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## Rural Development Networks in the North-Eastern Region of Romania

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**Abstract:** *The aim of this study is to analyze the theoretical fundamentals of the social networks and to present some existing rural development networks in the North-Eastern Development Region in Romania. A successful rural development depends to a very large extent on the partnerships. The existence in Romania of a network of active public and private organizations in the community development area, some with previous experience in community development programs or projects, able and willing to involve immediately in rural community development, is the starting point for the creation of a rural development network that will evolve in time and within which various changes from different directions will occur, especially as concerns its objects, individuals and institutions involved, actions performed.*

**Keywords:** *rural development network, social network, social capital, partnership*

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### Introduction

Rural development networks are complex and dynamic social networks.

It is very hard to analyze the existing organizations in the rural areas as their types, sizes and shapes are very different. The social network analyzes focuses on the types of ties – relations that exist between the organizations/individuals involved in rural development.

In order to highlight some important aspects regarding the social networks in their dynamics we focused on a certain area – the North-Eastern Development Region of Romania.

### Social network

In its simplest meaning, a network may be defined as an interconnected system of things or people. A social network is a structure comprising nodes (usually individuals or organizations) that are held together by one or several types of ties – relations (values, visions, ideas, friendship, financial transactions, trade, etc.)<sup>1</sup>.

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<sup>1</sup> [www.en.wikipedia.org](http://www.en.wikipedia.org)

The power of social network theory stems from its difference from traditional sociological studies, which assume that it is the attributes of individual actors that matter. Social network theory produces an alternate view, where the attributes of individuals are less important than their relationships and ties with other actors within the network.

Emil Durkheim, one of the precursors of the social networks, in the late 1800s, gave a non-individualistic explanation of social facts arguing that social phenomena arise when interacting individuals constitute a reality that can no longer be accounted for in terms of properties of individual actors. He distinguished between traditional society – based on „mechanical solidarity” – which prevails if individual differences are minimized, and the modern society – relying on „organic solidarity” – which develops out of differences of individuals what results in cooperation of individuals.

The scientist that developed the social network theory was Georg Simmel, in the beginning of the 20<sup>th</sup> century. He focused on the nature of network size on interaction and to the likelihood of interaction in ramified, loosely-knit networks rather than groups.

The 20<sup>th</sup> century witnessed the development of three trends of the social network theory:

- sociometric analysis of small groups;
- interpersonal relations at work;
- community networks.

In the 60's, Harrison White managed to combine the different traditions and trends. Recently, in his 2002 book, “Markets from Networks”, developed an original and influential perspective on market structure and competition, based on the idea that markets are embedded in social networks.

Social network analysis has become a modern technique used in sociology, anthropology, sociolinguistics, geography, social psychology, communication studies, organizational studies, economics and biology.

Social network analysis distinguishes itself from other analyses by the fact that it does not rely on the assumption that groups are the very base of society; it rather emphasizes the way in which the structure of the connections within the network influences individuals and the relations between them; it focuses on the analysis of the way in which structure and connections influence conduct, unlike other analyses stating that socialization and adherence to norms determine behavior.

Kadushin considers that the social network theory is “among the few social science theories that are not reductionist”<sup>2</sup> as applies to various level of analysis,

<sup>2</sup> Kadushin, Ch., 2004, Introduction to Social Network Theory, Draft, Brandeis University, Massachusetts, [www.home.earthlink.net](http://www.home.earthlink.net)

from small groups to the overall system. He distinguishes three kinds of networks:

- ego-centric – connected with a single node or individual, and to be considered networks these connections “must not only be lists of people or organizations, but information must be available about the connections between these people or organizations”;
- socio-centric – “networks in a box”, closed networks;
- open-system – the boundaries are not necessarily clear.

The applications of the social networks theory may also explain innovation dissemination.

The shape and structure of the social network determines its usefulness to individuals (organizations). The larger the networks, the higher the chances to bring about new ideas and opportunities to its members. An individual (organization) is thought to have higher chances to come across new ideas and opportunities if connected to several networks than if connected to several relations in a single network. Individuals (organizations) within networks may have, in their turn, a more significant influence if they connect two networks that are not directly connected.

The number of individual in the interpersonal environment varies from 300 to 5,000 persons, depending on how this is measured.

Sociological and anthropological studies (especially those on village sizes) enabled scientists to conclude that a social network may only develop up to a certain number, namely about 150 members (Dunbar’s number). Psychologists consider this number to be the mean threshold value up to which humans are able to recognize and follow emotionally all the members of a group.

The recent research studies are focusing on the topics of power within the social networks and the stability of networks. Ethier<sup>3</sup> considers that in networks where each member shares a relatively equal amount of power, people are more likely to stay.

## Social capital

The networks can also be used to determine the social capital of individual actors.

Debertin<sup>4</sup> considers that sociologists see social capital from the perspective of how people relate to and form networks with or otherwise interact with each other.

The concept of social network is closely related to the notion of social capital.

<sup>3</sup> Ethier, Jason – “Current Research in Social Network Theory”. Northern University, Boston, [www.ccs.neu.edu](http://www.ccs.neu.edu)

<sup>4</sup> Debertin, David L. – “A Comparison of Social Capital in Rural and Urban Settings”. University of Kentucky, [www.uky.edu](http://www.uky.edu)

The key indicators of social capital are considered to be social relations, formal and informal social networks, group membership, trust, reciprocity and civic engagement. “Social capital is generally understood as the property of the group rather than the property of the individual<sup>5</sup>”.

Throughout the time, there have been several attempts to define these concepts. Among these definitions, we chose those that we consider relevant from the standpoint of interconnections between the terms social network and social capital.

OECD defines social capital as networks together with the norms, values and common understanding point that facilitate cooperation within groups or between groups<sup>6</sup>.

The World Bank points out that when talking about social capital one should not consider it as consisting only of all the institutions a society relies on, but rather as the link, the bond that keeps them together.

Robert Putnam is the one that managed to define the concept of social capital being the networks, norms and trust that enable participants to act together more efficiently in order to accomplish common goals.

It is widely agreed that social capital “facilitates mutually beneficial collective action”<sup>7</sup>.

Falk and Kilpatrick<sup>8</sup> argue that the accumulation of social capital is the outcome of the process of “learning interactions” (learning event). A precondition to building social capital is considered to be the existence of a sufficient quantity and quality learning interactions. The planning and implementation of community projects may be one such learning interaction within a community.

## Partnerships

Social network relies on partnerships.

Partnership is the formal or informal manner in which two or more parties decide to act together in order to reach a common goal, sharing on the one hand the risks and on the other hand their skills and resources, and aiming at achieving mutual benefits<sup>9</sup>.

<sup>5</sup> Harper, Rosalyn – “Social Capital. A Review of the Literature”, Social Analysis and Reporting Division, Office for National Statistics, October 2001, [www.statistics.gov.uk](http://www.statistics.gov.uk)

<sup>6</sup> xxx – „Social Capital – A review of the literature”. Social Analysis and Reporting Division Office for National Statistics, October 2001, [www.statistics.gov.uk](http://www.statistics.gov.uk)

<sup>7</sup> Hobbs, Graham – “What is Social Capital? A Brief Literature Overview”, Economic and Social Research Foundation, Caledonia, 2000, [www.caledonia.org.uk](http://www.caledonia.org.uk)

<sup>8</sup> Falk, I., Kilpatrick, Sue – “What is Social Capital? A Study of Interaction in a Rural Community”. University of Tasmania, Australia, 1999.

<sup>9</sup> xxx – „Pași în construirea unui parteneriat de succes”, GRASP/DAI/USAID lecture, Băile Felix 2004.

Partnership has a tripartite structure:

- the activities – which refer to the projects and funds required in order to achieve their common goals;
- the structure that connects the partners – agreement or contract; setting common procedures and organizing meetings;
- people involved – with the skills they bring to the group.

Types of partnerships:

- *Informal* – preferred when the goal is specific enough and its accomplishment is not a problem, as the parties are similar structures that had known each other and maybe even worked with each other before;
- *Formal* – for more complex or long-term assignments or when the partners are different;
- *Representation* – federations, unions, councils, alliances, forums, etc.;
- *Operational* – require the existence of concrete projects that are the reasons for the association.

A successful partnership depends on:

- the existence of a consensus of opinion on the need to develop a partnership;
- the existence of a common vision and strategy, with clear and realistic goals;
- the existence of common interests;
- the existence/choice of a leader respected by all the members;
- trust and respect between the members;
- compatible work styles of the members;
- cooperation-oriented organizational culture of the members;
- effective organizational management;
- enough time for partnership creation;
- decision-making involving everybody;
- encouragement of communication between and participation of all the members;
- flexibility;
- dissemination of the largest amount of information between the members as possible.

Any partnership, seen as a group of individuals, goes through various stages of evolution<sup>10</sup>:

- *Creation* In this stage the group is a set of individuals brought together by an interest, who focus on the basic duty accomplishing rules. They try to get information on these duties, think of how they should act to perform these duties and test the extent to which their efforts will be appreciated. Debates on the goals, identity, structure, duration and work procedures of the group take place during this stage. Groups in this stage often need a longer adjustment, basic rule understanding period, before taking on the assignments related to their duties.

<sup>10</sup> Mihai, C.C., 1999, Organizarea informală în managementul modern. Junimea Publishing House, Iași, Romania.

- *Tribulations* It is the stage with the highest number of conflicts between the members, as they try to determine and settle the disagreements occurred after the initial superficial consensus. The goal, management, norms and roles of the group members are questioned. However, the „hottest” war zone will be interpersonal relations, given the different personalities involved. This stage often distinguishes itself by a war for the leader position, unless a leader was previously appointed, and by an open show of hostility. Failure to find generally accepted solutions to the major group problems may impede upon its efficient operation, or even on the access to the following evolution stage.
- *Consolidation* This stage witnesses the beginning of a cohesion between the group members, and of a consensus on duty performance norms and behavior rules. The roles of the members become clearer, as they increasingly identify themselves with the group, they even begin to employ group resources for problem solving. It is the moment when the group appoints a leader.
- *Completion* Only after having gone through the first three stages the group becomes fully efficient. The previous stages may too witness positive results up to a certain point, but these are most certainly diminished by the energy employed in group processes and objective and individual role exploration. However, in this stage the whole energy is spent on duty performing and norms support teamwork. The member roles become increasingly clearer and operational, and the group focuses on finding a positive synergy and on goal achieving. The groups that reach this stage stay efficient as long as they employ their energy to achieve their goals and preserve good relations within the group.
- *Dissolution* In this stage the group is close to achieve its goals and its members are preparing to release themselves from their commitment to the group. This stage occurs more frequently in temporary groups, and less in permanent groups.

Here are some advantages to partnership affiliation:

- increase of the partners’ action ability;
- access to complementary resources;
- increase of credibility and a better image of the partners.

The problems that may occur are related to:

- lack of time or other resources – partners also have other obligations and at some point they might think that their affiliation to this partnership is a waste of time;
- low level of dedication or interest – if the relation came to a standstill, if the partners are not active;
- individualism – for some, the idea of partnership contradicts the idea of competition or own strength;
- loss of autonomy or recognition – the partners may say that they lose their independence, the control over their own activities and priorities;
- conflicts – different or even opposite interests or goals;

- domineering partners – partners with a rich experience or domineering partners may influence the group; group decision-making is not encouraged;
- defensive partners – partners that do not get involved;
- competition – a result of past problems.

Reaching a common goal, as a result of a series of activities carried out in a period of time, according to an initial plan, distinguish partnership from cooperation. Joint decision-making and action prove that partnership requires a higher level of involvement than the consultation or the mere information of the people involved.

## Rural development network

The Council Regulation (EC) no. 1698/2005, art. 68, stipulates the creation by each member state of a National Rural Development Network (NRDN), designed to facilitate experience exchange, to support rural development program implementation and assessment and to ensure the information flow at local, national and European level<sup>11</sup>. Multinational partnerships between the civil society organizations have a well-defined goal, namely of strengthening the rural civil society and of supporting and enhancing intra and transnational cooperation in this field.

The National Rural Development Network will contribute to the stimulation of the creation of *active partnerships* in the public, private and non-governmental sectors, bringing together representatives of the local/central government involved in rural development, of the local communities, institutions, NGOs (professional association, foundations), etc. A *successful rural development* will depend to a very large extent on these partnerships. For this reason, the rural development network will have to be created and managed in a transparent, dynamic and accessible manner for all those interested and involved in rural development.

The existence in Romania of a network of active public and private organizations in the community development area, some with previous experience in community development programs or projects, able and willing to *involve immediately in rural community development*, may be the *starting point* for the creation of a rural development network that will evolve in time and within which various changes from different directions will occur, especially as concerns its objects, individuals and institutions involved, actions performed<sup>12</sup>.

### Existing rural development networks in the North-Eastern Development Region of Romania

■ **Network based on informal partnerships** formed by the County Directorates for Agriculture and Rural Development (DADR) and the County Agricul-

<sup>11</sup> [www.maap.ro](http://www.maap.ro)

<sup>12</sup> *ibidem*



tural Consulting Offices (OJCA) of Iași, Bacău, Suceava, Botoșani, Vaslui, Neamț, Galați and Vrancea counties – created for the publication of a magazine called “Gazeta satelor”.

The network extended by a formal partnership with the Center for Financial Ideas and Solutions of Iași (CISIF) for the on-line publication of this magazine ([www.gazetasatelor.com](http://www.gazetasatelor.com)). This network is based on horizontal cooperation relations between similar institutions.

■ **Network based on operational partnerships** designed to support and enhance organic agriculture:

- Stage I: project financed by the World Bank and MAPDR (2002-2005), partners: “Terra Nostra” Academic Foundation for Rural Progress of Iași; OJCA of Iași, Bacău and Neamț; SC GIROV SA Neamț; LUMFAG Parincea-Bacău Association; SC LEGUME Pașcani SA;
- Stage II: CEEEX project (2006–2008), goal: evaluation of the current state and development potential of organic vegetable growing in the North-East of Romania; partners: University of Agricultural Sciences and Veterinary Medicine of Iași; Romanian Academy, Iași Branch, “Gh. Zane” Economic and Social Research Institute; Biological Research Institute of Iași; Vegetable Growing Research-Development Station of Bacău.

In this case, two distinct networks were actually united in order to exchange information and increase project impact.

■ **Network based on informal partnerships** created within the Rural Finance Leaders Development Program (RFLD) – financed by USAID/USDA (2004–2006), designed to facilitate loan access in the rural area and to increase SAPARD fund absorption power. The RFLD model was designed by Ronald Prescott<sup>13</sup>, in country Project Manager, with the intentions of developing county level teams that could be used as a resource to successfully deliver the needed credit to the rural sector. The model was based on building a network of local people one person at a time and maintaining relationships with the county level resources. The County model included four team members sharing information and problem skills facilitated through the coaching from the RFLD leadership. The Identifier recognized the characteristics that RFLD was looking for and used training sessions using the “credit kit” to filter out serious clients. The target client was involved in an existing or start-up Agribusiness requiring funding of over 50,000 Euro and younger than 40 years of age. Once a screening report was completed by the Initiator and approved by the RFLD Director; the project was presented to a funding agent. The process was facilitated as needed by RFLD staff. In many cases the project introduced Initiators to their local funding agents. The project truly worked on the grassroots level. The County team network was overseen by a regional program director. The regional director was

<sup>13</sup> Prescott, R., 2005, Rural Finance Leader Development Program – Romania. 2005 Annual Report, Iowa State University, Center for International Agricultural Finance, [www.ciaf.iastate.edu/RFLD](http://www.ciaf.iastate.edu/RFLD)

responsible for maintaining the relationships and collecting intervention information and project data.

### *The Model Structure*

Four team members make up the local project model, they include:

#### 1. **Beneficiaries:**

- Family owned agribusinesses
- Ideally under the age of 40 years

#### 2. **Identifiers:**

- County extension agents (OJCA)
- Agricultural County Departments (DADR)
- Private consultants
- Retail suppliers
- Local clergy from the Metropolitan Church

#### 3. **Initiators:**

- Private consultants
- Public consultants (OJCA)

#### 4. **Funding agents**

- Romanian banks
- Micro credit organizations
- Romanian loan guarantee institutions
- SAPARD Program
- Input suppliers/leasing

The RFLD network in the North-Eastern Region is constituted by:

- 1 Regional Director;
- 14 private consultants (10 consulting companies);
- 7 public consultants (OJCA of Iași, Botoșani, Neamț and Vaslui);
- 70 representatives of financial-banking institutions of the 6 counties of the region.

### *The Process*

The *Identifier* recognizes the characteristics that the program is looking for, and may use “credit kit” training sessions to filter out serious credit beneficiaries. The screening report is a simplified business plan covering basic financial information about the project and *Beneficiary*. Once a screening report has been completed by the *Initiator* and approved by the RFLD Director, the project was presented to a *Funding agent*. The process was facilitated as needed by RFLD staff, and in many cases the project introduced Initiators to their local Funding agents.

Each County team network was overseen by a regional program director. The regional directors were the key agents of change in the process. They established and maintained the relationships between Beneficiaries, Identifiers, Initiators, and Funding institutions, through intensive meetings and various opportunities

for dissemination and exchange of information. They also collected intervention information and project data from their regional counties and ensured coherence of the model throughout the regions.

Results: 156 total<sup>14</sup> Screening Reports out of which 113 project ideas were funded (18,921,285 Euro) as follows in Table 1.

**Table 1.** RFLD – Results in Moldova Region

	Cumulative Project results	
	Number	Amount €
SAPARD (Self-funded)	14	1,096,460
SAPARD (Bank Co financing)	86	17,396,970
Direct Bank Financing	7	49,032
Self Funded Project	6	378,823
<b>Total</b>	<b>113</b>	<b>18,921,285</b>
<b>Bank funded projects</b>		
BCR	24	4,719,726
Procredit	6	24,032
Unicredit	1	621,480
Banca Carpatica	4	551,250
Raiffeisen	2	34,702
BRD	52	9,311,223
Tiriac	1	1,864,357
CEC	3	319,232
Domenia Credit	1	113,700
	<b>93</b>	<b>17,446,002</b>
<b>Industry Sectors</b>		
agro tourism	10	2,541,662
cereal	61	7,559,845
dairy	7	618,695
fruit	3	412,282
fish	1	151,994
honey	3	57,662
meat	8	5,722,587
milk	1	221,730
mill	1	20,000
mushroom	4	298,250
snail farm	7	158,169
vegetables	5	834,409
wine	2	324,000
	<b>113</b>	<b>18,921,285</b>

<sup>14</sup> Dobay, K.M., – RFLD Program Regional internal data base

The RFLD network was extended within the Rural Leadership Development Program – financed by USAID/USDA (2006–2007). The informal partners the network was extended by are:

- World Vision Iași and the 5 communities where they operate: Aroneanu, Costuleni, Ceplenița, Vlădeni and Golăești (Iași county);
- Center for Economic Development of Iași (CDE) (financing center – micro-loans, operating in 5 counties in this region);
- North-Eastern Regional Development Agency, Iași office (ADR Nord-Est);
- National Agency for Small- and Medium-Sized Companies by its office in Iași (OTIMMC);
- Romanian Social Development Fund (FRDS);
- FPDL – Partners for Local Development Foundation of Romania and the Republic of Moldova.

■ Network based on **formal partnerships** for the development of the [www.agra.ro](http://www.agra.ro) portal, partners: SC Pagini Internet SRL Iași, SC Kapital SRL Iași, University of Agricultural Sciences and Veterinary Medicine of Iași, OJCA of Iași, Podu Iloaiei Agricultural High School, financing institution: GTZ Germany, site launched in 2006. The network is extended by an informal partnership with the Rural Leadership Development Program in charge of information dissemination.

## Conclusions

We consider that the existing networks have already gone through the specific evolution stages and now reached the consolidation stage. Their common goal is clearly defined. All the networks mentioned above are designed to facilitate the absorption power of the Government and European Union funds, by a free flow of information between network members and between networks.

The following challenge is the interconnection of local and regional rural development networks to the national and international ones.

Also, it has become increasingly obvious that they need a „free will” to moderate the existing relations within the network and between the networks from a neutral position required by the fact that they work with and for the public assets and by the need of an integrative systemic standpoint.

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