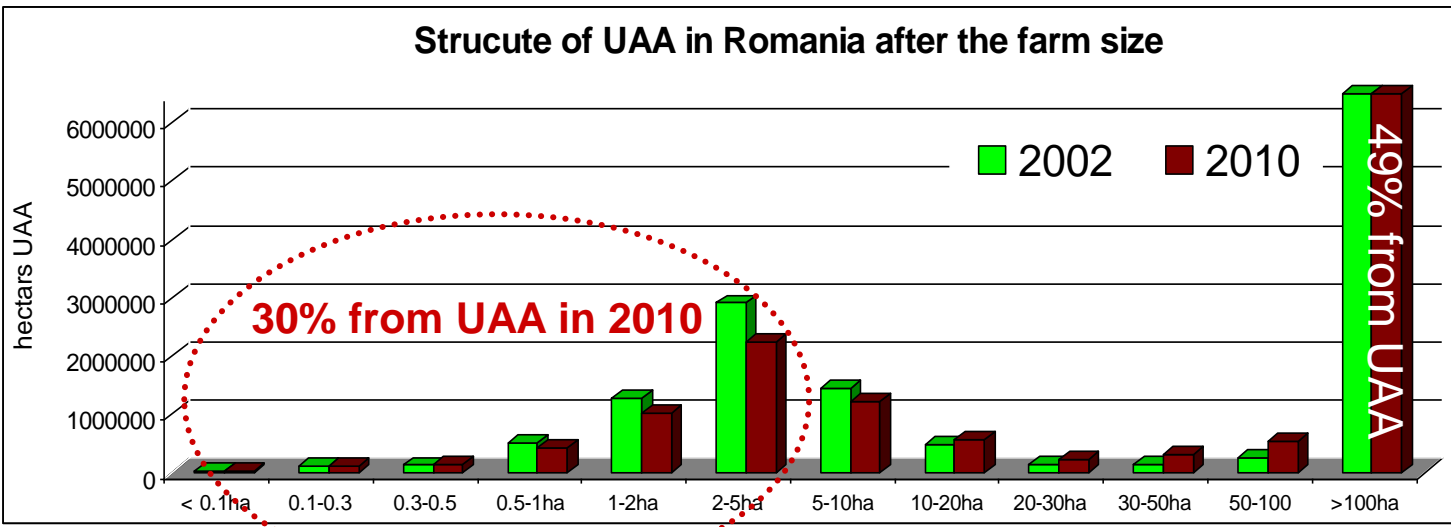
Number of holdings (1 000) - 2010



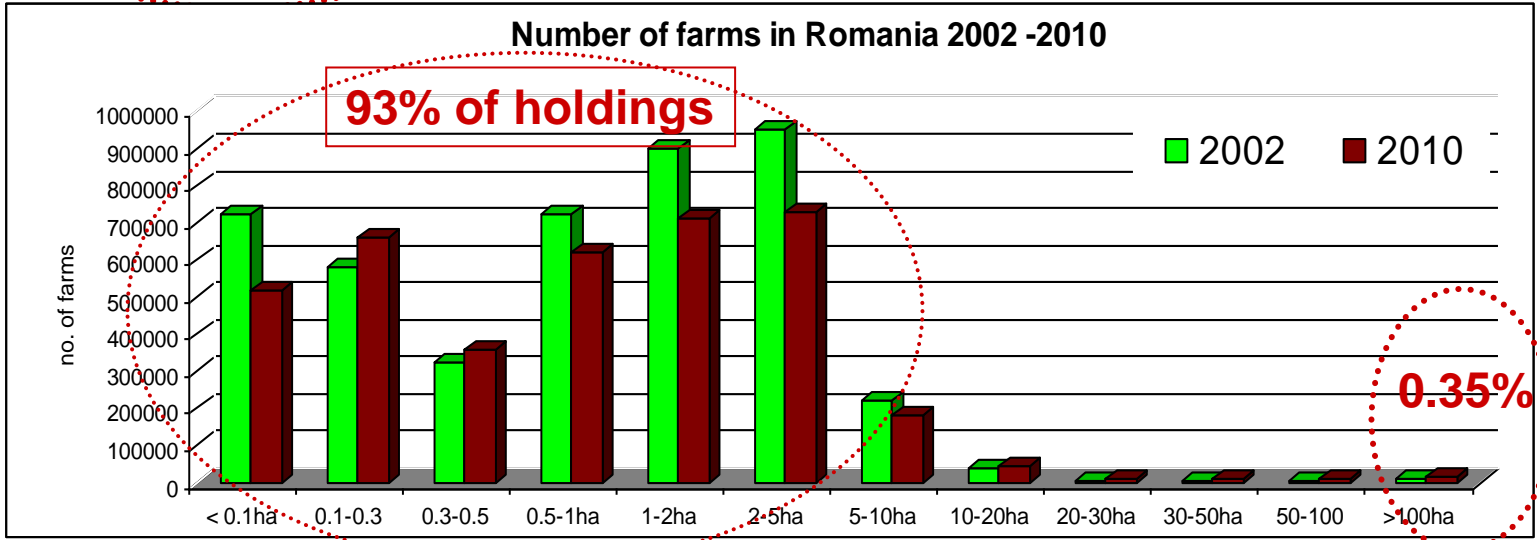
UUA - Utilized Agricultural Area (ha) per holding - 2010



Romanian holding structure



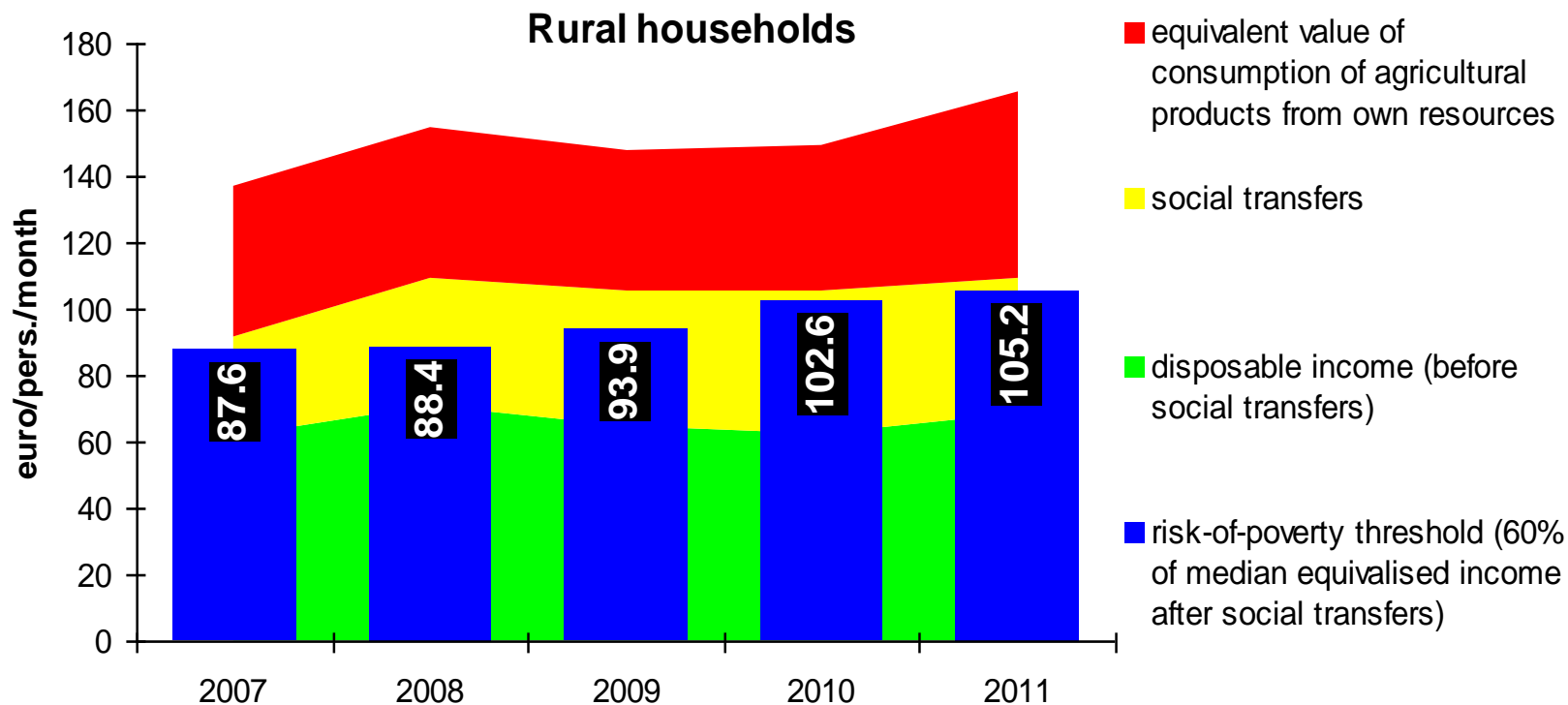
Bipolarity of the farm structures is preserved due to the of lack of job opportunities in the off-farm rural activities



≈ 80% of holdings use for their own consumption, more than a half of their own farm production

The contribution of self-consumption to the welfare of rural households in Romania

Income structure in rural households



generally speaking, without self-consumption, the Romanian rural population would be at risk of poverty

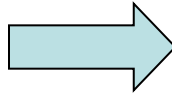
II. Brief overview of post-communist transformations in rural Romania

Romanian rural area

– 25 years of transformations

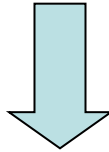
post-communist socio-economic environment

- reconstitution of the private ownership on the agricultural land
- the restructuring of the other sectors of national economy
- lack of non-agricultural occupational opportunities in the rural area



effects

- rural area and agriculture became the main absorber of the shocks generated by the restructuring of overall economy
(Urban→Rural migration)
- private land ownership being one of the main means to meet the subsistence needs of the rural household members



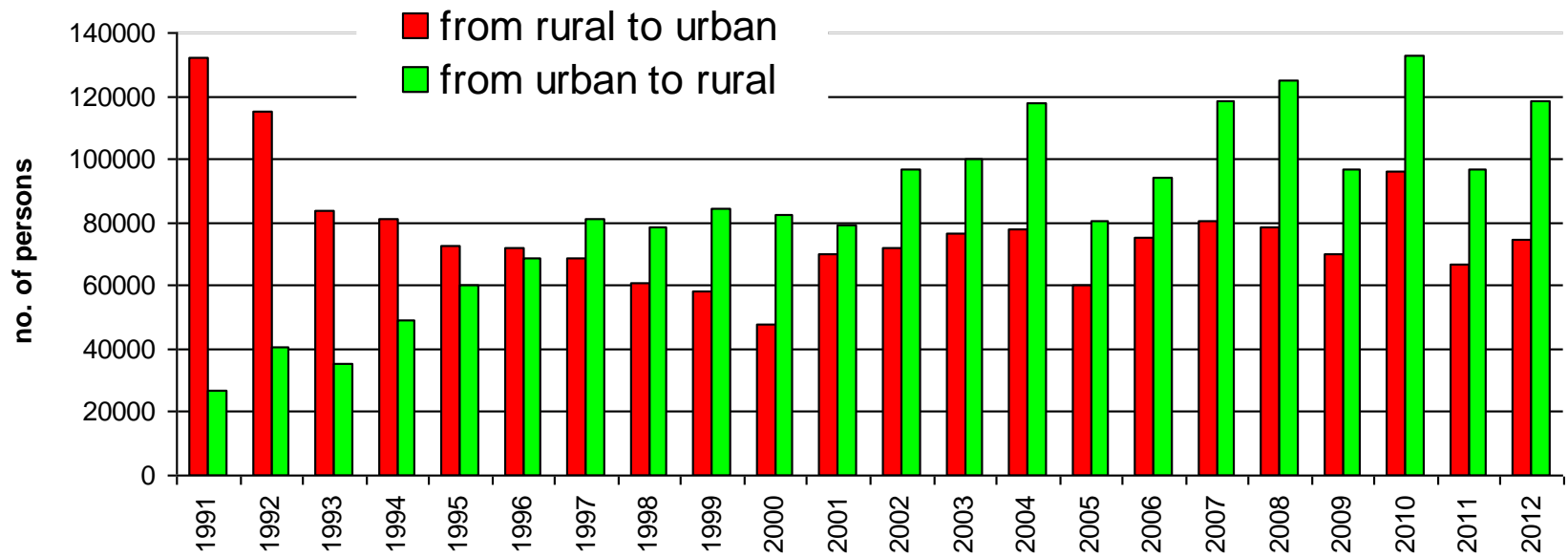
Romanian rural area and the land ownership become a “social buffer” for more than 45 % of the Romania’s population

III. Rural human capital in Romania - *demographic aspects* –

***WITH WHOM
EU 2020 ?***

Internal migration in Romania after '89 (1)

Internal migration

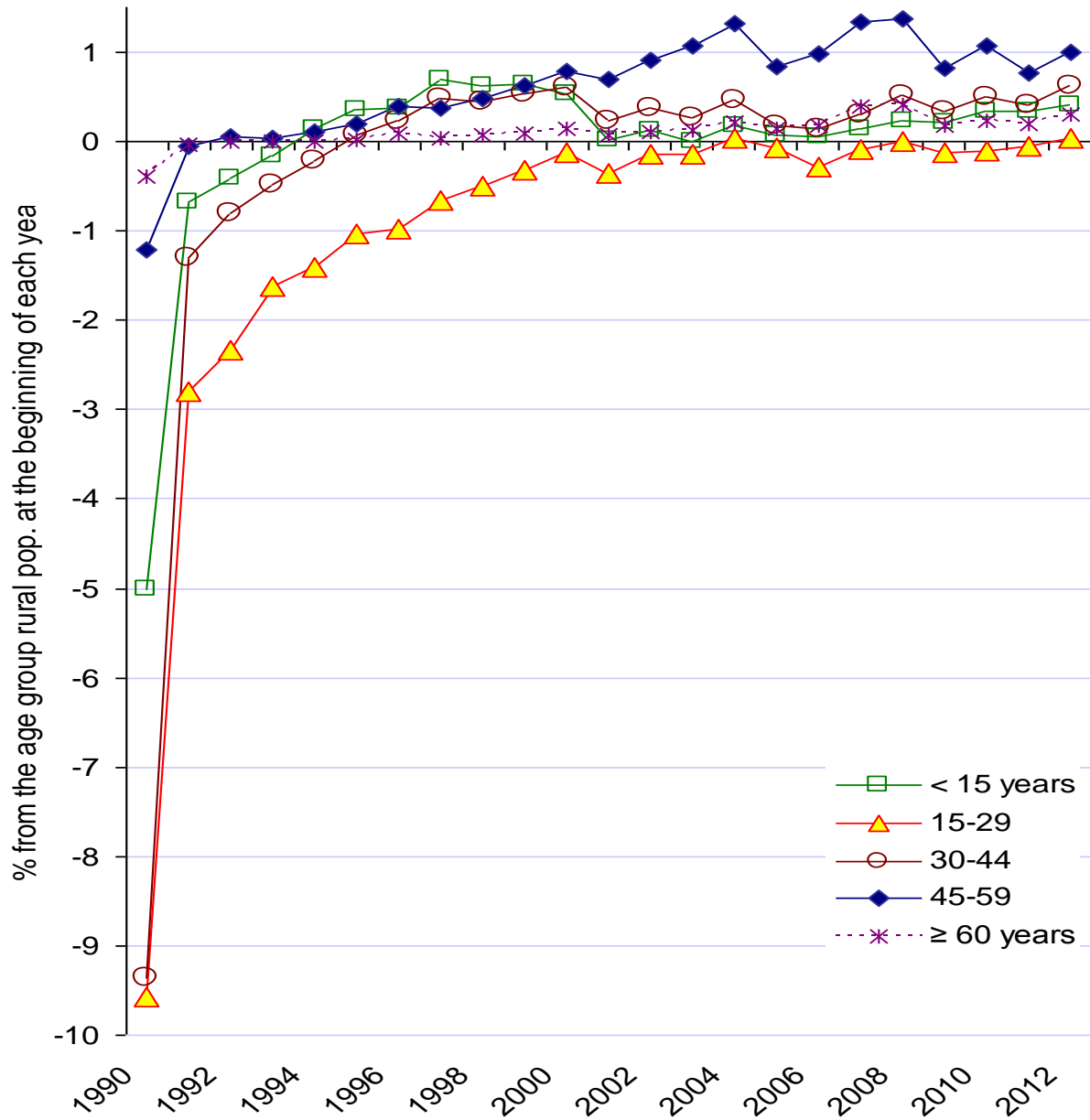


The migration flows from urban to rural are more intense than those from rural to urban

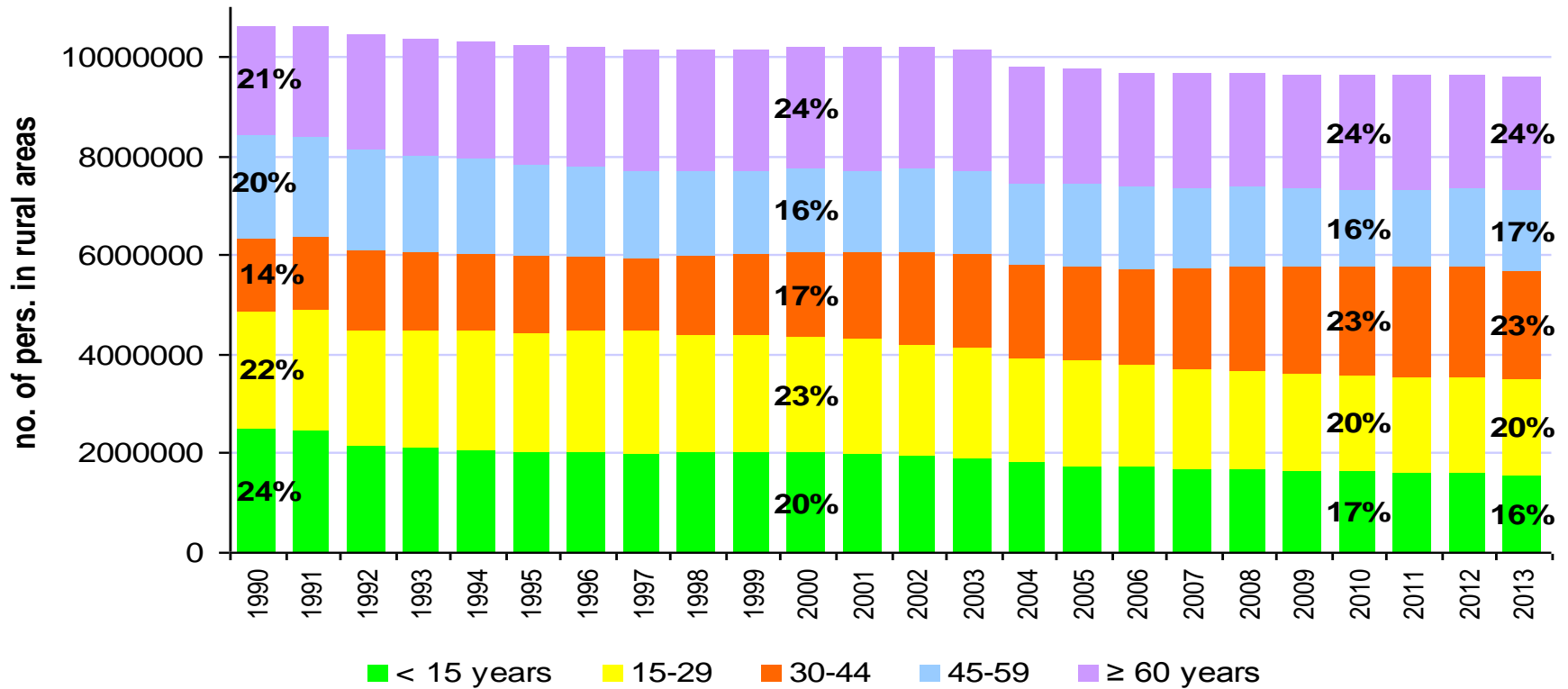


In Romania > 45% is rural population

Internal migration balance for rural Romania (2)



Age structure of rural population in Romania – evolution in the last 25 years (3)



- Ageing of rural population
- Ageing of labour force



decrease of:

- labour force innovating capacity
- capacity to assume the risk of occupational status change

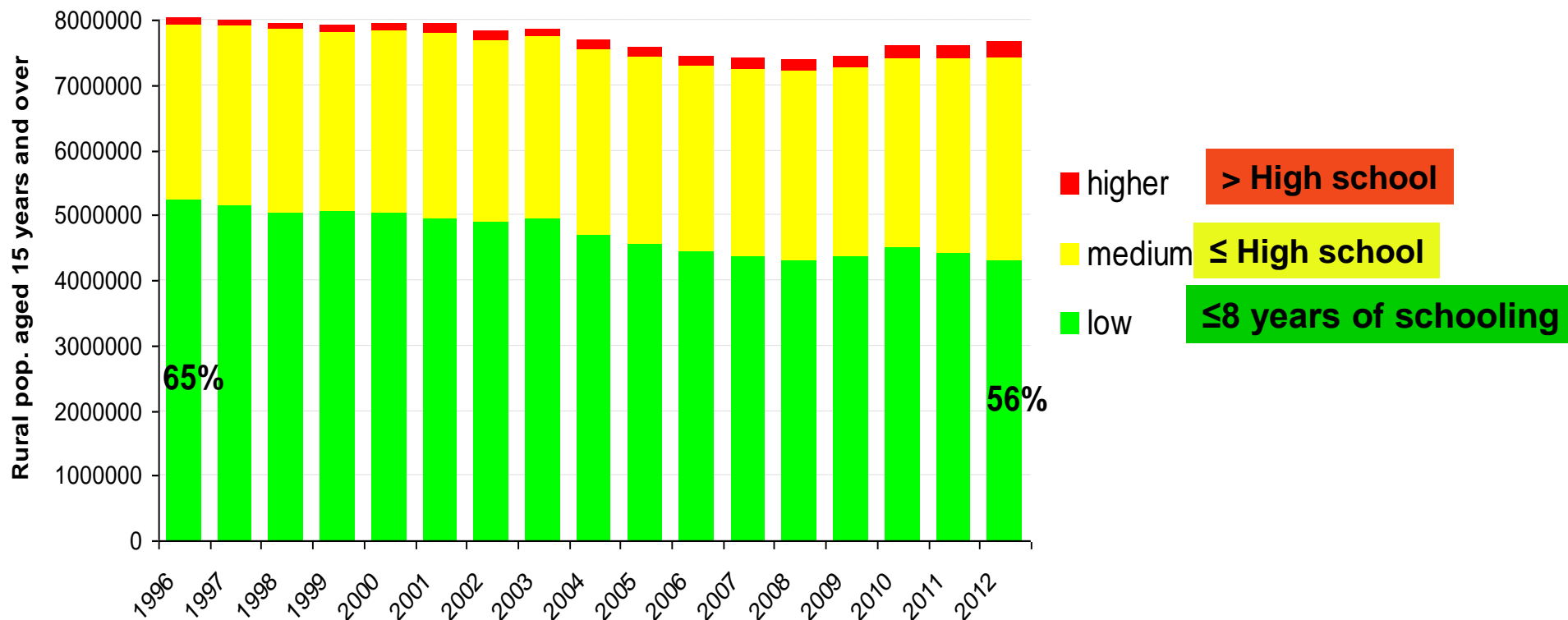


in the future, Romania is likely to face a significant shortage of manpower on rural areas

III. Rural human capital - *education* -

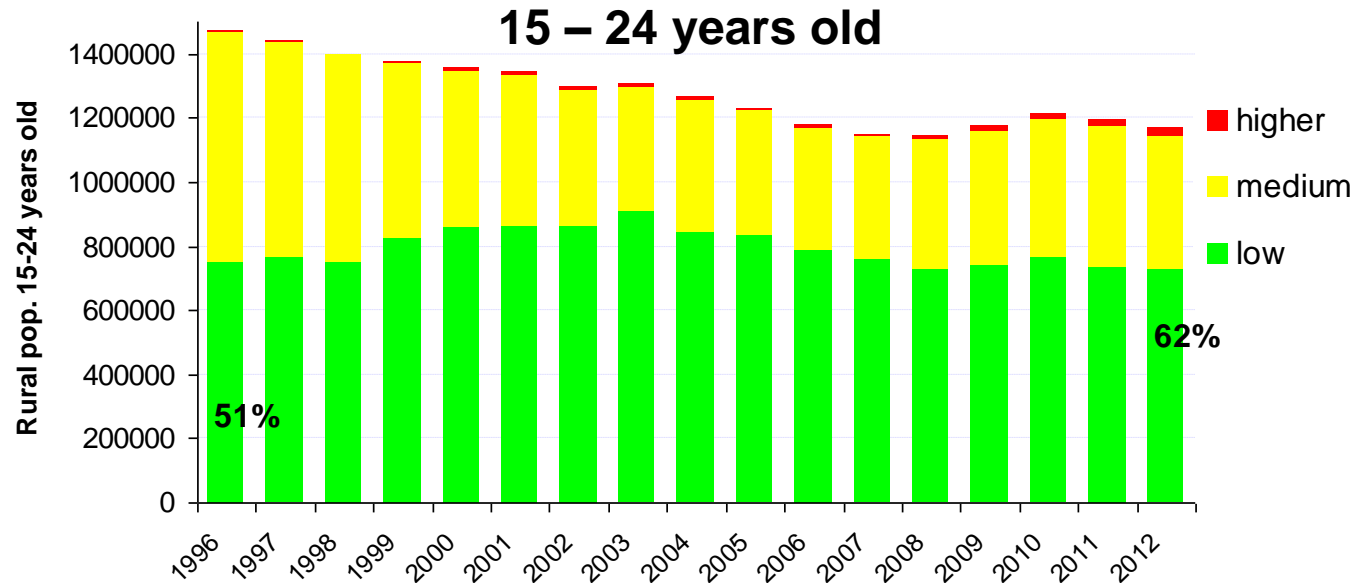
***WITH WHOM
EU 2020 ?***

Changes in the educational structure of the rural population aged 15 years and over

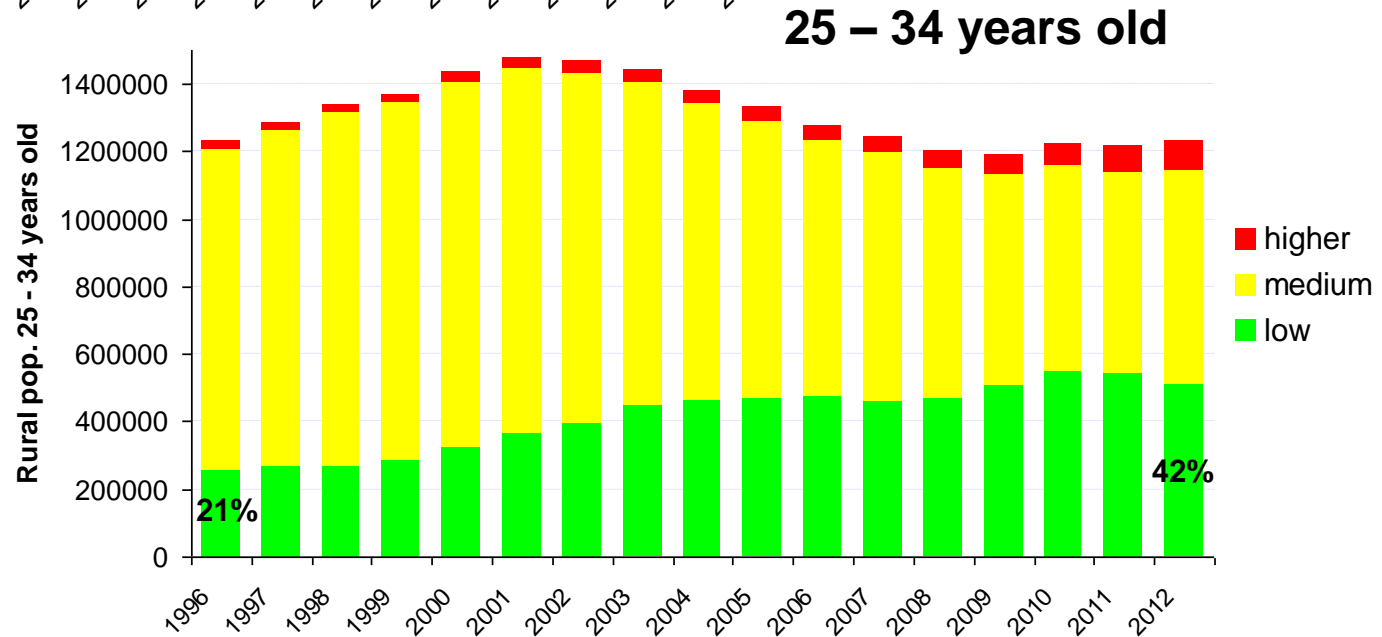


- educational level of the rural population tends to improve
- ? this improvement is due to the younger generation?

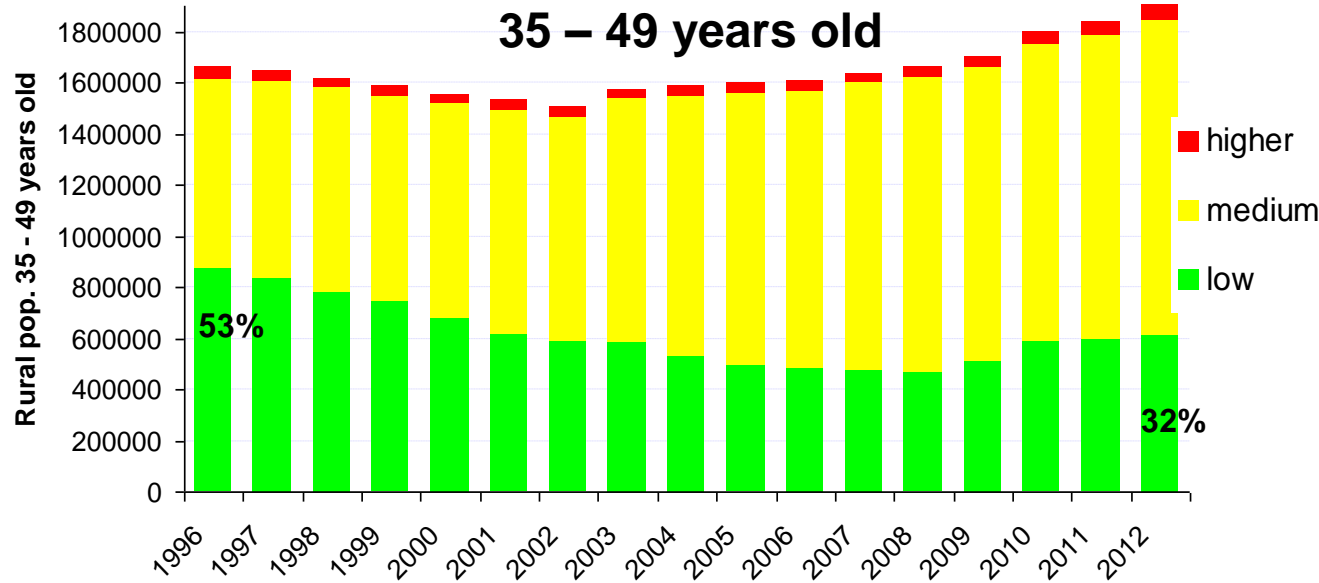
Educational structure of rural population (2)



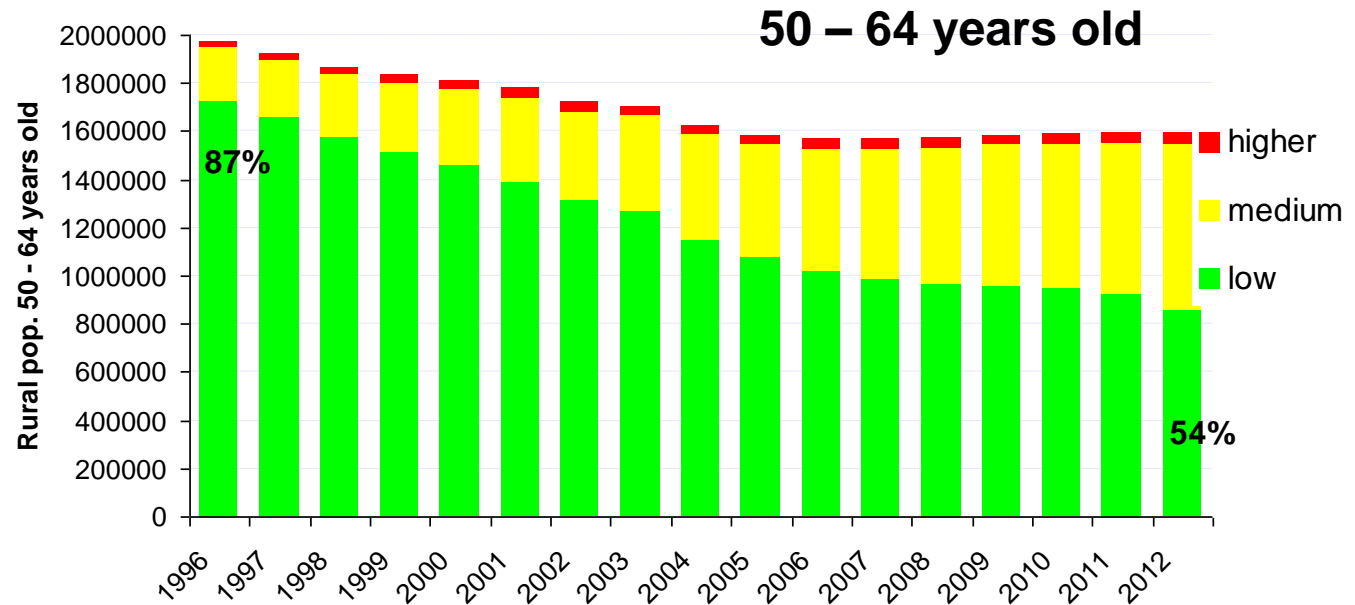
Rural younger generations are becoming less and less interested to graduate secondary and higher education levels



Educational structure of rural population (3)



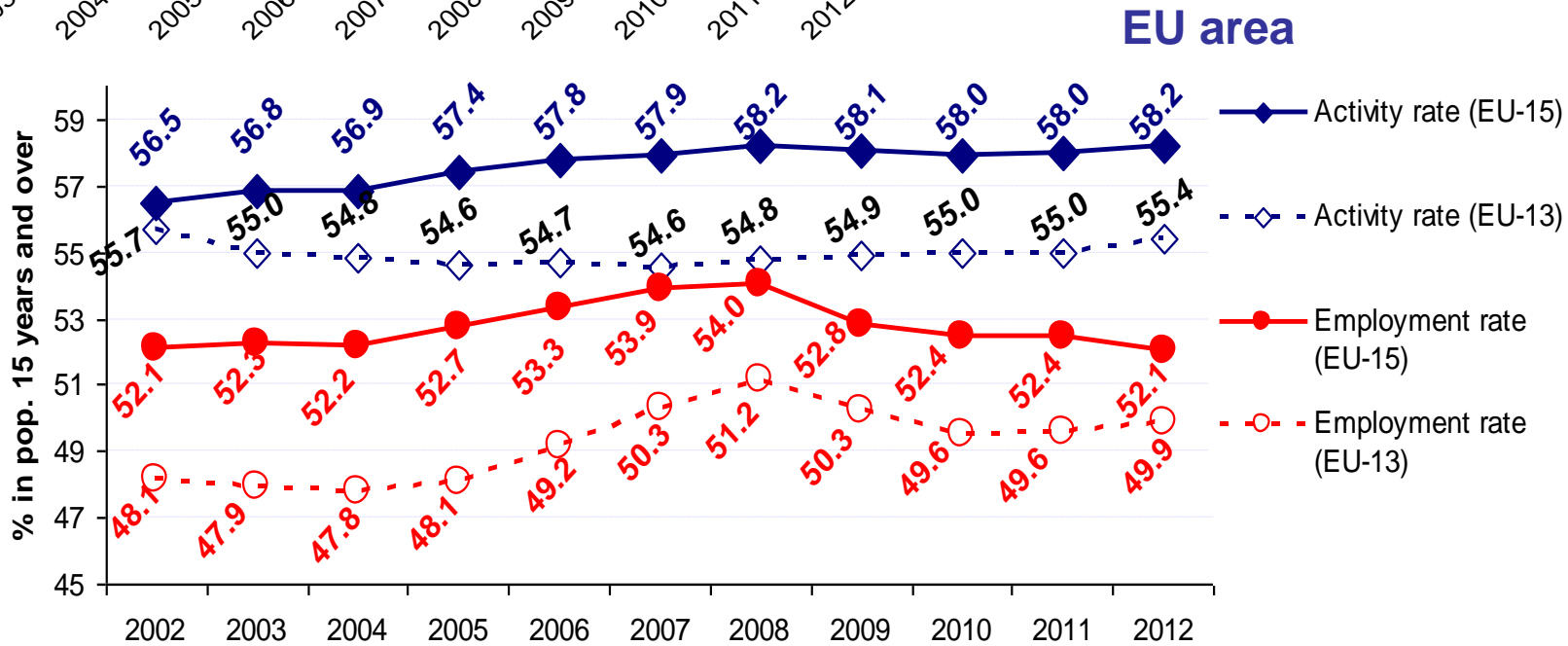
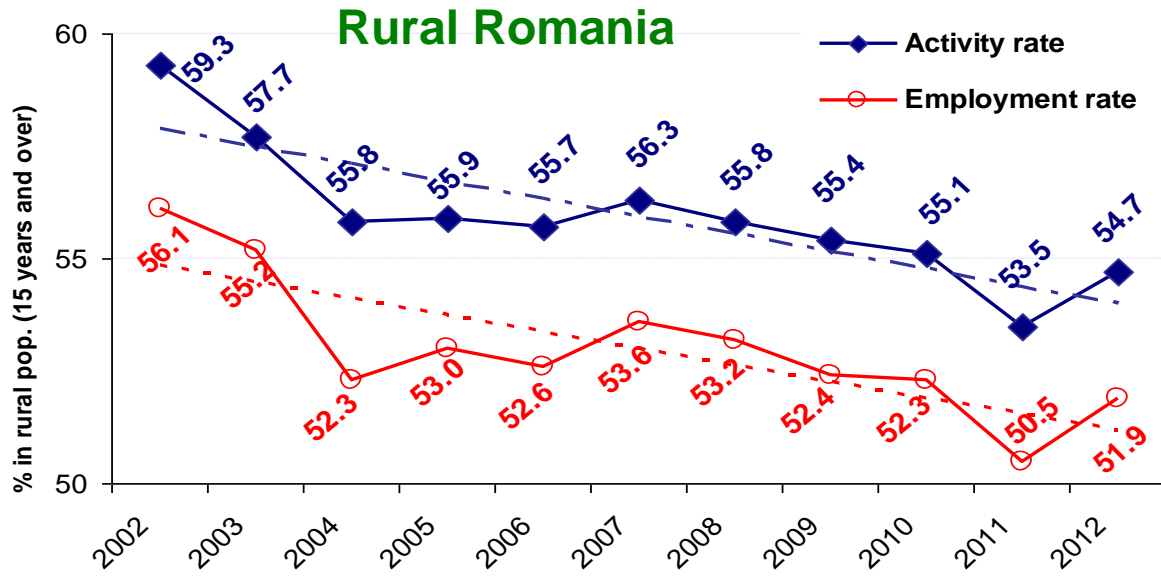
older generations
are better educated
than younger
generation



IV. Economic consequences

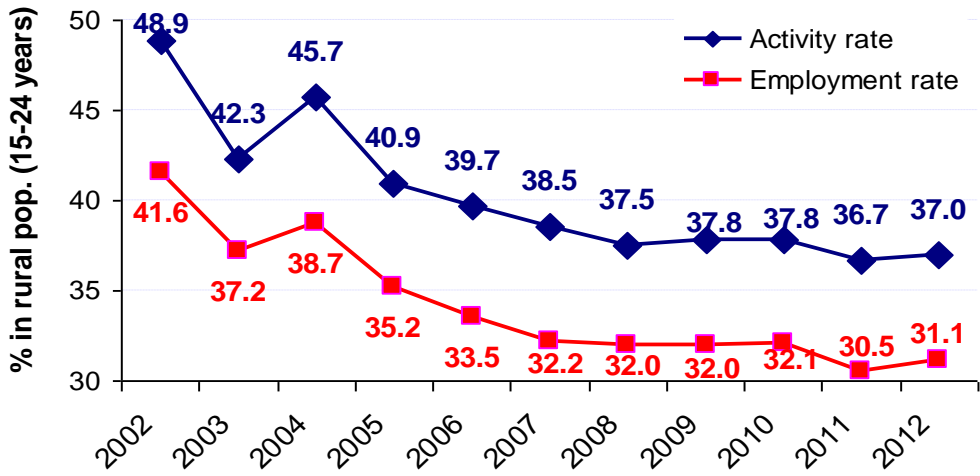
*rural human capital involvement
to the labour force market*

Activity and employment rates (1)

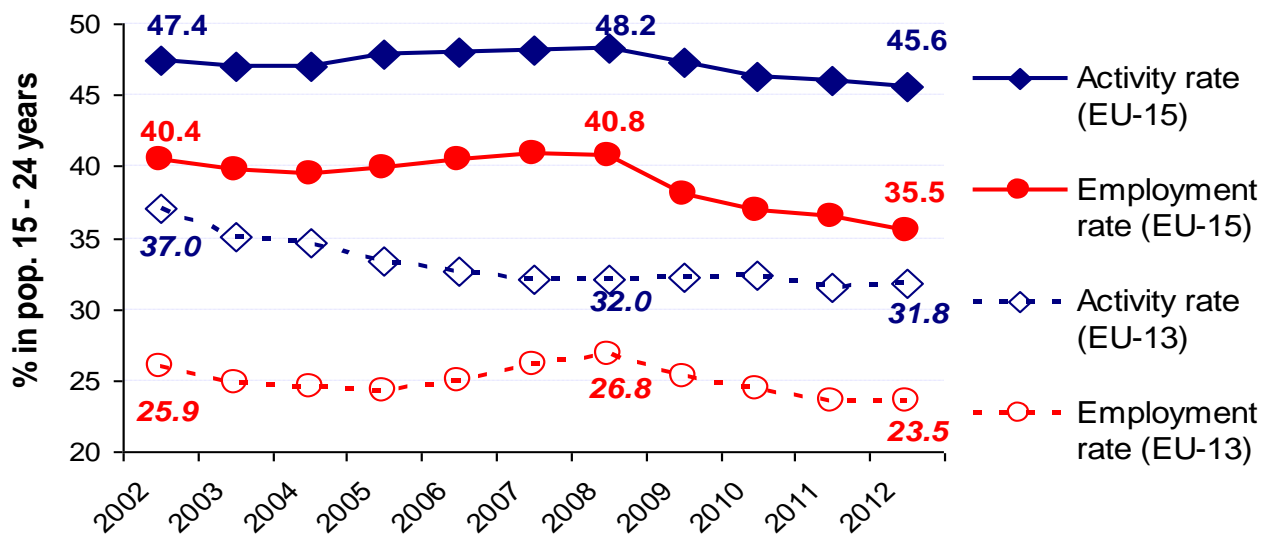


Activity and employment rates by age groups (15 – 24 years old)

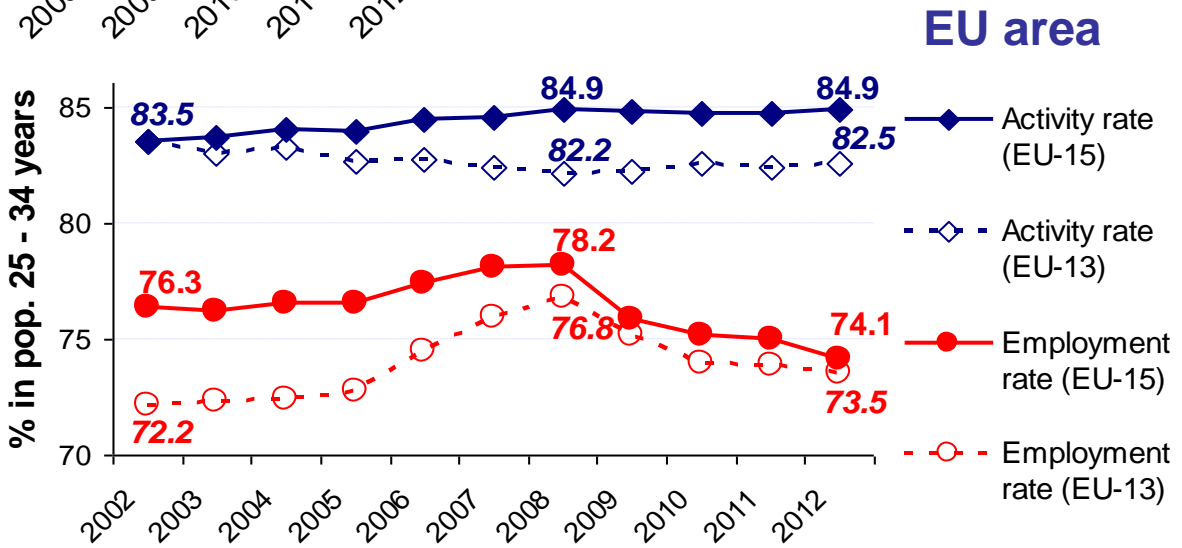
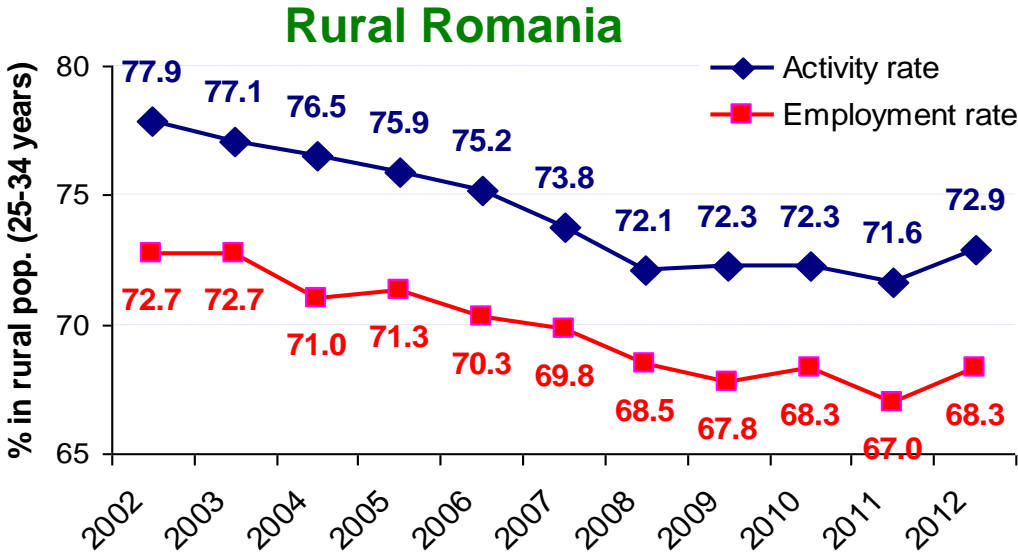
Rural Romania



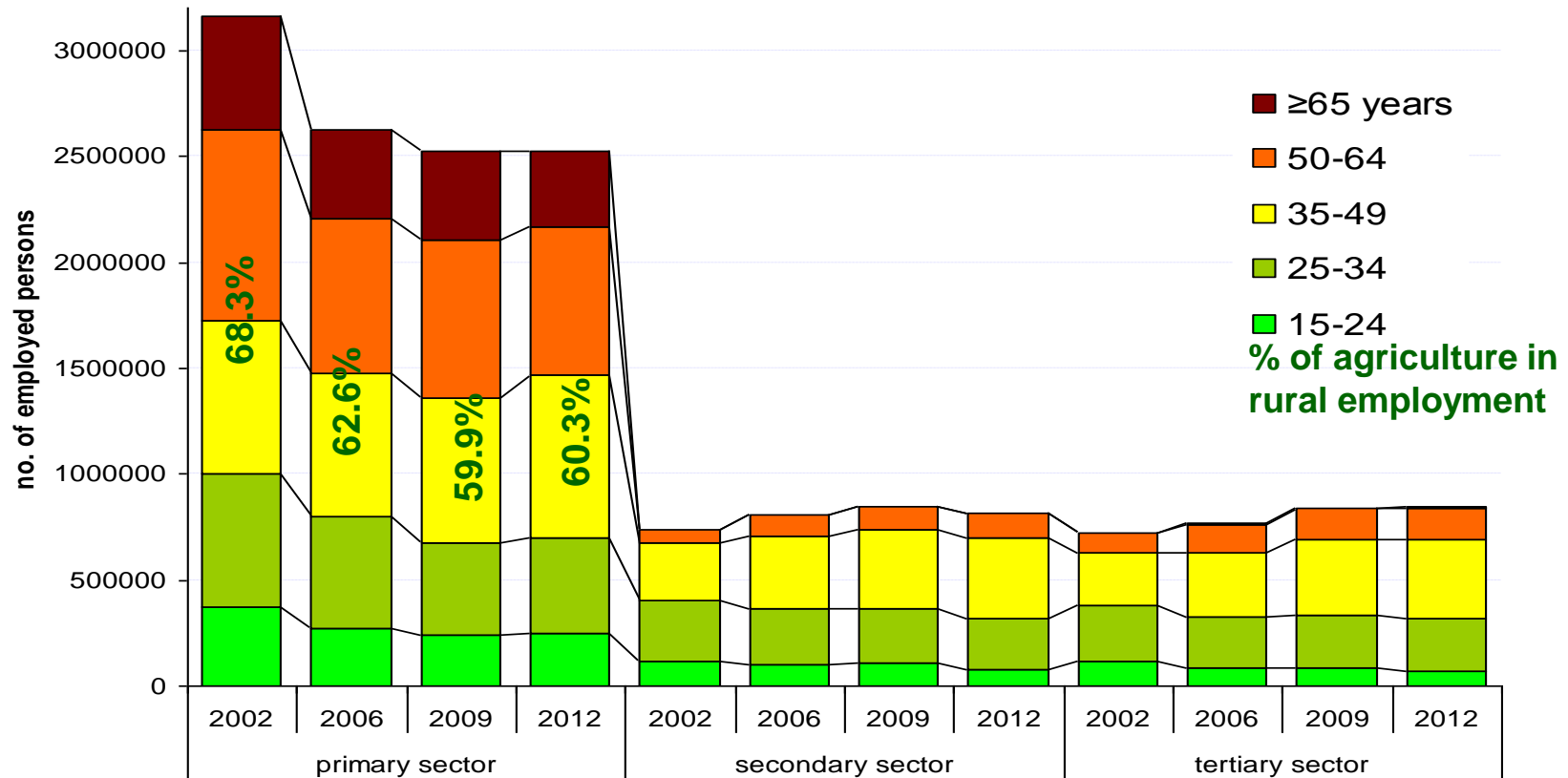
EU area



Activity and employment rates by age groups (25 – 34 years old)



Structure of rural employment by age and main activity sectors in Romania (2)



-60% of rural labour force is (under)employed in agriculture

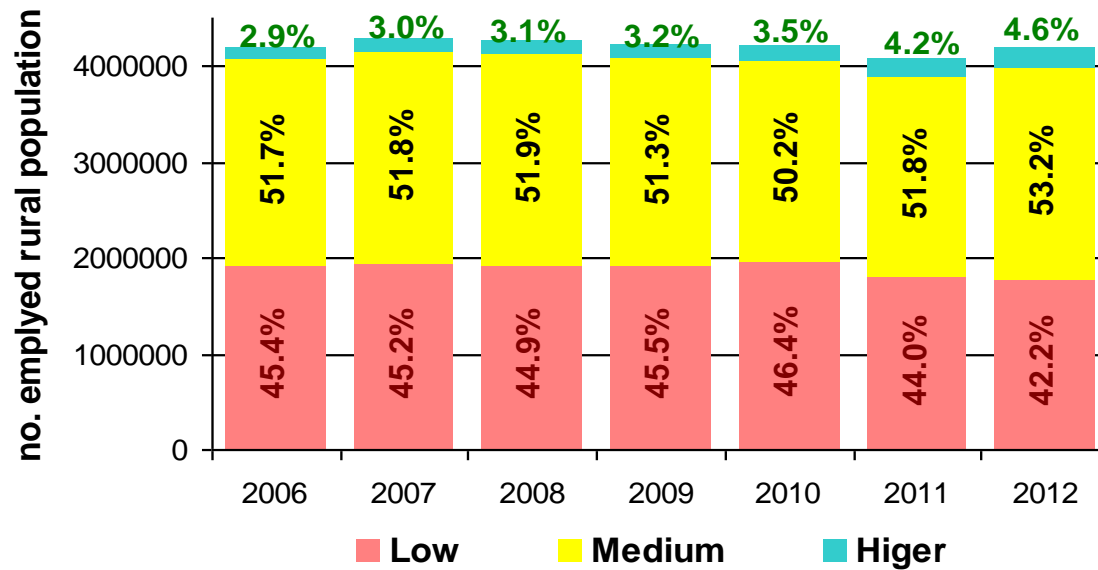
the average number of days effectively worked in agriculture by a person employed in this sector is 47 days/person/year (Agricultural censuses 2010)

- most of them perform agricultural work in their own household

only 1% are permanent employees

Labour force in rural Romania: educational trends (3)

Educational structure of employed rural population



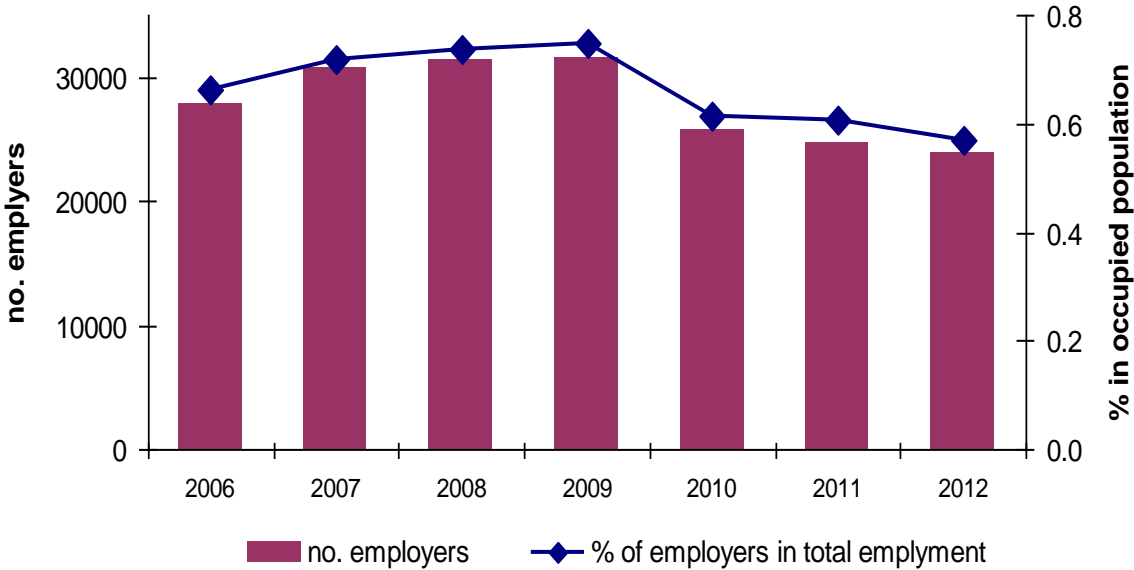
- educational structure of the rural employed population *slowly improved*
- more than 42 % of the employed population continued to have a low educational training (graduates of maximum 8 years of school)
- the increase of the number of employed with higher education reveals the appetite of the rural business environment for adopting production techniques and technologies with a higher technological level

Entrepreneurship in rural areas

*WHO are the business
innovators ?*

Entrepreneurship in rural Romania (1)

Rural entrepreneurship dynamics in rural Romania



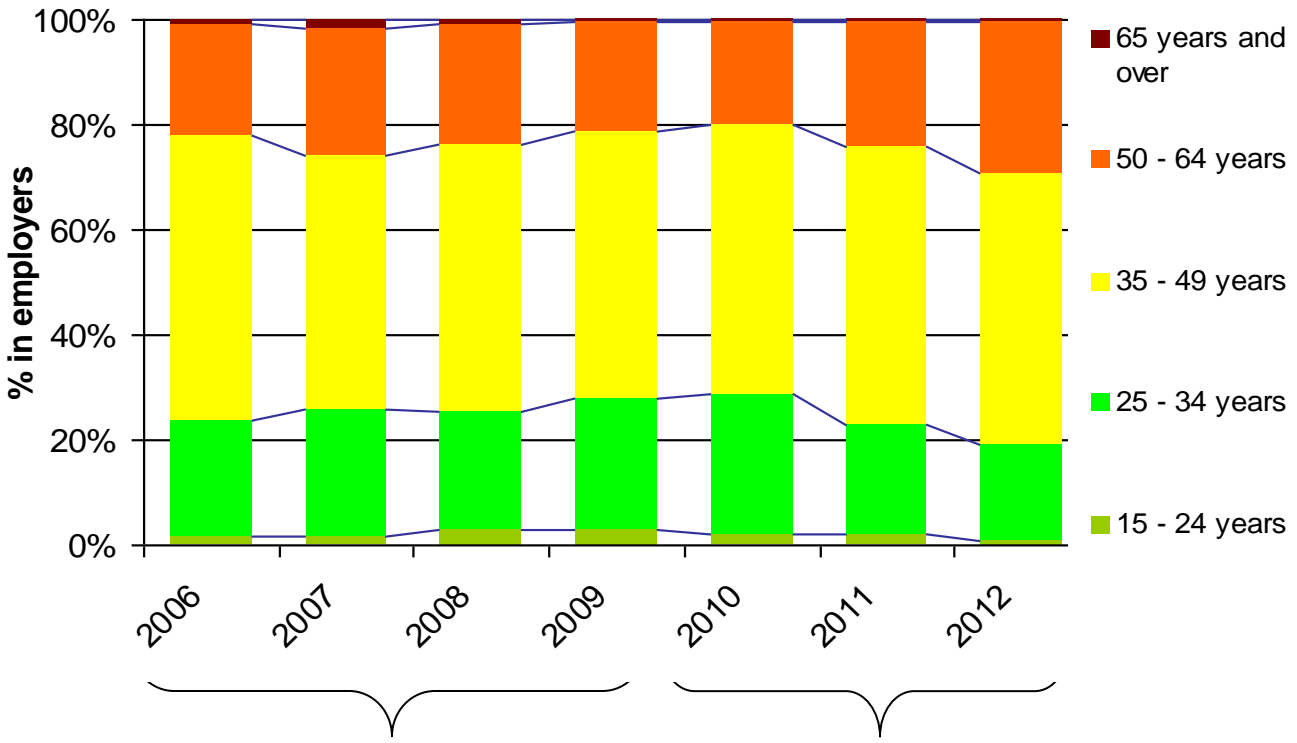
With 2.5 employers/1000 rural inhabitants in 2012, the number of private rural businesses is still far to be sufficiently high so as to determine a steady and sustainable economic growth in the long run

after EU accession (2007-2009)
Increasing trend for:
- positive perception of the new business opportunities
- assuming the risks of a new business initiation
- capacity to fructify the local business opportunities

during the economic crisis (2009-2012)
- demand contraction
-24% of the rural employers withdrew from business

Entrepreneurship in rural Romania (2)

The dynamics of rural employers structure by age in Romania



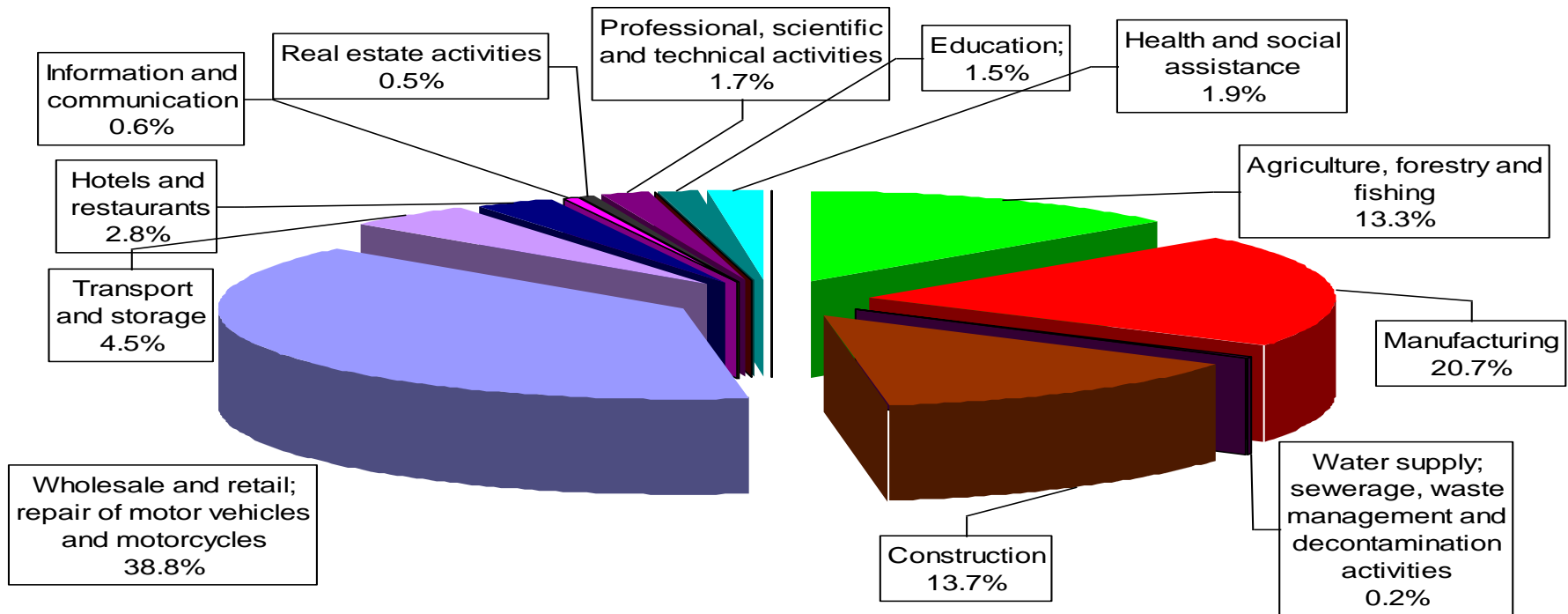
after EU accession (2007-2009)
- accelerated rejuvenation of the employers

during the economic crisis (2009-2012)
- entrepreneurs who succeeded in keeping their business alive were older people, with greater experience in business

Entrepreneurship in rural Romania (3)

Structure of rural entrepreneurial initiative in Romania, by activity sectors in the year 2012 –

% in total number of employers



rural business structure - main characteristics

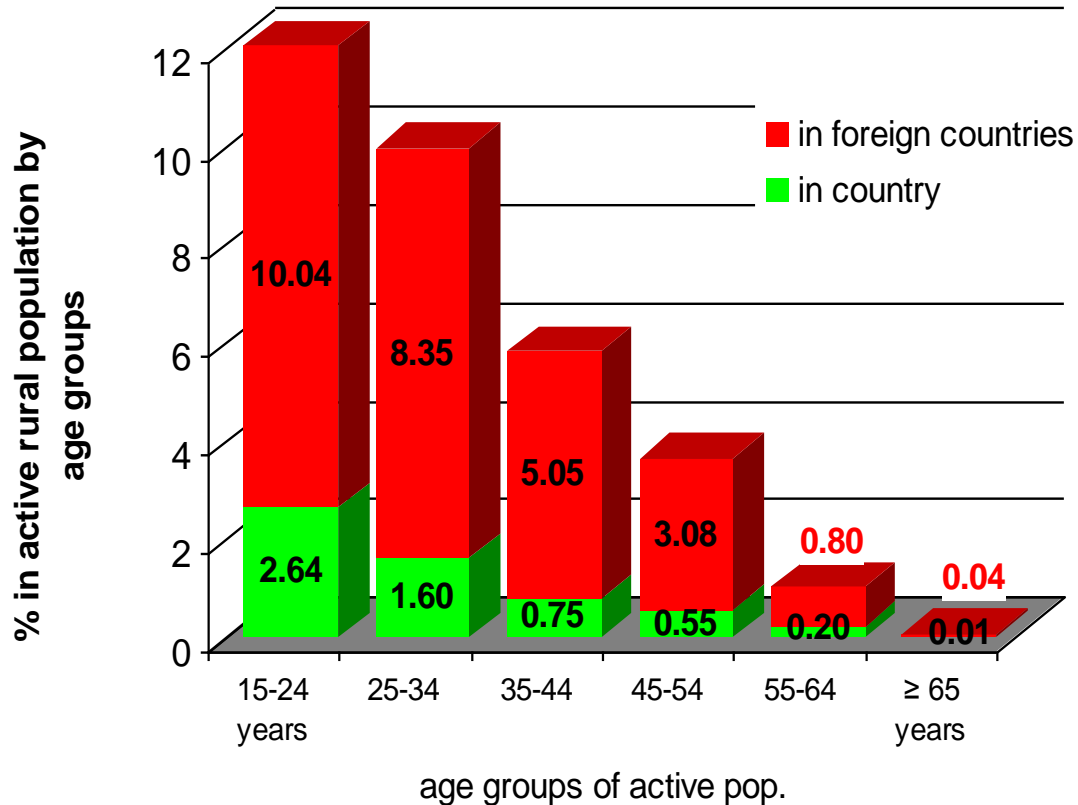
- low diversification
- being still deficient in the area of services (other than retail trade) which should facilitate the development of the enterprises in the primary and secondary sectors.

labour force availability in rural Romania

*WITH WHOM
EU 2020 ?*

Labour force availability in rural Romania (1)

Share of persons temporarily absent for work and business in rural active population by age groups, 2011

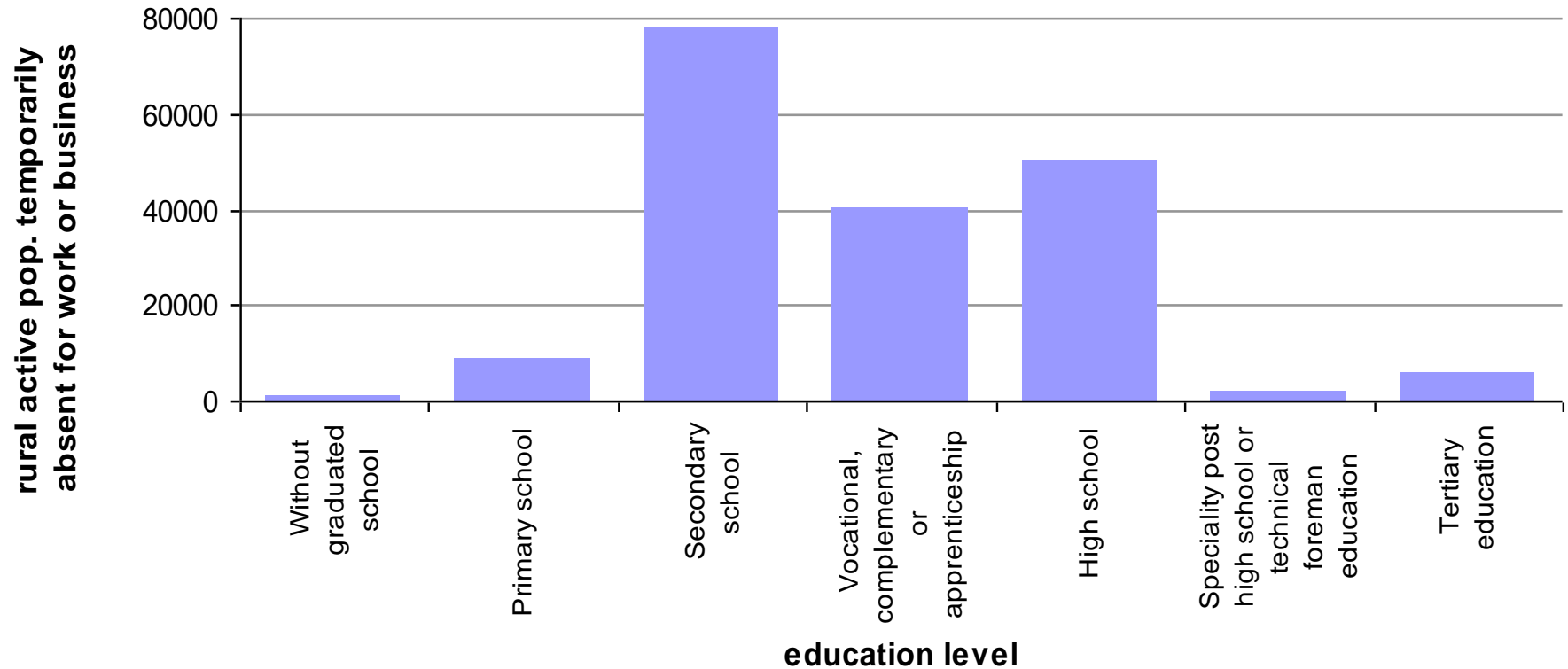


circulatory migration phenomenon for work (in Romania and abroad) results in a significant decrease of the young active population that **effectively** supports the labour force supply in rural area

out of the young active rural population aged less than 35 years, **11% are temporarily absent** being either involved in occupational arrangements in the towns or abroad, or looking for a job or left for business

Labour force availability in rural Romania (2)

The structure of rural population involved in temporary migration for work to foreign countries by educational level, 2011



Conclusions

There is a potential **deficit of labour force availability** in Romanian rural areas due to:

- labour force ageing
- low educational and training level (aggravated in the case of younger generation)
- external migration (of the young and better-educated people)



human capital seems to be more a limiting factor for a smart growth capacity at the level of rural economy

BUT could we be *smart* in other ways?

Conclusions (2)

YES!

Supporting the small farms to become providers of :

- public goods (*environmental* – green agriculture)
- agritourism services
- traditional agrifood products delivered through short channels
- ecological agricultural commodities
- green energy
- raw material for *slow food*
-etc.

actually "*greening*" could be one answer

**we must demonstrate only that we are *smart* enough
to turn the low level of development of Romanian rural area
in a comparative advantage**



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GUVERNUL
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Fondul Social
European
POSDRU 2007-
2013



Instrumente
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2007-2013



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ACADEMIA
ROMÂNĂ

Thank you !

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