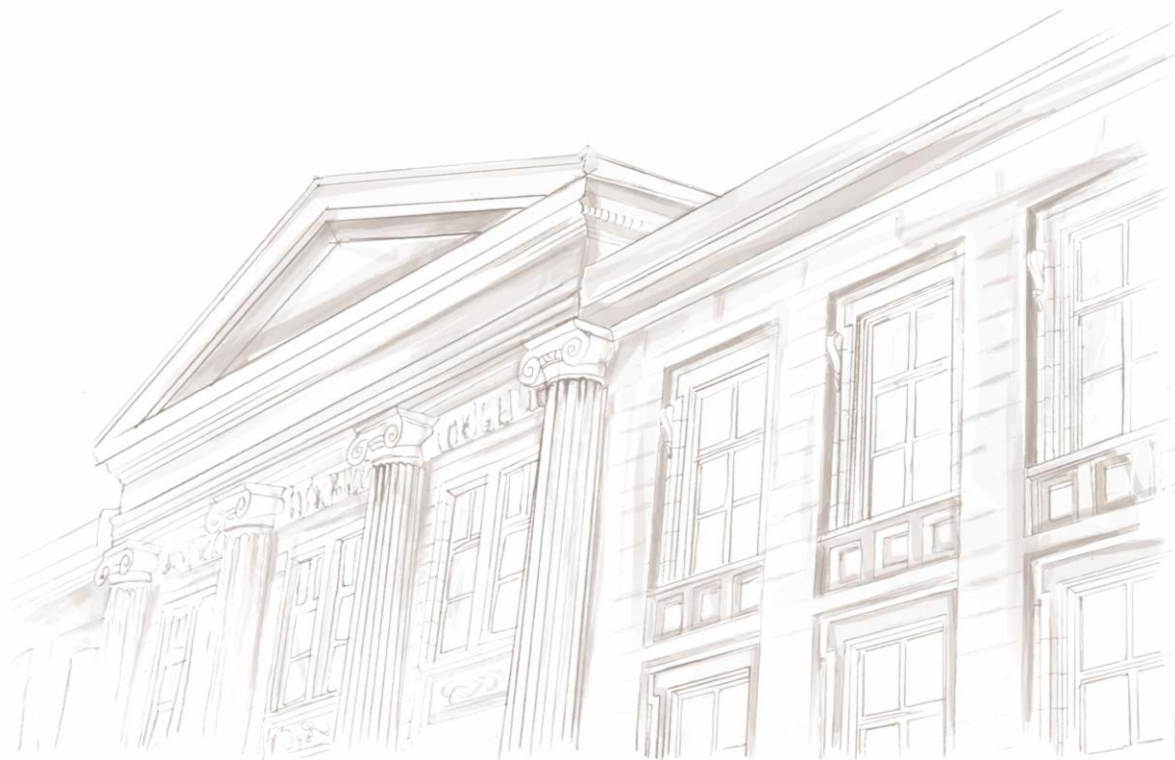


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Small farms in Romania: motivational factors, job satisfaction and business performance

Research activities

- I. 2019 - Diagnosis of the state of functioning of the agricultural sector, with a special focus on small farms in Romania in the context of sustainable development
- II. 2019 - survey - sample of 900 small farms in Romania
- III. 2020 - in - depth interviews - sample of "top 20" small farms in Romania

I. Diagnosis of the state of functioning of the agricultural sector, with a special focus on small farms in Romania in the context of sustainable development

The Law no. 37/2015 on classification of farms and agricultural holdings was published in Monitorul Oficial al României (Official Gazette of Romania), Part. 1, no. 172 of 12th March 2015.

Depending on the economic dimension, the farms and agricultural holdings are classified and defined as follows:

- ▶ a) below 1,999 euro - subsistence farms that produce entirely for own consumption;
- ▶ b) 2,000-7,999 euro - semi-subsistence farms that ensure their own consumption and a small part of the agricultural production that they commercialize;
- ▶ c) 8,000-49,999 euro - small commercial farms that commercialize more than 50% of the agricultural production that they realize;
- ▶ d) 50,000-999,999 euro - commercial farms/medium agricultural holdings which commercialize the entire agricultural production that they realize;
- ▶ e) over 1,000.000 euro - commercial farms/large agricultural holdings that commercialize the entire agricultural production that they realize.

I. Diagnosis of the state of functioning of the agricultural sector, with a special focus on small farms in Romania in the context of sustainable development

- ▶ Romania accounts for **33.3%** of the total number of 10.3 million agricultural holdings in EU;
- ▶ Romania ranked fifth in the EU in terms of utilized agricultural area, with approximately **13.4 million hectares** (7.98% of the EU's total UAA), after France, Spain, Germany, and Poland;
- ▶ Although Romania accounted for one-third of the EU's farms, it accounted for only **3.6%** of the EU's standard output;
- ▶ In Romania, the average size of a farm is **3.6 hectares**, which is considerably smaller than the EU average of 16.6 hectares;
- ▶ In 2019, out of the total number of working persons, **21.2%** worked in the agricultural sector;

I. Diagnosis of the state of functioning of the agricultural sector, with a special focus on small farms in Romania in the context of sustainable development

- ▶ Romania's share of agriculture in GDP is relatively high compared to the EU (as an average) and to other EU countries; in 2017 it was **4.1%**;
- ▶ The value of production in the agricultural sector in Romania in 2017 was close to EUR **16 million**, with crop production accounting for nearly over 74% (EUR 11.9 million), so the value of animal production was less than 26% and EUR 4.1 million;
- ▶ more than **95%** of farms are **small farms** (UAA of less than 5 ha and SO of less than EUR 8000) that use only **38% of the national UAA**, and **99.3%** of farms use their own family members as farm workers;
- ▶ Otiman [2013] argues that there is a correlation between the existence of very large farms (over 2000 ha) in certain areas and severe rural poverty.

I. Diagnosis of the state of functioning of the agricultural sector, with a special focus on small farms in Romania in the context of sustainable development

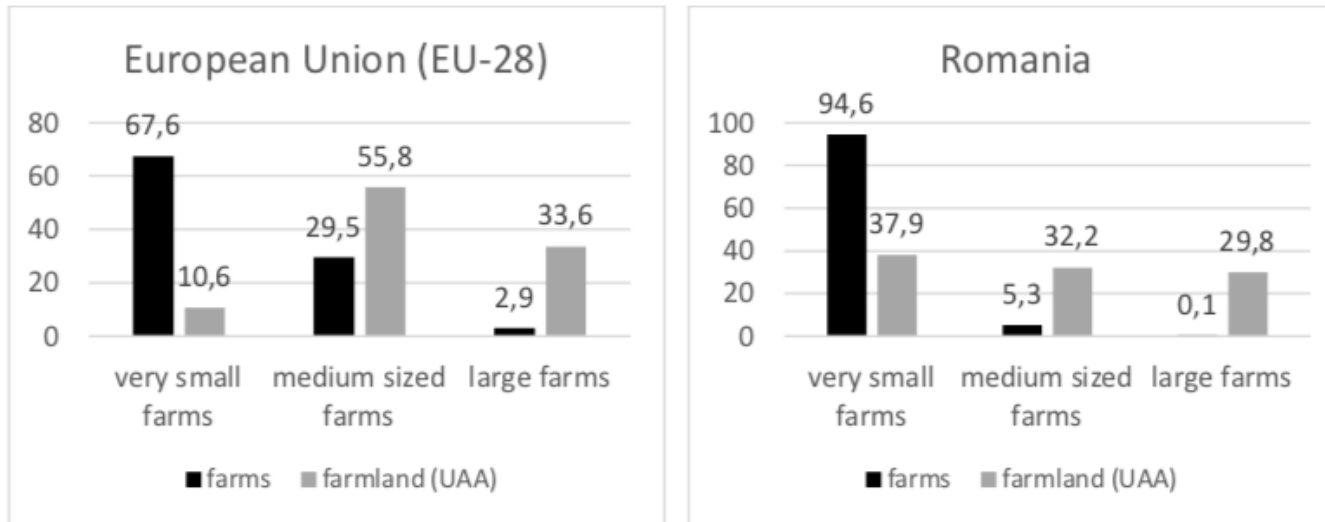


Figure 1

Farms and farmland by farm size in standard output in Romania and European Union (EU-28) in 2016 (% share of national totals).

Specification	Year	Romania	EU-28	Romania's share of the EU-28
Farmland (utilised agricultural area) in million ha	2016	12.5	172.97	7.2%
Share of farmland in total land area	2016	53.4%	39.8%	-
Number of farms (agricultural holdings) in million	2016	3 422 030	10 467 760	32.7%
Number of persons employed in agriculture	2016	1 960 300	9 720 600	20.2%
Employment in agriculture - share of total employment	2016	23%	4.2%	-
Young farmers (under 40 years old) - share of all farm managers	2016	7.4%	10.6% ^a	-
Female farmers - share of all farm managers	2016	33.6%	28.5% ^a	-
Farmers with full agricultural training - share of all farm managers	2016	0.4%	9.1% ^a	-
Contribution of agriculture to Gross Domestic Product - share of GDP	2017	4.1%	1.2%	-
Gross value added (at basic prices) in million EUR	2017	7 845	188 460	4.2%
Value of agricultural output (production value at basic prices) in million EUR	2017	17 480	432 602	4%
Value of crop output in million EUR	2017	11 851	218 918	5.4%
Value of animal output in million EUR	2017	4 113	176 883	2.3%

I. Diagnosis of the state of functioning of the agricultural sector, with a special focus on small farms in Romania in the context of sustainable development

Summarizing:

- ▶ large number of small farms, with a low level of inputs used, and they account for over 90% of all farms in the country;
- ▶ they are using a relatively small part of the utilised agricultural area;
- ▶ their agricultural land is extremely fragmented;
- ▶ low share of the total standard output achieved by all farms;
- ▶ small farms rarely have legal personality, they operate in parallel with households, so they are using a significant part of their production for their own consumption;
- ▶ usually, they are subsistence and semi-subsistence farms, producing for their own use, for families, or for local sale;
- ▶ **the various problems that small farms face include low productivity, especially labour productivity and productivity in the livestock sector, ineffective and inappropriate marketing channels for small farms, and small numbers of producer organisations.**

II. Survey - sample of 900 small farms in Romania

Results:

Table 1. Basic descriptive statistics for the analyzed farms.

Variable	Category	Frequency	Percentage
Type of farm	Crops	468	52.0
	Animals	121	13.4
	Mixed	311	34.6
Farm manager gender	Male	658	73.1
	Female	242	26.9
Agricultural education	Yes	509	56.6
	No	391	43.4
Farm area	Under 5 ha	390	43.3
	5-10 ha	242	26.9
	Over 10 ha	268	29.8
Region	Moldova	260	28.9
	Transylvania	270	30.0
	Dobrogea	280	31.1
	Oltenia	90	10.0

Source: authors' calculations based on survey data.

II. Survey - sample of 900 small farms in Romania

Premises:

- ▶ In order to increase a country's agriculture sustainability, it can be recommended to support small farms' profitability and productivity;
- ▶ Businesses that intend to achieve **good performance** (including sustainability) require happy, motivated, and satisfied human resources [Papakostantinou et al. 2013], and it is the task of organizations to analyze the factors that influence their employees' motivation, job satisfaction, and work performance [Bush, T., 2006];
- ▶ **Job satisfaction** may vary according to human resource management practices, including those relating to **motivation**, job recognition, rewards and career prospects, and organizational commitment [Danish, R.Q. et al. 2010]

II. Survey - sample of 900 small farms in Romania

- ▶ **Hypothesis 1 (H1).** *Farmers' motivation positively influences job satisfaction*
- ▶ **Hypothesis 2 (H2).** *Motivation positively influences farm economic performance*
- ▶ **Hypothesis 3 (H3).** *Farmers' job satisfaction directly influences farm economic performance.*

II. Survey - sample of 900 small farms in Romania

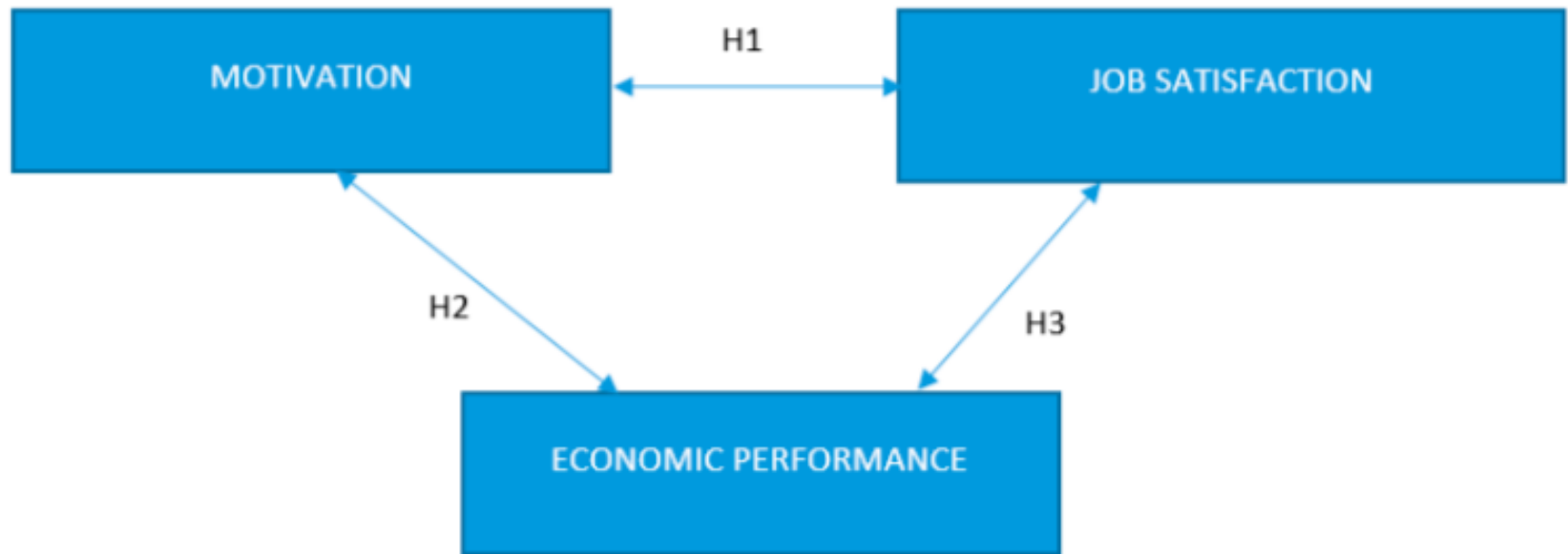


Figure 1. The proposed conceptual research model. Source: created by the authors based on survey data.

II. Survey - sample of 900 small farms in Romania

Motivation:

- four broad “motivations” that are important for farmers: **“instrumental”** (providing food for their families, making money, expanding the business), **“social”** (maintaining a tradition), **“expressive”** (creativity), and **“intrinsic”** (enjoyment of work tasks, lifestyle preference) - Gasson, R.

Job satisfaction:

- “a feeling of enthusiasm and contentment in relation to one’s job, which brings personal accomplishment” - Kaliski, B.

- with regard to job satisfaction while working on a farm the main factors that are considered by specialists to have a direct influence are: family and colleagues relationships, maintenance of family values, an interesting diversity of job tasks, and the autonomy of work - Herrera B. et. al

II. Survey - sample of 900 small farms in Romania

Economic performance:

The economic performance of a farm is determined by a range of structural, process, and behavioral factors:

- The first important factor is the specific production structure, which is determined by the type and qualification of the labor force, as well as by the size of the farm.
- Second, the agro-ecological conditions and climate dynamics, as well as access to certain resources and technologies, are also important.
- Third, the placement of the farm is also relevant in terms of market access, policy system, and specific network effects -
- (McCullough, E.B et. al)

II. Survey - sample of 900 small farms in Romania

► To measure motivation, the following three items were used:

M1 Suppling food for family

M2 Good living standard for the family

M3 To leave a legacy to the descendants

M4 Participation in training

► To measure job satisfaction, the following three items were used:

S1 autonomy of work and self-employment

S2 maintenance of family values and traditions

S3 social and lifestyle benefits

► To measure farm economic performance, three items were used:

E1 profits or losses over the last three years,

E2 the level of debt,

E3 the situation of receipts and payments

II. Survey - sample of 900 small farms in Romania

Results:

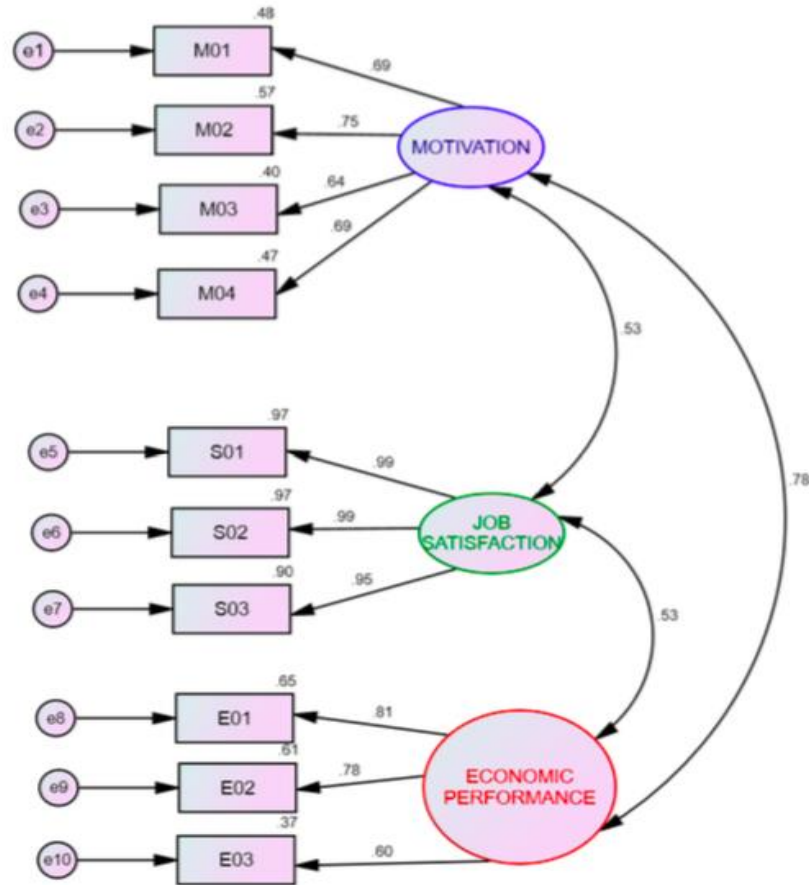


Figure 2. The structural model. Source: authors' creation based on survey data.

II. Survey - sample of 900 small farms in Romania

Results:

Table 5. Standardized coefficients of correlation between the model's variables.

			ρ
MOTIVATION	<->	ECONOMIC_PERFORMANCE	0.78
JOB_SATISFACTION	<->	ECONOMIC_PERFORMANCE	0.53
MOTIVATION	<->	JOB_SATISFACTION	0.53

Source: authors' calculation based on survey data.

II. Survey - sample of 1000 small farms in Romania

Results:

- ▶ hypothesis H1—the link between motivation and job satisfaction—shows a correlation coefficient of $\rho = 0.53$, indicating that the hypothesis is confirmed.
- ▶ hypothesis H2 - the correlation coefficient between farm economic performance and motivation is $\rho = 0.78$; thus, we can state that hypothesis H2 is confirmed.
- ▶ hypothesis H3 - the link between farm performance and job satisfaction showed a correlation coefficient of $\rho = 0.53$, thus indicating that hypothesis H3 is also confirmed.

II. Survey - sample of 1000 small farms in Romania

Conclusions:

- ▶ The results of this study emphasize the importance of and need for human resource management policies, at the national level, that consider increasing farmers' job satisfaction and motivation, as other studies have similarly proven that both can positively influence the economic performance of farms [71-108]. This performance would lead to the development of the Romanian agricultural sector, as more than 95% of the Romanian farms are small farms;
- ▶ In the case of the studied small farms, an important feature is that most farmers' families depend on the economic performance of their farm [1,12,13] and, usually, all family members work on the farm. Therefore, motivational factors and job satisfaction define the long-term development of Romanian small farms;
- ▶ The management of funds distributed to small farms by the government should consider the importance of farmers' motivation;



THANK YOU!

The Role of Small Farms in the Sustainable Development of Agri-food Sector
in the Countries of Central and Eastern Europe