EFFECTS OF ECONOMIC CRISIS ON FOOD INDUSTRY

EFECTELE CRIZEI ECONOMICE IN INDUSTRIA ALIMENTARA

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Abstract:*In the current situation of national economy, and beyond, many businesses in the food industry, but not only here, are at risk of bankruptcy and falling into a crisis situation, regardless of the size of the enterprise itself [2]. Issues of crises control that companies in the food industry deal with are usually similar, so the means of settlement are quite universal and widely applicable. In the future, the land will remain the main supplier of food. Therefore, it is irreplaceable as a means of production for farming.*

Key words*: economic crisis, food, farms, agriculture, economic growth.*

INTRODUCTION

The crisis can be controlled or, at least, kept within certain limits, or it is under the influence of the enterprise, both within and outside it.

Crisis processes, according to the company, its structure, innovation potential, duration and intensity may be different and lead to different consequences.

One of these causes in the activity of enterprises of food industry in our country is the production non-competitiveness of our own market. This happens not because she is not of adequate quality, but because it is more expensive than imported goods.

Such a situation has arisen because the government does not support local producers and is more convenient to import than to spend money and time to develop the national production.

Many farm households are forced to sell their own production almost free, which, in turn, is resold in other districts and by currency.

Working directly with the buyer is hampered by the „files burden", which is reflected not only in drawing up business bureaucracy, but also in the high prices for it. Sometimes the cost is higher than the volume of business itself.

In addition to the aforementioned causes of the crisis phenomena in developing business enterprises in the food industry, there is a business that depends on itself and is expressed by incompetent leadership.

Leaders often take decisions without considering the problem from all sides, which sometimes results in stationary and sealing production, or at least seasonal losses.

That is, farms do not have a good „master", who should not only think how to his own welfare, but also to the things he could do as a production leadership for his workers and for the country itself.

MATERIALS AND METHODS

The global economic turmoil, at an international level, but especially the Romanian economic crisis has consistently and alarmingly affected the food industry too.

In this context, several issues are approached, related to the opportunities the food industry can offer in order to create new jobs, for the demographic policy, for the policy of balance between generations, for social policies.

In this regard, a series of opportunities to recover and increase the economic efficiency of food industry are suggested, such as: supporting the reorganization and restructuring of Romanian companies in the field, promote partnership with managers from developed countries in economic terms, promoting a food economy [5].

Required economic growth in order to exit crisis includes:

- food safety;
- qualitative change in economic policies;
- increasing the quantity and quality of goods and services;
- providing jobs for all those who wish and are able to work;
- avoiding or reducing the increase in prices (inflation and deflation);
- economic ensuring of the categories of population unable to work;
- maintain a positive balance of trade;
- a higher efficiency of the production potential.

Any agricultural unit and agriculture as a branch presents macroeconomic and structural elements of the system and are subject to specific agrarian crisis.

These crises have certain features [3]:

- ✓ they include only the agricultural sector, not having cyclic character and are of longer duration compared with seizures in industry.
- ✓ agrarian economic crisis is manifested by lack of markets for agricultural goods, lower prices, reduced volumes of agricultural production, unemployment and lower wage of workers who work in agriculture.
- ✓ Long-term downturns in agriculture are a side effect of the agrarian reform and the changing forms of ownership.
- ✓ economic crises in the sphere of agricultural raw material lead to the emergence of economic crises in agriculture and instantly reduce the economic efficiency of agricultural products.
- ✓ Emerging of specific crisis in agriculture due to groundless land rent, long-term disasters and agricultural land demarcation.

As for the state objectives, regarding the exit from the agricultural sector crisis, we can mention the creation of conditions for the growth of agricultural economy at the expense of restoring price parity by setting guaranteed prices for main agricultural products at a level that ensures farmers a profit level that will make possible the development of agricultural establishments in the enlarged reproduction.

The foundation of the agricultural development is land, with its peculiarities.

Stating the fact that agriculture is not possible without land, much of agriculture must focus attention on land, on the soil on which plants grow, the only ones able to capture solar energy and transform it into organic substances necessary to human activity.

In the future, the land will remain the main supplier of food. Therefore, it is irreplaceable as a means of production for farming.

As a place for the location of productive forces, land plays an undoubtedly major role in virtually every branch of the economy, in the agricultural production, but land plays not only this part, being also as a direct productive force.

RESULTS AND DISCUTIONS

The factors which determine business crisis may be [1]:

- external factors (exogenous): decreased volume of national income; reducing the capacity of the internal market; increased inflation; decrease of demand; the insolvency of the tax system; increasing the supply of goods substitutes; increased unemployment; foreign market instability.
- internal actors (endogenous): ineffective marketing; inefficient portfolio funds; inefficient financial strategy; not reaching the planned volume of income in completed projects, inefficient production management.

Strategic objectives to end crises for agricultural enterprises are:

- creating favorable business environment, namely: improving the legislative and institutional bases of agricultural enterprises activity; simplifying registration, licensing and disposal procedures of agricultural enterprises; promoting agricultural business interests at national and regional levels.
- increasing access to the key agricultural resources: increased access of agricultural enterprises to statistics and information resources; easier access to finance agricultural enterprises; increasing access to counseling services.
- raising agricultural competitiveness and its integration into the economy, namely: increasing competitiveness of agricultural exports by expanding opportunities for local firms; developing and promoting the interests of investors, raising the potential level of administrative and economic culture.

The proposed anti-crisis measures system includes [4]:

- analysis of the actual state of affairs on the investigated subject;
- highlighting priority directions of anti-crisis activities;
- legislative support of anti-crisis measures
- the set of economic measures, the solving of which will allow bringing the crisis to an end;
- the set of the whole analytical cycle, that has accumulated an appropriate and negative experience, directed towards elaborating subsequent recommendations at a higher level;

- the informational set which involves informing actual leaders about the latest developments in the anti-crisis activity field;
- practical harmonization of the interaction of different anti-crisis structures based on latest scientific performances.

CONCLUSIONS

The economic crisis means the beginning of a dramatic phase in the development of production, which is always characterized by great irregularities, difficulties and negative consequences.

The crisis can be considered as a process that will further endanger the existence of the company. In order to successfully bring the crisis to an end, certain knowledge of directing economic phenomena and fair decision making are required.

Economic crisis have certain specific features: the sequence of events, actions and their dispatch; putting in danger of the goals and values; uncertainty and complexity of making choices of alternatives exposure causes stress and fear to entrepreneurs, increasing tension in society.

In order to prevent these phenomena to occur, the symptoms of the approaching crisis have to be identified and appropriate anti-crisis measures have to be taken.

In order to improve the food industry, using techniques and increasing the level of mechanization is required, also developing cooperation of funds in order to purchase and operate straw-based machines, renting equipment inside service organizations, goods and equipment rental and leasing operations development.

A more efficient use of labor resources can be achieved at the expense of increasing intensity of agricultural production, along with the growth rate of crops harvested by heavy workload, increasing the number of small enterprises that process agricultural products, managing various crafts and branches of the light industry during its activity that coincides with the season at risk, developing the service sector for farmers households.

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