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Human capital and rural multifunctionality - a territorial overview – Romania's case²⁵

Abstract: *The assumption of the multifunctional character of the rural area implies the multiplication of roles that this territory has in the society. The new roles (ecologic, socio-cultural, etc.) are assumed as far as the rural society perceives their importance, as well as the benefits generated by this new vision. The rural society should be able to fructify the new opportunities (new occupations, funding sources) resulting from assuming the new roles. The initial assumption was that the driving force of the change of vision is the human capital. Its characteristics, from the demographic aspect, to the educational and occupational characteristics and ending up with the psychological and perception characteristics with regard to the rural community future, can represent constraints or catalysts in assuming the multifunctional character of rural areas.*

Keywords: *rural multifunctionality, human capital, territorial disparities, Romania*

Introduction

The rural area is a multifunctional space and it should be treated as such. The experience has shown that things are going well when the human activities are integrated into a unitary concept, that is if the possibilities and needs of the ecosystem are into consideration when a water management is designed or a certain agricultural production is envisaged (Rodriguez et al. 2004). All this specific knowledge, meant to ensure the community survival in a certain rural area, used to be transmitted from father to son. But in the second part of the twentieth century, the unisectoral development concept was practiced, and very many specialists emerged in certain sectoral fields, the so called “specialist specialists”, yet the “generalist specialists” were absent, who might have had the capacity to synthesize the different sectoral development trends. As

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the reciprocal influences in the case of river management, agriculture, forestry have not been taken into consideration, many conflict situations emerged with an adverse impact upon the landscape and the ecological system. The community life itself went through radical changes, and this situation was neither investigated nor taken into consideration. This had serious consequences (too little analyzed until the present moment), as the communities identified themselves with the landscape, shaping each other, not only the landscape being shaped by the community, but also the community character being shaped by the landscape. (Hajdu 2008; Hadyńska and Hadyński 2005)

Thus, the most important conclusion and recommendation would be that each community (of course, we must take into account the traditional communities and not necessarily the present communes, which, in many cases have been artificially created) should identify its own (natural and human) resources and project its future development on the basis of these resources. In this way, a Romanian farmer, who is involved only in traditional farming, could be easily assimilated to an organic farmer with a radical vision from Western Europe. Of course, the putting into value of the obtained production, as well as of the whole rural area (for example through eco-tourism) is more complicated, but the building up of the whole system will be possible only if we maintain the solid foundation that we have (Popescu 2001).

For this purpose, the **European Agricultural Fund for Rural Development (EAFRD)** has as **objective** under Axis III (“Life quality in the rural areas and rural economy diversification”) The development of multifunctional rural area through the support to off-farm economic activities on the agricultural household, and in general, to the economic activities in the rural area with the goal to:

- increase the additional incomes of the subsistence and semi-subsistence farms on the basis of off-farm activities;
- create job opportunities in the rural area
- best use of the local potential
- reduce the rural area depopulation
- create services for the rural population
- best use of the renewable energy production potential
- develop the rural tourism
- promote the entrepreneurship.

All these objectives will remain only desiderata in rural Romania if they are not supported by the human capital through which and for which they should be put into practice.

Approach and methodology

The multifunctional character of the rural area implies the multiplication of roles that this territory has in the society. The new roles (ecologic, socio-cultural, etc.) are assumed as far as the rural society perceives their importance,

as well as the benefits generated by this new vision. The initial assumption was that the driving force of the change of vision is the human capital. The human capital characteristics, from the demographic aspect, to the educational and occupational characteristics and ending up with the psychological and perception characteristics with regard to the rural community future, can represent constraints or catalysts in assuming the multifunctional character of rural areas.

In the present study, from the many dimensions describing the characteristics of the human resources, only those are selected that exercise the greatest influence upon the assumption and internalization potential of the multifunctional character of the rural area:

- *The average age of the population in the sample* – represents an important predictor of the opening towards the occupational diversification of the rural communities, as a younger population has a higher openness degree towards innovation, a greater occupational mobility and a greater openness to the requalification.
- *The share of households with dependent children* – as indicator reflecting the demographic regeneration potential and through this, the continuity opportunity at community household level.
- *The population ageing index* – calculated as a ratio of the number of persons over 60 to those up to 14 years old, reflects the demographic regeneration potential at the overall community level. The values larger than one of this index induce great risks of decreasing the number of the population in the commune, which is similar to a contraction of the demand on the local markets for goods and services, making the respective micro regions less attractive for investments.
- *The average number of schooling years* – reflects the population's training level in the investigated communes; a higher level of this reveals a greater opportunity for the respective community to attract new investments, as the available labour at community level benefits from a higher educational level, which results in a higher adaptability and the possibility to get professionally requalified and reoriented more easily.
- *The active population employment rate* – calculated at community level as a ratio of the employed population to the population of working age (15-64 years) reveals to what extent the active population gets involved into economic activities generating welfare at household level and consequently also at community level. A low employment rate clearly signals out the need to implement new investments that should create jobs at local level.
- *The occupational structure* – indicated by the share of the main economic activities (agriculture, agro-processing industry, industry – constructions and services) in total employed population in samples reveals the diversification of the local economic activities. This indicator (partially) indicates whether the rural communities are or are not following a multifunctional development path. In this way, a high share of labour employed in the primary sector of the economy can be associated to a weak internalization of the

multifunctional development principles. As the importance of employment in the secondary and tertiary sectors of the local rural economy is growing, assuming the multi-functional character of the rural areas is easier, because the communities are already following this path.

- *Labour renewal index* – calculated as ratio of the population aged 15-29 years to the population aged 33-44 years. As it compares the young labour force volume, at the very beginning of active life, to the volume of adult labour, this index highlights the trend in the evolution of labour available for the future. A ratio larger than one reveals the growth opportunity of the young labour force available on the local market, which favour the attraction of investments in alternative economic activities. By contrast, the more the ratio tends to zero, the higher the contraction risk of the available labour at community level.
- *The share of households with members who left the locality for a job* – reflects the occupational mobility of the rural household members. The occupational mobility is a good predictor for diversification of the economic activities and mainly for the multiplication of the income sources at household level. A high occupational mobility is the sign of a greater openness towards understanding and accepting new ideas and practices in the field of professional life. It also means the courage to face the challenges of a new business environment. The occupational mobility ensures the premises for enlarging the technical horizon and the methodological instruments with which they are operating in the rural economy by taking over new working and managerial methods and techniques from the destination place of the occupational migration.

As the development of the rural area's multifunctionality is put into practice through the support provided to off-farm economic activities (AXIS 3 - EAFRD), we consider that the diversity of the potential economically exploitable resources also becomes a stimulating factor in the rural economy diversification. This is the objective reason for which in this study we opted for capturing the present disparities between the communes located in the three important geographical areas (mountain, hill, plain). The goal of this geographical approach is to investigate:

- To what extent the human resources are able to multiply the multifunctional development of the rural areas that benefit from a great diversity of the natural resources (the hilly areas and the mountain areas in particular)
- or
- Can the human capital, through its characteristics, determine the multifunctional development of the rural areas in the plain, even though these are the "depositors" of less diversified natural resources?

The data that lay at the basis of the analysis were collected during a questionnaire-based survey²⁶ applied at the level of representative samples of rural population in the three great geographical areas of Romania, i.e. mountains,

²⁶ Field data collection was conducted in 2007 by the "Rural economy and sociology" department of the Institute of Agricultural Economics, Bucharest.

hills, plain; for each geographical area, rural communities were selected on a random basis. The field survey was conducted in 2007 and comprises 1097 valid interviews. Data collection was based on standardized questionnaires through direct interviews addressed to respondents.

Results and conclusions

The comparative analysis of the human capital characteristics in the territory reveals the existence of significant disparities between the communes of Romania, located in the three geographical areas (see table 1). Hence the premises of assuming the rural area's multifunctionality are also different.

Table 1. The human capital characteristics as premises of assuming the multifunctional character of the rural areas by geographic zones in Romania

Main characteristics of the human capital	Geographic area		
	Plain	Hill	Mountain
Average age (years)	41.25	39.73	38.91
% of households with dependent children under 15 years old	34.00	41.00	39.33
Population ageing index (%)	1.67	1.34	1.12
Average schooling years	8.24	9.08	9.12
Employment rate (%)	62.54	59.26	53.43
Occupational structure			
- primary sector (%)	34.89	16.14	13.32
- secondary sector (%)	30.22	41.00	42.37
- tertiary sector (%)	34.89	42.86	44.31
Labour renewal index	0.77	0.81	1.08
% of households with members who left the locality for work	15.60	23.50	18.00
% of househ. who intend to develop an off-farm business	5.8	5.6	7.0

Thus, the populations of the communes located in the plain zone are those that are the oldest, the less educated and with the lowest demographic regeneration opportunities. The communes from this geographic area are subject to the highest depopulation risk and there is a stringent intervention need in the attraction and set up of young people in the rural area. Although the active population employment rate has the highest value, the occupational structure in the plain zone is dominated by the primary sector, the tertiary sector being represented here by the people employed in the segment of public services (local administration, retail trade, education, health) rather than in productive services. The occupational mobility is limited, reflecting a more conservative attitude. The non-assuming risk tendency is obvious as only 5.8% of households declared that they intended to develop an off-farm business because they

could not identify the economic niches (business type) in which they could be successful. As a result, the transformation of the rural areas from the plain zone into a multifunctional rural area imposes concerted measures for changing the rural population's mentality and attitude in the first place.

In the communes located in the hilly and mountainous zone, the premises of assuming the multifunctionality of rural areas at population level seem to be slightly more favorable compared to the population from the rural localities from the plain. As they benefit from better trained human resources (the average number of schooling years correspond to graduating a vocational school that provide a solid basis of technical skills and knowledge), these communes are already on the path to multifunctional development, the importance of the primary sector in labour employment being much lower. For these areas it is necessary to stimulate and encourage private initiative development, as more than 40% of the active population has no occupation. The lack of job opportunities at local level, together with the increased occupational mobility, may induce the depopulation risk in these areas, as the labour force is likely to prefer to migrate – even on a definitive basis – looking for more favourable living and work conditions. This risk is higher in the case of localities from the hilly zone where about one quarter of the households members who left the locality for work have. As the intention to invest in an off-farm business appears only in 5.6% of the households located in the hilly areas, we can estimate that those involved in occupational migration would not find sufficient jobs at local level in the future, which can make them definitively migrate from these communes.

The most favourable premises for assuming the rural area's multifunctionality are found in the case of communes from the mountain zone. The multifunctionality for these communes is not a new concept; due to the diversity of the available natural local resources (pastures, forests, landscape, etc.) these communes have followed multifunctional development trajectories. Benefiting from a younger population and a renewable and better trained labour, these communes have real chances to fructify the benefits that "multifunctionality" is currently promoting. This is proved by the fact that 7% of households intend to develop an off-farm business in the near future.

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