

The Impact of European Funding on the Rural Labour Market

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Abstract. The development of the Romanian rural area following the 1989 Revolution and until the present has undergone important variations in terms of economic and financial instruments. The failure of the support policy in the fields of agriculture and rural development during the first stages of transition was determined by the slow pace of the economic reform and shaping of the market-viable agricultural structures. The research undertaken allowed for the depiction of tendencies and theoretically and practically-fundamented conclusions for the efficient access and employment of European funding for rural development. The method for data collection and processing selected for both studies was the inquiry, while the research instrument employed was the survey. Other methods utilized in the present paper include the determination of causal relationships by means of the Hi-square criterion. The preamble of the study involved the analysis of the general regulatory framework of European funding for rural development in Romania. Research objectives aimed at the main co-financing sources of private beneficiaries in Cluj county and beneficiaries' assessment of project filing methods.

Keywords: rural development, funds, labour, Cluj

INTRODUCTION

According to the "World Employment Report 2004/2005" (2005), poverty is largely rural and rural preoccupation mostly reside in agriculture; these are the reasons that led to the young people's migration from the rural to the urban area. On the long term, two negative consequences can emerge from this: the depopulation of the rural area and over-population of towns.

The depopulation of the rural is not to be desired, as small-number localities are not sustainable, while untended rural areas look deploring. Thus, one of the research aims is to tackle the impact of European funding on the work force in the rural area.

The research on an overall aims at showing the abilities for the absorption of funds for private beneficiaries in the rural area of Cluj County. The content of this study was drafted considering information provided exclusively on the basis of a survey by private beneficiaries of SAPARD and FEADR funds:

Study objectives are:

- a) identifying the main information sources on European funds;
- b) analysis of the main co-financing sources for private beneficiaries;
- c) assessment by beneficiaries of the means to apply for these funds, the degree of satisfaction with respect to the mechanism for project implementation;
- d) perceptions on setbacks encountered in accessing projects through SAPARD and FEADR programmes ;
- e) analysis of the impact that these projects exert on direct and indirect beneficiaries.

MATERIALS AND METHODS

In order to collect information and reach all the objectives set, the direct face-to-face inquiry was employed, at the domicile or firm of those under survey. This method was selected considering the relatively long length of the survey (29 questions) and to provide comfort for subjects.

The research universe resided in private beneficiaries of non-reimbursable funding like SAPARD and/or FEADR. Up to the date of the research, the number of those receiving SAPARD and FEADR funds was 126 private firms or authorized legal persons, which represent the basis for this survey. The interview period was May-August 2009.

RESULTS AND DISCUSSION

For the identification of the impact that European funding has exerted on the labour market, SAPARD and FEADR beneficiaries were required to specify whether any work places were created as a consequence of the investment, namely how many work places were thus created.

According to the inquiry, over 70% of those under survey have certified that the investment contributed to creating new work-places (Tab. 1).

Tab. 1

Answers to the question „Have there been work places created as a consequence of the investment?”

Answers	Number of respondents	Frequency(%)
Yes	30	70,32
No	11	26,8
TOTAL	41	100

The number of work places created reflects the favourable impact exerted by the implementing of European projects on the labour market in the rural area. It is to be highlighted that more than a half (53.6%) of those under survey have certified that more than 3 places were created as a consequence of the investment (Tab. 2).

Tab. 2

Answers to the question „How many work places have been created following the investment?”

No.	Number of work places created	Number of respondents	Frequency (%)
1	0	11	26,8
2	1-2	8	19,5
3	3-5	14	34,1
4	6-12	5	12,2
5	Over 12	3	7,3
TOTAL		41	100

In order to check whether the fields of activity for those under survey conditioned the number of work places created, the Hi-square criterion was employed. The grouping of the options on the number of work places created according to the fields of activity are visible in table 3.

Tab. 3

Number of work places created by SAPARD/FEADR beneficiaries according to fields of activity

Number of work places created	Field				Total
	Animal breeding	Plant cultivation	Agricultural products processing	Rural tourism	
0	6	4	0	1	11
1-2	5	0	1	2	8
3-5	4	0	4	6	14
6-12	1	1	2	1	5
Over 12	1	1	1	0	3
TOTAL	17	6	8	10	41

Adjusted frequencies, calculated under the hypothesis that there is no relation of determination between the two traits, are presented in table 4.

Tab. 4

Theoretical frequencies

Number of work places created	Field				Total
	Animal breeding	Plant cultivation	Agricultural products processing	Rural tourism	
0	4.56	1.61	2.15	2.68	11
1-2	3.32	1.17	1.56	1.95	8
3-5	5.80	2.05	2.73	3.41	14
6-12	2.07	0.73	0.98	1.22	5
Over 12	1.24	0.44	0.59	0.73	3
TOTAL	17	6	8	10	41

The calculus of the Hi-square variable is presented in table 5.

Tab. 5

The size of Hi-square values by variant-pairs

0.45	3.55	2.15	1.06	7.21
0.85	1.17	0.20	0.00	2.23
0.56	2.05	0.59	1.96	5.16
0.56	0.10	1.08	0.04	1.77
0.05	0.72	0.29	0.73	1.79
2.47	7.58	4.31	3.79	18.15

The theoretical Hi-square variable for the freedom degrees $(m-1)(k-1) = (5-1)(4-1) = 12$ and for the 5% error probability, it has a 20.82 value.

A comparison of the calculated Hi-square value is smaller than the theoretical one (20.82), thus revealing that the calculated value is smaller than the theoretical one, meaning that the field of activity has not influence the number of work-places created. The result is thus interesting because there was an initial estimate of a dependency relationship between the field of activity and the number of employees. It was to be expected that agricultural products processing and animal breeding require a larger number of employees than tourist activities, for example.

In the same content, an analysis was undertaken regarding whether the value of projects implemented has conditioned the number of work places created, employing the same criterion, Hi-square. A grouping of the options on the number of work-places created according to the value of projects is presented in table 6.

Tab. 6

Number of work places created by SAPARD/FEADR beneficiaries according to the value of projects

Number of work places created	Project value (euro)					TOTAL
	5000-50000	51000-100000	100001-200000	200001-500000	500000-200000	
0	6	0	3	0	2	11
1-2	1	4	2	1	0	8
3-5	0	2	5	6	1	14
6-12	0	1	1	3	0	5
Over 12	0	0	0	2	1	3
TOTAL	7	7	11	12	4	41

Adjusted frequencies calculated on the basis of the hypothesis that there is no relationship of determination between the two characteristics, it is presented in table 7.

Table 7

Theoretical frequencies

Number of work places created	Field					TOTAL
	5000-50000	51000-100000	100001-200000	200001-500000	500000-200000	
0	1.88	1.88	2.95	3.22	1.07	11,00
1-2	1.37	1.37	2.15	2.34	0.78	8,00
3-5	2.39	2.39	3.76	4.10	1.37	14,00
6-12	0.85	0.85	1.34	1.46	0.49	5,00
Over 12	0.51	0.51	0.80	0.88	0.29	3,00
TOTAL	7	7	11	12	4	41,00

The calculus of the Hi-square variable is presented in table 8.

Tab. 8

The size of Hi-square values by variant-pairs

9.05	1.88	0.00	3.22	0.80	14.95
0.10	5.08	0.01	0.77	0.78	6.74
2.39	0.06	0.41	0.88	0.10	3.85
0.85	0.03	0.09	1.61	0.49	3.07
0.51	0.51	0.80	1.43	1.71	4.97
12.90	7.56	1.31	7.92	3.88	33.57

The theoretical Hi-square variable for the degrees of freedom are $(m-1)(k-1) = (5-1)(5-1) = 16$ and for the error probability 5%, it has a value of 26.3.

The comparison of the calculated Hi-square value (33.57) and the theoretical Hi-square value (26.3), shows that the calculated value is higher than the theoretical one. This shows that the value of project under contract has influenced the number of work-places created, a result expected as there is regularly a direct relationship between these two variables.

CONCLUSIONS

The research conducted has allowed for the depiction of tendencies and formulation of conclusions for accessing and employing European funds for rural development efficiently.

Recent developments of the European financing system within the Common Agricultural Policy (CAP) confirm two major tendencies:

- a predominant trend towards financing development programmes for the rural area (until a decade ago, the priority was financing agriculture through direct payments for farmers and subsidies);
- an increase of complementarity for agricultural financing by means of *policy financing*, towards promoting a general process of economic, social and territorial cohesion;
- the major significance of this new content is that the new community budget provides financial resources for rural communities to support their development strategies .

In order to benefit from the community intervention system, the major issue for rural communities resides in:

- identifying financing opportunities;
- setting a project portfolio that is adequate for individual development options;
- finding co-financing sources.

Considering the complexity of European funding granting processes on the one hand, and that of the rural area on the other (deficient economic and social infrastructure; divided properties; predominance of semi-subsistence farms, the structural frailty of farms, the low quality of entrepreneurship and lack of investment sources; low quality of services and a reduced education and training level for the work force) it is clear that the *engine* role is played by local and regional decision-makers in rural development and capitalizing on opportunities provided by the European context.

Farmers and entrepreneurs in the rural area must be supported to make the best of the financing opportunities through FEADR, the most adapted instrument to the development needs of rural communities and providing a coherent trait for European support in terms of local strategies for rural development.

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