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SME'S FROM THE AGRO-FOOD SECTOR – EVOLUTIONS AND PERFORMANCES IN THE CRISIS PERIOD

ÎNTREPRINDERILE MICI ŞI MIJLOCII DIN SECTORUL AGROALIMENTAR – EVOLUȚII ŞI PERFORMANȚE ÎN PERIOADA DE CRIZĂ

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Abstract:*The performance issue of a sector of activity and implicitly of a one of extreme importance for consumers (the agro-food sector) has a special significance for all the European states, providing them, among others, the necessary elements for elaborating and implementing the national economic policy measures. The aim of the present analysis is to acquire knowledge on the main changes of the structure of the business environment of the agro-food sector, as well as to quantify its level of performance and efficiency. From the methodological point of view, the analysis is based on available statistical information and it uses well-known statistical methods, such comparisons and structures. Moreover, the analysis is completed by e set of economic and financial indexes, used for assessing the sector efficiency and performance.*

Key words*: small and medium enterprises, performance, crisis, agro-food sector.*

INTRODUCTION

Since the EU accession, the Romanian agro-food sector is facing numerous issues affecting the performance and the competitiveness of the sector and implicitly the satisfaction of the domestic consumption. In the present context of the economic and financial crises, the assessment of the performance of the domestic business environment has a special importance from at least two perspectives. On one side, we are talking about the decision making factors, the evolution of the business environment and the performance of a sector supplying data on the capacity of facing

competition pressures, which also helps identifying new niches of development. On the other side, the increase of the sector performance gives stability to the national economy, being able to contribute to satisfying the internal demand for agro-food products.

MATERIALS AND METHODS

From the methodological point of view, we used the data provided by the National Institute of Statistics (INS), through the Tempo-Online database. We also used statistical methods, like comparisons, dynamics and structure, the results being presented in tabular form.
It should also be noted that in the case of parametric values, we convert the values into comparable prices, in order to avoid certain inappropriate feedback results in nominal prices, incorporating inflation. To convert values in comparable prices of the last year, the GDP deflator has been used.

RESULTS AND DISCUSSIONS

A first step in trying to quantify the performance of companies from the agro-food economy has been the surprise the main changes in the structure of undertakings active on class size. For this purpose, the period of time covered by the statistical information is 1997-2009.
Over a period of 13 years, the number of enterprises active in the total national economy has increased to 69.5%, the most significant increase being retrieved at the level of enterprises with 10 to 49 employees. On the national economy, it should be noted the tendency of decrease in the number of enterprises with more than 250 employees (-35.6% in 2009 compared to 1997).
In the agro-food economy, the available information show a trend of increasing the number of enterprises active with 24.6%, mainly due to the increases in segment 0-9 employees (33.8%) and 10-49 employees (20.9%). A negative trend is visible at the medium and large enterprises level, whose number decreased by a percentage ranging from -36.2% (50-249 employees) and 62.7% (more than 250 employees) (**Table no.1**).

Table no.1. Evolution of the number of agro-food enterprises in the period 1997-2009 (no.)

	Total	0-9 employees	10-49 employees	50-249 employees	over 250 employees
1997	20123	14770	3554	1330	469
1998	21303	15727	3850	1353	373
1999	21971	16536	3892	1244	299
2000	20396	14931	4107	1110	248
2001	19617	14263	4106	1043	205
2002	21526	15962	4357	1025	182
2003	22024	16513	4346	999	166
2004	23224	17813	4307	929	175
2005	23779	18431	4292	887	169
2006	24296	19020	4202	915	159
2007	24590	19411	4143	868	168
2008	24332	19256	4018	902	156
2009	25083	19763	4297	848	175
2009/1997	24.6	33.8	20.9	-36.2	-62.7

Source: Own calculations on the Tempo-Online database, INS, 2011.

By size class, the most significant decrease registered at the level of enterprises with 50 to 249 persons, whose share decreased in the total number of businesses with the same size from the national level with 11.4% in 2009 compared with 1997, respectively, the average annual rate of reduction of 6,7% within 13 years.

Within the agro-food economy, the largest share is owned by small enterprises (0-9 employees), it ranging between 73.4% (1997) and 78.8% (2009) (**Table no.2)**.

Table no.2. Evolution of the enterprises structure, on class-size, 1997-2009 (%)

	0-9 employees	10-49 employees	50-249 employees	over 250 employees
1997	73.4	17.7	6.6	2.3
1998	73.8	18.1	6.4	1.8
1999	75.3	17.7	5.7	1.4
2000	73.2	20.1	5.4	1.2
2001	72.7	20.9	5.3	1.0
2002	74.2	20.2	4.8	0.8
2003	75.0	19.7	4.5	0.8
2004	76.7	18.5	4.0	0.8
2005	77.5	18.0	3.7	0.7
2006	78.3	17.3	3.8	0.7
2007	78.9	16.8	3.5	0.7
2008	79.1	16.5	3.7	0.6
2009	78.8	17.1	3.4	0.7

Source: Own calculations on the Tempo-Online database, INS, 2011.

On the whole agro-food economy, it is worth noting the increasing tendency of the number of small enterprises to the detriment of medium and large companies. To the long term, this trend may lead problems relating to recovery of production capacity obtained and negotiating power when dealing with smaller business partners or competitors.

From the point of view of the performance of the food industry, beverages and tobacco, the analysis undertaken highlighted the following aspects:

- **Predominance of the private sector**: private property contributes to labor productivity in the food, beverage and tobacco with percentages ranging between 87.6% (2004) up to 100% in 2009, the same trend as the profitability recorded in private capital;
- **Significant variations in the structure of enterprises by size class across the industry**: on the total food, beverages and tobacco industry, the number of enterprises has declined in 2009 compared to 2004 with 15.1%, owing in particular to reduce by almost 19% of the number of micro-enterprises; it should be noted here that in five

size classes of enterprises, the lowest decline lies at the level of a number of enterprises with employees ranging from 50 to 249 persons;

- **Reducing the average number of employees in the food industry, beverage and tobacco with 5.3 percent, the most significant being retrieved at the level of micro-enterprises (-23%)**;
- **Increasing the total turnover** achieved during years with percentages ranging between 36.7% (enterprises with 20-49 employees) and 66,1% (enterprises with 50-249 employees); the exception in this case it is also micro-enterprises whose turnover was in the period 2004-2009 on a downward slope;
- **Significant increase of the share capital**, except for micro-enterprises, which registered a serious loss of capital.

Synthetically speaking, the food, beverage and tobacco industry has put its mark on the overall performance of the processing industry, in particular in medium-sized and large enterprises; analysis of the research showed that as we are witnessing a process of concentration of undertakings, their efficiency is much higher compared to that of micro-enterprises, allowing them to identify new ways of development.

CONCLUSIONS

Agro-food sector is a sector with a considerable potential, by tradition, occupying an important place in the structure of the Romanian economy. It is an important factor in social stability and the maintenance of ecological balance.

Unfortunately, the agro-food sector presents serious structural problems, sectorial performance are still quite low. Lack of competitiveness is reflected in the low level of labor productivity with impact on economic growth.

On the other hand, the economic performance of the processing industry is still far from efficient industry in the community and beyond, due to structural problems and malfunctions, which have not yet found a solution.

Increasing the efficiency and performance of the food industry, as industry from the downstream agricultural sector, can contribute to a greater extent to the internal consumption needs, to recovery through export of indigenous

production, and to reduce the gap in productivity and efficiency with partners and competitors from the international level.

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