



---

## The Rural Employment as a Factor of the Rural Development in Romania

Maria Vincze

“Babeş-Bolyai” University, Cluj-Napoca  
Romania

---



Romania is involved in a comprehensive transformation process of their agriculture. The farm restructuring programs differ in some aspects from the group of Central European countries. Romania applied partial restitution of land to the former owners and their heirs, generally within the original boundaries. The decollectivization was carried out through liquidation. At the start of the reform process policy makers in transition economies in Romania decided for physical restitution within original boundaries of the co-operative land, but upper limit of 10 hectares. The process has led to a structure where farmland ownership and farm operation are very different: there is many more farm owners than operators.

The land reform re-established peasant agriculture with a large number of small private farms. At the moment these peasant farms have a role in employing the rural population, offer an advantage income for urban landowners and contribute to production of food and food self-sufficiency.

The aim of our paper is to analyze the development of rural employment situation in Romania as a consequence of reform process of economy, and specially of restructuring of the agriculture. At first we present the general rural employment situation in Romania, the structure of rural employment by professional status and by activities of national economy. We are interested more about the nonfarm sector employment of rural inhabitants. In the second part are presented the results of an empirical study realized in the nine Transylvanean villages, in the one thousand households.

In Romania the rural labour force is growing, but opportunities for job are not keeping

pace. At present situation, the large-scale urban industries are unlikely to absorb the increasing labour force. The quarterly household labour force survey on April-June 1998 shows, that 6.06 mil persons, which represents about 51 percentage of the active population of Romania, live in rural medium. Romania presents a specific case compared with the other Central-Eastern European countries, as agriculture's part in employment and GDP has increased since the transition. This is mostly the result of farm restructuring, based on the redistribution of land. The redistribution has led to a high fragmentation of land ownership, with negative effect on agricultural productivity, but it has also played a positive social role. Food security improved and the reliance of a greater number of people on agriculture contributed to keeping social tensions low at the beginning of transition. The average rural incomes are lower than urban incomes and the rural population is suffering from insufficient and inadequate infrastructure (communication networks, water supply) and services (education, health), but the food consume is higher in rural medium.

The present structure of rural employment by professional status and by activities of national economy is presented in Tab. I

VINCZE

Table 1. The structure of rural employment by professional status and by activities of national economy (Q.II 1998)

Branches	Total employment	Employee	Employer	Self-employed and unpaid family worker	Member of an agr. Holding or a cooperative
<b>Total Rural</b>	<b>5,904.4</b>	<b>1,749</b>	<b>21.7</b>	<b>4,090.7</b>	<b>42.2</b>
	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Agr. sylvic.	4,283.1	254.3	*	3,984.6	40.2
Forestry	72.5	14.5		97.4	95.3
Fishery	6.1	5.4	—	*	—
	<i>0.1</i>	<i>0.3</i>			
Mining	107.2	106.4	—	*	—
	<i>1.8</i>	<i>6.1</i>			
Manufacturing	521.9	494.5	2	25.5	—
	<i>8.8</i>	<i>28.3</i>	<i>9.2</i>	<i>0.6</i>	
Electric thermal energy, gas, water	48.1	47.7	—	*	—
	<i>8.1</i>	<i>2.7</i>			
Construction	138.2	123.3	—	14	*
	<i>2.3</i>	<i>7.0</i>		<i>0.3</i>	
Trade	211.7	159.5	13.4	38.7	*
	<i>3.6</i>	<i>9.1</i>	<i>61.8</i>	<i>0.9</i>	
Hotels, restaurants	31.7	28.7	2.1	*	—
	<i>0.5</i>	<i>1.6</i>	<i>9.7</i>		
Transport, store	119.5	107.5	2.5	8.8	—
	<i>2.0</i>	<i>6.1</i>	<i>11.5</i>	<i>0.2</i>	
Post and telecom.	38.6	38.6	—	—	—
	<i>0.6</i>	<i>2.2</i>			
Financial, banking, insurance	13.3	13.0	—	*	—
	<i>0.2</i>	<i>0.7</i>			
Real estate and other services	18.4	16.0	—	2.4	—
	<i>0.3</i>	<i>0.9</i>		<i>0.06</i>	
Public administration	143.1	143.1	—	—	—
	<i>2.4</i>	<i>8.2</i>			
Education	118.8	118.8	—	—	—
	<i>2.0</i>	<i>6.8</i>			
Health, social assistance	64.1	63.2	—	*	—
	<i>1.1</i>	<i>3.6</i>			
Other activities	40.5	29.6	—	9	*
	<i>0.7</i>	<i>1.7</i>		<i>0.2</i>	

Source: AMIGO, trim. II 1998, CNS

Employment population in the rural area are 5.9 million, from which 4.24 million (37.8 % of total) are employed in agriculture, sylviculture, forestry and hunting. The self-employed. Persons and the unpaid family workers in agriculture, represents 3.98 million person majority of them in the subsistence private farms with 2.4 ha average dimension, so part-time farming.

The rural nonfarm sector usually includes manufacturing, trade, construction, transportation, and services. Romanian data sources include income earned by rural family members not only in the local nonfarm sector but who commute to jobs in nearby cities too.

The percentage of rural workers employed in the nonfarm sector in Romania, on 1998 was 27.5%. The percentage of rural workers employed in the nonfarm sector varies from one country to another, for example on 1990 was 67% in Taiwan and 20% in China.

At the villages level the off-farm employment opportunities are limited, but to commute to urban areas to work is limited too. To be avoided deepening rural poverty is necessary to expand local nonfarm employment. Therefore, it is up to the more labour-intensive rural nonfarm sector to absorb excess labour, promote economic growth, and diversify income sources.

*The Rural Employment as a Factor of the Rural Development in Romania*

Our empirical study\* was realized in the Transylvanean villages. We have taken in study 9 communities from different regions:

1. The periphery villages, in which dominates traditional agriculture;
2. Core villages are those near the big urban centers with hopes of a rapid economic growth;

3. The industrial periphery villages are those from regions dominated by a heavy, requiring restructuring industry.

We have analyzed 1119 households on the bases of a complex questioner at June-July 1996.

First of all, I'll present information about the employment structure of interviewed persons. (Tab. 2.):

**Table 2. The employment of the interviewed persons**

	The type of region			
	Periphery	Core	Ind.periph.	Total
1. Not employee and not unemployed	255 67,1	228 61,6	232 62,9	715 63,9
2. Employees	113 29,7	129 34,9	108 29,3	350 31,3
3. Unemployed	12 3,2	12 3,2	29 7,8	53 4,7
4. No answer	—	1 0,3	—	1 0,1
<b>TOTAL</b>	<b>380</b> <b>34,0</b>	<b>370</b> <b>33,0</b>	<b>369</b> <b>33,0</b>	<b>1,119</b> <b>100,0</b>

Source: \*

More than one third of the interviewed from villages are employees and unemployed. The share of employees is bigger in core villages, while the share of unemployed is higher in industrial periphery villages.

I'd like now to present the structure of not employee and not unemployed persons (Tab.3)

**Table 3. The structure of not employee and not unemployed persons**

	The type of region			
	Periphery	Core	Ind.periph.	Total
1. Private farmer	29 11,4	6 2,6	19 8,2	54 7,6
2. Entrepreneur	8 3,1	15 6,6	23 9,9	46 6,4
3. Pensioners	142 55,7	145 63,6	124 53,4	411 57,5
4. Others	76 29,8	62 27,2	66 28,5	204 28,5
<b>TOTAL not employee and not unemployed</b>	<b>255</b> <b>35,7</b>	<b>228</b> <b>31,9</b>	<b>232</b> <b>32,4</b>	<b>715</b> <b>100,0</b>

Source:

\*

The share of private farmers is higher in periphery villages (11.4%) and more little in core villages (2.6%).

The share of the entrepreneurs is larger in industrial periphery villages than in periphery or core villages.

In the following lets look at information about employees by type of region (Tab.4):

VINCZE

Table 4. The location of employment

The location of employment	The type of region			
	Periphery	Core	Ind.periph.	Total
1. In the same place as where he lives	101 69,2	60 42,3	64 39,5	225 50,0
2. In another village	32 21,9	6 4,2	15 9,3	53 11,8
3. In a town	13 8,9	76 53,5	83 51,2	172 38,2
<b>TOTAL</b>	<b>146</b> <b>32,4</b>	<b>142</b> <b>31,6</b>	<b>162</b> <b>36,0</b>	<b>450</b> <b>100,0</b>

Source: \*

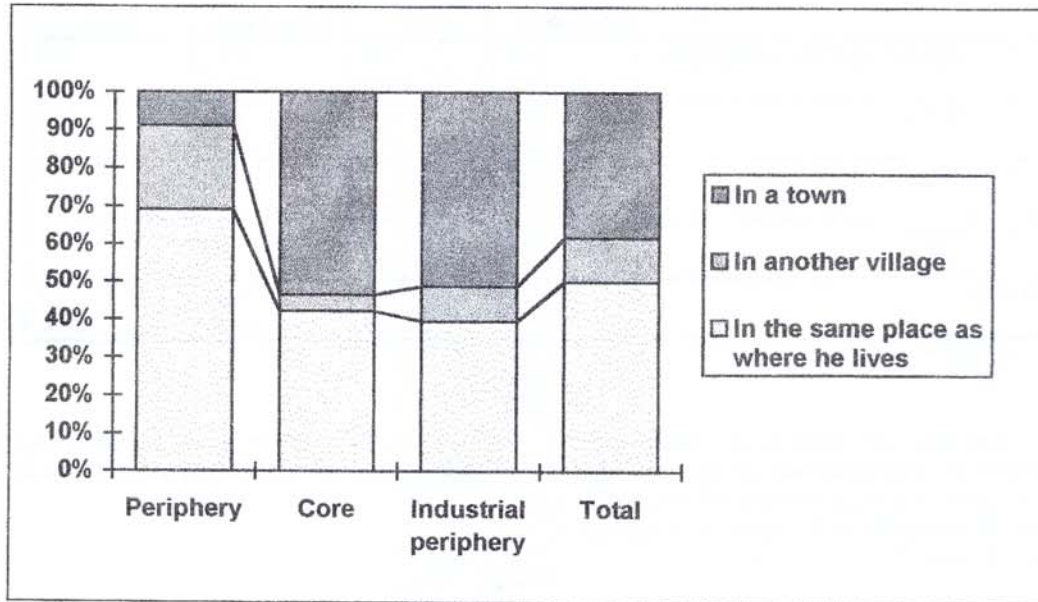


Figure 1. The location of employment.

The location of employment is different by type of region. The mobility of the rural workers is

low in the periphery villages and is relatively high in the case of the industrial periphery villages.

Table 5. The time of work

The type of work	The type of region			
	Periphery	Core	Ind.periph.	Total
1. Full-time	128 87,7	138 97,9	149 94,3	415 93,3
2. Part-time	18 12,3	3 2,1	9 5,7	30 6,7
<b>TOTAL</b>	<b>146</b> <b>32,8</b>	<b>141</b> <b>31,7</b>	<b>158</b> <b>35,5</b>	<b>445</b> <b>100,0</b>

Source: \*

The part-time occupation isn't characteristic in nonfarm sector at present. Evident for a commuting person will not be

solution to travel in town for a part-time job, but in the same place as where he lives would be.

Table 6. Average number of employees in the company

Number of employees	The type of region			
	Periphery	Core	Ind.periph.	Total
1. Less than 25	72	41	63	176
	49,7	28,9	39,4	39,4
2. 26- 50	27	16	18	61
	18,6	11,3	11,3	13,6
3. 51- 200	19	23	32	74
	13,1	16,2	20,0	16,6
4. 201-1000	22	24	23	69
	15,2	16,9	14,4	15,4
5. More than 1000	5	38	24	67
	3,4	26,8	15,0	15,0
<b>TOTAL</b>	<b>145</b>	<b>142</b>	<b>160</b>	<b>447</b>
	<b>32,4</b>	<b>31,8</b>	<b>35,8</b>	<b>100,0</b>

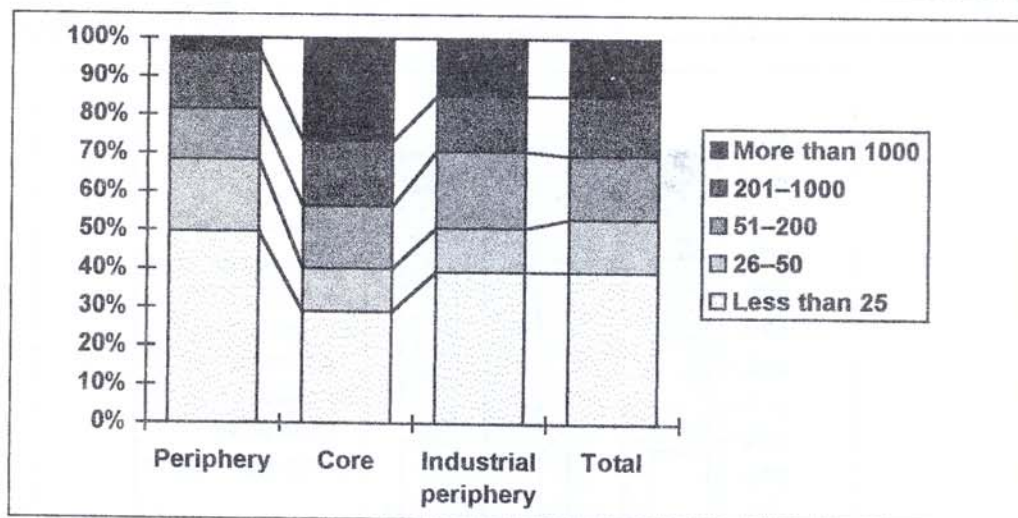


Figure 2. Average number of employees in the company.

The biggest part of employees is working in small-business. A large part of employees is working still in big factories in the core villages and less in the industrial

periphery villages. This means, that when starts the restructure process of big industrial company, many commuting persons will be affected by unemployment.

Table 7. The form of company

The form of company	The type of region			
	Periphery	Core	Ind.periph.	Total
1. Public sector	25 17.1	34 23.9	26 16.1	85 18.9
2. Non agric. State enterprise	45 30.8	66 46.5	84 52.2	195 43.4
3. Private enterprise	32 21.9	24 16.9	23 14.3	79 17.6
4. Trade unions, parties or NGO	—	1 0.7	1 0.6	2 0.4
5. Non-agriculture cooperative	16 11.0	5 3.5	13 8.1	34 7.6
6. Agric. Association	23 15.8	6 4.2	8 5.0	37 8.2
7. State farm	5 3.4	6 4.2	6 3.7	17 3.8
<b>TOTAL</b>	<b>146</b> <b>32.5</b>	<b>142</b> <b>31.6</b>	<b>161</b> <b>35.9</b>	<b>449</b> <b>100.0</b>

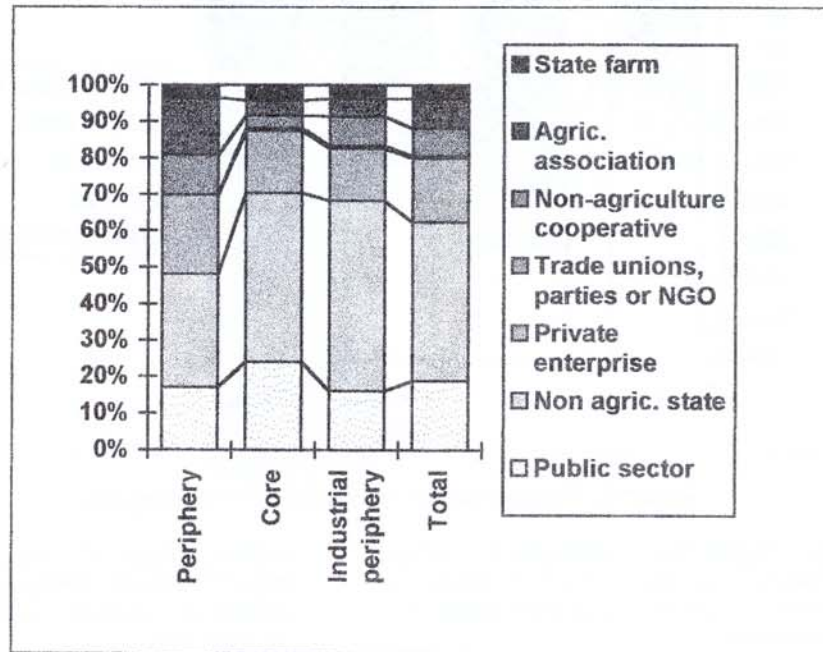


Figure 3. The form of company.

About the form of the companies we can emphasize the large share of industrial

state owned enterprises and relative less share of private enterprises.

Table 8. The sort of business of the company

The sort of business of company	The type of region			
	Periphery	Core	Ind.periph.	Total
1. Agric. and forestry	41 28,1	16 11,3	19 11,8	76 16,9
2. Construction	6 4,1	3 2,1	7 4,3	16 3,6
3. Post, telecommunications	9 6,2	11 7,7	14 8,7	34 7,6
4. Commerce	14 9,6	9 6,3	16 9,9	39 8,7
5. Heavy industry	14 9,6	24 16,9	28 17,4	66 14,7
6. Textile and food Ind.	20 13,7	37 26,1	26 16,1	83 18,5
7. Local Adm., health, education, culture	21 14,4	31 21,8	34 21,1	86 19,2
8. Household and personal services	2 1,4	4 2,8	11 6,8	17 3,8
9. Other	19 13,0	7 4,9	6 3,7	32 7,1
<b>TOTAL</b>	<b>146</b> <b>32,5</b>	<b>142</b> <b>31,6</b>	<b>161</b> <b>35,9</b>	<b>449</b> <b>100,0</b>

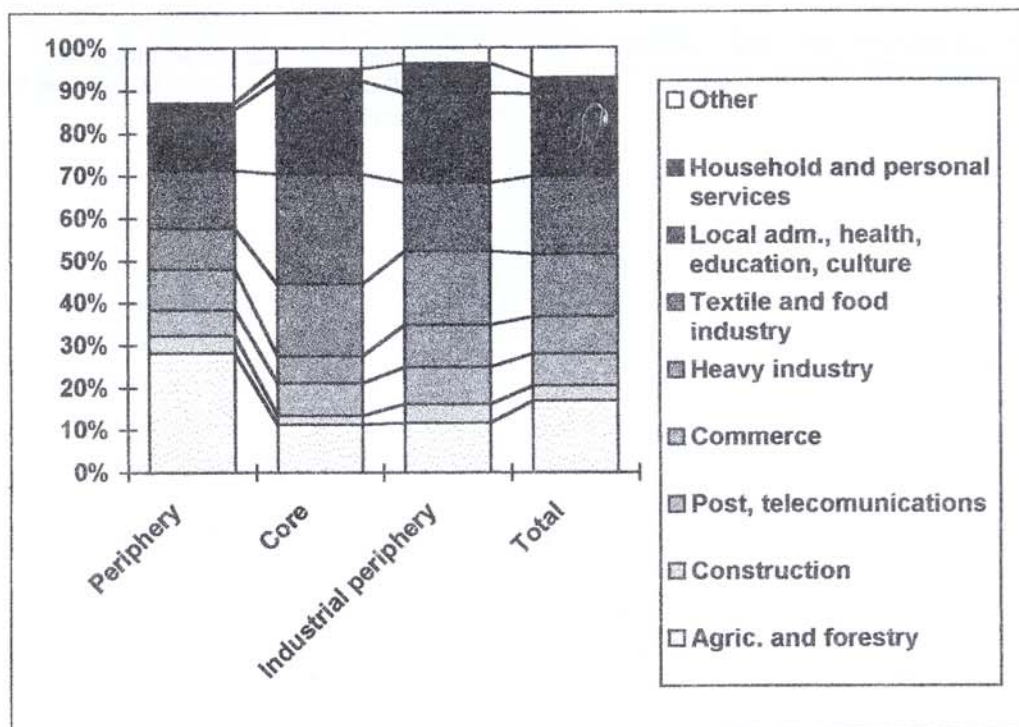


Figure 4. The sort of business of the company.

The sort of business of companies for which they work engaged in, are the most sensitive to restructure, so heavy industry and agriculture.

The study show too, that geographical mobility is low; the flexibility of unemployed rural population is absent, scared of the risk of business, etc. It is clear that the fear of business is not only the money problem, but one of them is the mentality of rural population.

### General conclusions

1. Macroeconomical environment is unfavorable for rural development;
2. Agriculture remains for medium-term the buffer for unemployment;
3. At present Romanian agriculture is not intensive, but on the other hand is not extensive, especially in the use of the land;
4. The commuter employees are affected by the restructuring process and increase the registered and the hidden unemployment from the rural area, especially in the core and the industrial periphery villages;
5. At present economic and social situation, the poverty is unfavorable for the extension of rural

entrepreneurship, for expanding of the nonfarm sector;

6. The use of market economy mechanism is inefficient in condition when the majority of households are subsistence-farms, without market orientation;

7. The low organizational level of rural population make more difficult the realization of partnership between the main actors of economy: producers, consumers and government;

8. In conditions of liberalization and privatization, in particular in compulsion of monetary policy measures, could appear more commercial agriculture farms and non-agriculture private enterprises.

The changes in the rural economy since 1989 meant that policy-makers are now confronted with calls for a policy, which embraces the economic, social and environmental aspects of rural development.

\* This research was undertaken with support from the European Commission's PHARE ACE Program NR. 94-0598 R: "Agricultural Restructuring and Rural Employment in Bulgaria and Romania"  
Coordinator: Ph.D. Nigel SWAIN, The University of Liverpool, U.K.