

## Agricultural Sector Human Capital Remuneration Development Within the Third Millennium

Mihaela Țifui<sup>1</sup>

<sup>1</sup>*The Bucharest University of Economic Studies, Bucharest, Romania.*

E-mail: [tifui.mihaela93@gmail.com](mailto:tifui.mihaela93@gmail.com)

---

**Please cite this paper as:**

Țifui, M., 2021. Consumers' Agricultural Sector Human Capital Remuneration Development Within the Third Millennium. In: R. Pamfilie, V. Dinu, L. Tăchiciu, D. Pleșea, C. Vasiliu eds. 2021. *7th BASIQ International Conference on New Trends in Sustainable Business and Consumption*. Foggia, Italy, 3-5 June 2021. Bucharest: ASE, pp. 172-176  
DOI: 10.24818/BASIQ/2021/07/022

---

### Abstract

Performance of the agricultural sector recorded a lower level. Lack of competitiveness is reflected by low productivity, low economic growth and a shortage of food trade balances, given that agriculture and food industry fail to keep pace with the rising food demand, driven by overall economic growth is fast and can not face foreign competition, particularly from UE. Poverty incidence is considerably higher in rural areas and among employees in agriculture. In recent years, the Romanian economy has improved and poverty has declined too. Although there has been significant progress in reducing absolute poverty benefits of the new wave of growth do not reach all segments of the population.

We therefore performed a quantitative analysis of national economic and financial developments in the agricultural sector. I started with the primary analysis of import and export trade to highlight the ability of the agricultural sector, then we continued with the analysis of human factor earnings. Finally, we reported our research strategies to be implemented at European Union level.

### Keywords

human factor, agriculture earnings, trade capacity, competitiveness.

DOI: [10.24818/BASIQ/2021/07/022](https://doi.org/10.24818/BASIQ/2021/07/022)

---

### Introduction

Human capital is the accumulation of knowledge, habits, social and personal qualities, including creativity, involved in the ability to work, which in turn leads to the production of material goods and services (Goldin, 2014).

The theory of human capital is approached in close connection with the study of human resource management, also being found in the practice of business administration and macroeconomics

In the recent literature, the new concept of human capital needed to accomplish a particular task was theorized in 2004 by Robert Gibbon, a professor and economist at the Massachusetts Institute of Technology (MIT), and Michael Waldman, a professor and economist at Cornell University.

The concept emphasizes that in many cases, human capital is accumulated depending on the nature of the task (or the skills needed to perform a task), and can be used in several companies that require transferable skills (Gibbons and Waldman, 2004).

Under the National Rural Development Programme 2014-2020 - Fourth version, December 2017 Romania enjoys a significant growth potential, but unused. With a total area of 238 thousand km<sup>2</sup> and a population of over 21 million inhabitants, Romania is the largest, the second new member of the European Union after Poland.

Therefore, it represents 6% of the total EU and 4% of its population. Investment and competitiveness in Romania are still issues to be improved to be able to accelerate economic growth and ensure income convergence with the EU.

**Methodology**

For this I used calculation and evaluation methods (quantitative and qualitative determinations of the studied phenomena), statistical research methods and methods for comparative determination of indicators.

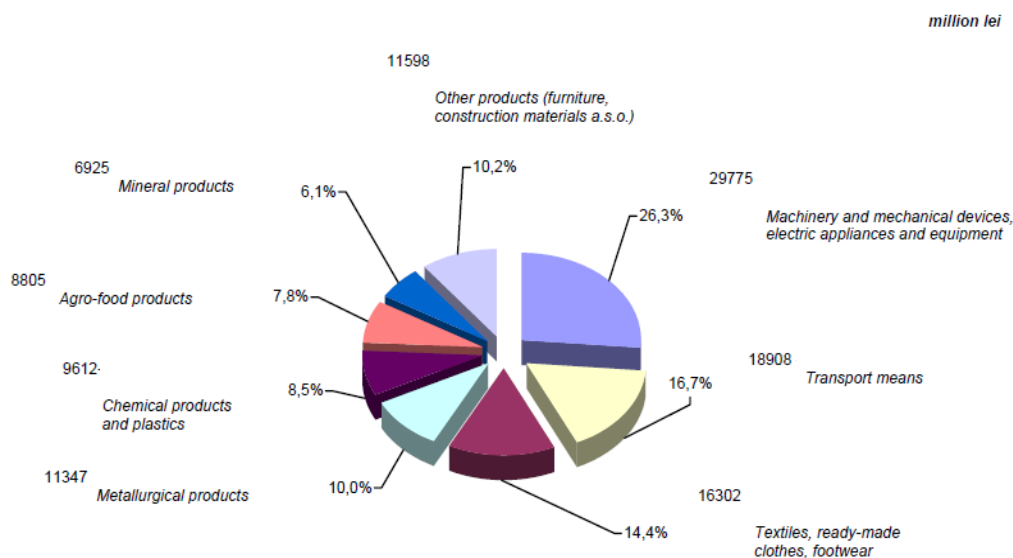
**Economic and financial analysis of the agricultural sector in terms of imports and exports**

The main component in the sphere of material production, agricultural industry as a major contribution is reflected in GDP growth but also growth in general. Its development is in close interdependence with other components of the national economy but which is delimited.

Look out below in terms of agricultural market development approaches economic statistic on the importance of agriculture in Romania's macroeconomic structures.

During 1.I-30.XI 2017 FOB exports amounted to 113.2724 billion lei (26.7103 billion euros). Compared with the corresponding period of 2016, exports decreased by 2.5% to values expressed in lei (15.9% in value in euro).

According to statistics published by the National Institute of Statistics, the structure of exports during 1.I-30.XI 2017 was as follows:



**Figure no. 1. Export structure 1.I-30.XI 2017**

Source: INSSE, 2017

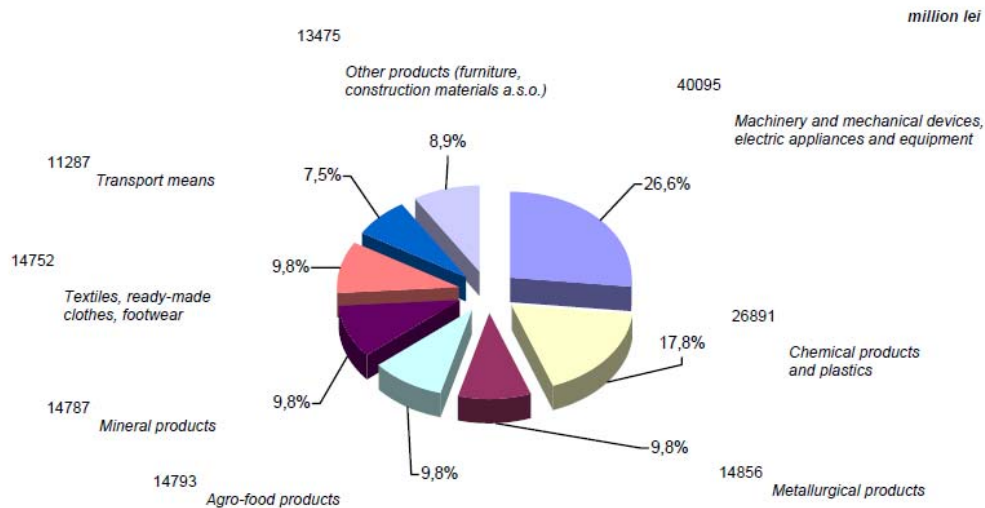
In November 2017, exports FOB value was 11.7941 billion lei (EUR 2.7497 billion), higher than November 2016 to 22.2% in lei (7.0% at values expressed in euros).

Partner countries holding the top 10 places for exports during 1.I-30.XI 2017 (representing 67.8% of total exports) were: Germany (19.2% of total exports), Italy (15.4%), France (8.2%), Turkey (4.9%), Hungary (4.3%), Bulgaria (3.8%), United Kingdom of Great Britain and Northern Ireland (3.4%), Netherlands (3.2%), Spain (3.0%), Austria (2.4%).

Regarding agricultural markets see exports falling at a rate of 7.8% (along with other relevant products low in the other 7 parts without large sectors of industry). The percentage of 7.8% was EUR 8.805 billion.

During 1.I-30.XI 2017 CIF imports amounted to 150.9358 billion lei (35.5981 billion euros). Compared with the corresponding period of 2016, imports decreased by 23.2% to values expressed in lei (33.7% in value in euro).

According to statistics published by the National Institute of Statistics, the structure of imports during 1.I-30.XI 2017 was as follows:



**Figure no. 2. Import structure 1.I-30.XI 2017**

Source: INSSE, 2017

Partner countries holding the top 10 places for imports during 1.I-30.XI 2017 (representing 68.3% of total imports) were: Germany (17.3% of total imports), Italy (11.8%), Hungary (8.4%), France (6.2%), China (4.8%), Austria (4.8%), Netherlands (3.8%), Turkey (3.8%), Russian Federation (3.8%), Poland (3.6%).

In November 2017 CIF imports were 15.3559 billion lei (3580.0 million), lower value compared to 5.8% in November 2016 in lei (17.7% of the values expressed in euros).

Regarding agricultural market noted that imports falling at a rate of 9.8% (along with other relevant products in the other 7 low in thin large industrial sectors). The percentage was 9.8% EUR 14.793 billion.

Commercial deficit FOB-CIF during 1.I-30.XI 2017 was 37.6634 billion lei (EUR 8.8878 billion), with 42.5414 billion lei (EUR 13.0586 billion) lower than 1 period . I 30.XI 2016.

### Analysis of human capital remuneration in agricultural area

On household income, it varies from one household to another, such as average rural income / person per month is about 95 euros, while in urban areas is set around the amount of 135 Euros. Income to rural households, derived primarily from agricultural production and provide about 45% of total income, while in urban areas at a rate of 61.1% comes from wages. Average revenue from non-agricultural activities at household level was in 2005, approximately 12 per month representing only 4.1% of revenue. And in 2018 reached a rate of 1940 RON, approximately 461.90 euros. What marks a significant increase.

Monthly income of farmer households is usually smaller than those of ordinary rural households.

Performance of the agricultural sector recorded a lower level. Lack of competitiveness is reflected by low productivity, low economic growth and a shortage of food trade balances, given food and fail to keep pace with the rising food demand, driven by rapid overall economic growth and cannot cope foreign competition, particularly the EU.

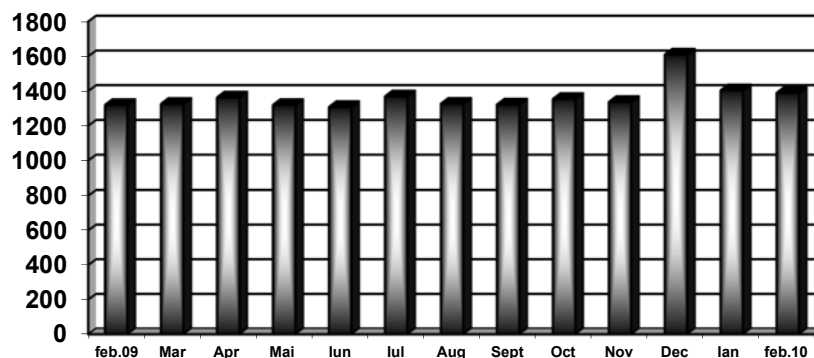
Poverty incidence is significantly higher in rural areas and among employees in agriculture. In recent years, Romanian economy and poverty has declined too. Although there has been significant progress in reducing absolute poverty benefits of the new wave of growth do not reach all segments of the population.

**Table no. 1. Current status of agricultural wage**

Category	Average earning in February 2018			
	GROSS		NET	
	LEI	% From January 2018	LEI	% From January 2018
Total Economy	1940	98,6	1411	98,9
Agriculture, forestry and fishing	1389	98,9	1026	99,3
Agriculture, hunting and related services	1351	97,3	999	97,8
Forestry and logging, fishing and aquaculture	1471	102,2	1084	102,6

**Table no. 2. Wage developments in agriculture**

	Feb 2017	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb 2018
Total Economy-GROSS	1863	1922	1930	1855	1887	1901	1845	1860	1881	1866	2023	1967	1940
Agriculture, forestry and fishing	1320	1326	1363	1320	1308	1369	1327	1322	1354	1337	1610	1404	1389
Agriculture, hunting and related services	1250	1249	1260	1226	1228	1280	1239	1241	1263	1237	1314	1388	1351
Forestry and logging, fishing and aquaculture	1457	1482	1570	1518	1479	1565	1523	1503	1551	1536	2196	1439	1471



**Figure no. 3. Evolution of the group earnings in Agriculture, forestry and fishing**

Increased participation and employment rates in rural areas mask hidden unemployment. Participation rate in rural areas exceeds the 5-10% level in urban areas in 2002-2005, though it falls on a downward curve. Convergence between rural and urban participation rates was a consequence of the aging rural population constant and increased attractiveness of the labor market in urban space. Employment rate in rural area and beyond it, with a significant percentage on the urban area, resulting in an unemployment rate much lower than the rural-urban.

To guide our efforts and progress, there is broad consensus that the EU should agree on a limited number of key objectives for 2020. These objectives should be representative for the prospect of smart growth, sustainable and inclusive.

Objectives must be measurable, capable of reflecting the diversity of situations in member countries and based on sufficiently reliable data to allow comparisons. The following targets were selected on this basis - their performance will be key to our success of 2020, including a wide number of citizens living below the national poverty threshold should be reduced by 25%, which would mean removing more than 20 million people in poverty and employment rate of people aged 20 and 64 years should increase from the current 69% to at least 75%, including through greater involvement women, older workers and a better integration of migrants in the labor market.

These objectives are interrelated. For example, providing higher levels of education promote employability and recording progress in terms of increasing the employment rate of workers contribute to poverty reduction.

### **Conclusions**

Overall increase European exporters will provide new opportunities and competitive access to essential imports. Must use all instruments of external economic policy to stimulate growth in Europe through our participation in open and fair markets worldwide. This principle applies to the external aspects of our various internal policies (e.g. energy, transport, agriculture, research and development), but applies, in particular, trade and international macroeconomic policy coordination. An open Europe, operating in a regulated internationally, is the best way to exploit the benefits of globalization, which will enhance growth and employment. At the same time, Europe must make its presence felt on the international scene in a more effective, assuming a leading role in shaping future global economic order and pursuing European interests through active use of all instruments at our disposal.

Therefore, Romania has to align with European standards in this area further than this to succeed to the crisis.

### **Contribution**

This project aims to contribute to a wide range of initiatives at EU level taking part and inter-institutional collaboration exercises. It has supported better informed decision, making, finding gaps in knowledge, facilitating vulnerability assessments and suggesting methodologies for enhancing preparedness to the human capital remuneration development within the third millennium.

### **References**

- Cramer, G.L., Jensen, C.W. and Southgate, D.D., 2001. *Agricultural economics and agribusiness*. 8th ed ed. New York: John Wiley.
- Crecana, C. and Cojocaru, C.C., 2004. *Analiza rentabilitatii intreprinderilor mici si mijlocii din agricultura Romaniei in contextul dezvoltarii durabile*. Bucheste: A.S.E.
- Comisia Nationala de Strategie si Prognoza, 2017. *Comisia Nationala de Strategie si Prognoza/REQUESTED\_MODULEREQUESTED\_SECTION*. [online] Available at: <[https://www.cnp.ro/user/repository/prognoza\\_2017-2014](https://www.cnp.ro/user/repository/prognoza_2017-2014)> [Accessed 17 Apr. 2021].
- Gibbons, R. and Waldman, M., 2004. Task-Specific Human Capital. *American Economic Review*, 94(2), pp.203–207.

- Goldin, C., 2014. Human Capital. [pdf] Available at: <[https://scholar.harvard.edu/files/goldin/files/human\\_capital\\_handbook\\_of\\_econometrics\\_0.pdf](https://scholar.harvard.edu/files/goldin/files/human_capital_handbook_of_econometrics_0.pdf)> [Accessed 10 March 2021].
- Hudson, D., 2007. *Agricultural markets and prices*. Malden, Mass.: Blackwell.
- Iordache, D.M. and Parpala, O., 1978. *Utilizarea eficienta a fortei de munca din agricultura*. Bucharest: A.S.E.
- Oancea, M., 1996. *Tratat de agricultura*. Bucharest: Ceres.
- Pana, V. and Costescu, M., 1994. *Pamantul si folosirea lui in agricultura*. Bucharest: Ceres.
- Popescu, G., 2007. *Cooperarea in agricultura, de la piata funaciara la transferul de cunoastere*. Bucharest: Terra Nostra.
- Radulescu, C. and Costache, S., 2002. *Modernizarea mecanizarii in agricultura*. Bucharest: A.S.E.
- Rusu, G. and Angelescu, C., 2004. *Studiu comparativ al creditelor pentru agricultura*. Bucharest: A.S.E.
- Toderoiu, F. and Zahiu, L., 1998. *Optimizarea utilizarii resurselor materiale si umane in agricultura*. Bucharest: A.S.E.