

ANALYSIS OF THE SERVICES ROLE IN THE RURAL DEVELOPMENT OF ROMANIA

Remus STOIAN, Claudia ANGHEL

University of Agricultural Sciences and Veterinary Medicine Bucharest, 59 Marasti, District 1, 11464, Bucharest, Romania, Phone/Fax: 0040744647410, Email: stoian_remus@yahoo.com

Corresponding author: stoian_remus@yahoo.com

Abstract

Services include a highly heterogeneous range of economic activities which are characterized by different manufacturing processes, different delivery modalities, service providers and consumers with different behaviors, various market structures. The main characteristic features of the service are: immateriality and intangibility; unable to be stored; simultaneity of production and consumption; inability to be sustainable; inseparability of the services provider and the person of the user; heterogeneity; lack of properties. The study of various classification systems is particularly interesting for understanding the nature and diversity for services, analysis of different systems applicable to services and their evolution over time, and the correlations between services and other economic activities they serve. The market has very different characteristics depending on the type of service, level of competition, and the state can intervene in the market for the normal conduct of market mechanisms. Regulation can take three forms: technical regulations, administrative and price controls. It was also treated the issue service in rural areas by providing classification and analysis in some ways.

Key words: activities, rural development, labor productivity growth of economy, indicators, services

INTRODUCTION

Services development in recent decades has imposed an intensification of theoretical and practical concerns in this area in an effort to help understand the most efficient services in both urban and rural environments. Currently the economy of services is still regarded as a further pioneering research space incompletely explored territories. In an effort to help understand the issues more efficient services in general and their application in rural areas, was born the idea of this research content of services, while evolution researchers thought the services, the role and actions of services in the contemporary economy, demand service and quality.

MATERIALS AND METHODS

As research methods, we used documentation, the analysis and data processing from a secondary analysis. These methods are based on the synthesis processes, induction and deduction, analogy and comparative analysis. Once the information was defined, known and

interpreted, the next step was the detailed documentation of the interest area. In the analysis activity, the study of the documentation available for the area or for the analysed system is a starting point. This allows in the analysis to obtain the first knowledge and information. The documentation implied also the analysis of the legislation or the compared analysis of the various specialised sources.

RESULTS AND DISCUSSIONS

Due to the development of services, especially in recent decades, it requires more theoretical concerns in this area. The concept of services is surprisingly complex, raising issues arising mainly from their intangibility; measurement of output and value added relative pricing, intermediate consumption and final determination and related services that benefit and its outcome are unrepeatably and service consumer is actively involved in the production process [2]. The researches of the economists in modern economy concluded that the service is no longer considered an

unproductive activity. The production of one service involves conducting a production process involving resources (human, material, financial and informational), the quantities

produced (q) depending on the quantity and quality of economic factors involved (in the most general expression - labor factor L and capital K factor).



Figure 1.1. - Services, the result of a production process

The researchers concluded that services are the result of a production process, this is achieved by the intervention of inputs in the production process according to the technology adopted and output of the process that are different categories and types of services.

The researchers tried to find a way of defining the concept of service as a high degree of validity.

This resulted in a number of definitions which, although perfectly valid for certain categories of services, presents essences for other categories of services.

This is not because of economists inability to find a “gold” definition generally valid, but the diversity and heterogeneity of classes, fields, formula and procedures under which the services occurs in economic universe [7].

The main characteristic features of the service are: immateriality and intangibility; unable to be stored; simultaneity of production and

consumption; inability to be sustainable; inseparability of the services provider and the person of the user; heterogeneity; lack of properties.

The services include an extremely heterogeneous range of economic activities, which are characterized by different production processes, different delivery methods, providers and consumers with different behaviors, different market structures.

The characteristics of services have implications for their economic properties. Miles [5] used the term "features" to distinguish them. Some of the peculiarities of the service sector are summarized in Table 1. The classification distinguishes between products, services, production processes, markets and producer-consumer relations.

Table 1. Services particularities

Product-service	Immaterial/intangible; Intensive in information; Difficult to store and transport; Great diversity; Perfectly adapted to customer needs; Input value is given by labor; Not compete each other; Product quality depends on the quality of the consumer; Processes and products are difficult to be distinguished; Is difficult to protect the intellectual property; are easily imitated; Reputation is crucial.
Production services	Immaterial; Similar craft; Intensive to working; “Custom made”; Economies of scale low, intermediate materials Input a lot or very little; Included in other productions, apparently without motivation for change / transformation; intensive involvement of the user - heterogeneity.
Market services	The services have use value, but not for exchange; Co-production producer-consumer, trading and consumption can not be separated; distribution in closed networks; You cannot transport; The difficulty of ownership; Perishable, easy to copy; negligible marginal cost of production; Without market price; Price is direct compensation for labor input; Public and Professional Regulation.
Service consumption	Trust in user-producer relationship; Simultaneous production and consumption; Consumption and production in the same place; Utility of the consumer; Satisfy desires psychological.

Source: adapted from Miles (1995) [2] and Sundbo(1994) [4]

The researches of economists have shown that not exist a single definition but regard them as system utilities, in which the beneficiary buys or uses one product and a certain utility that gives them certain benefits or satisfactions, not materialized, in most cases as material and designed to meet personal and social needs.

American Marketing Association defines services as follows: "Services are activities, benefits or utilities that are offered on the market or provided in association with the sale of a good material" [7].

Philip Kotler [3] specialist in marketing offers in turn meaning that "the service is any activity or benefit that one side can offer to another, which is generally the result of which intangible and does not require ownership of a material good."

In past it was said that the services are an obstacle to economic growth, being an inflation factor since higher wages and profits would not correspond to an increase in productivity.

New economic theories reconsidering the role of services in economic development, reviewing the conception of economic growth. Thus, some countries have begun to focus on the service sector, such as Switzerland case that does not invest in industry (except dairy industry, watches and sweets) because it is more expensive and the amortization is slow, and increase service quality. Research undertaken in doctoral thesis sought to highlight the role of services in the Romanian economy in the last 3-4 years (2009-2012). In the absence of a synthetic indicator capable of expressing activity in the sector and enable comparability with other sectors or countries resorted to approach from different angles and that the contribution of employability services to the global effort of economic development. I took care to: employment in services by activities; the labor productivity per person and economic activities; their contribution to the creation of gross domestic product (GDP) and gross and net investments in this dynamic field, and the place over other branches.

The analysis of total population indicators in the economy, the employment in services and its share of the total economy and

modification time allowed correlating human efforts with a number of economic indicators synthetic economy (GDP Total and GDP of Services). Thus mentioned are reflected in data calculated and interpreted in Table 2.

In the analyzed period 2010-2012, the employment in services increased from 3.766 thousand persons in 2010, in 2011 to 4.364 thousand persons and for the year 2012- 4.486 thousand persons. The increase had a significant dynamics of 15.8% in 2011 and 19.1% in 2012 compared to 2010, resulting that only in three years the employments in services increased by 20%, which is explained by the appearance of small firms occurred in all services.

The share of services in total employment in the economy increased from 44.9% in 2010 at 52.1% in 2011 and 52.3% in 2012, representing an annual growth rate of 1% to 7%. It appears that to all service activities (Table 1) it was recorded a continuous employment growth. Exceptions are following services: service production and supply of electricity, thermal energy, gas and air conditioning that decreased by 7%, financial and insurance service decreased by 4.3% and health and social service decreased by 7.9% of total employment.

An increase of 15 % was registered by the employment in services in the field of information and communication, hotels and restaurants in the analyzed period.

The share of employment in services in the employment in the economy increased from 44.9% in 2010 to 52.1% in 2011 and 52.3% in 2012. This reflects the fact that since 2011 the employment in services exceeded by 52% the employment in the national economy, reflecting the role and size influence on employment services in these activities. Employment structure looks as follows: trade 13.8%, transportation and warehousing 5%, education 4.6% and health and social assistance 4.4%.

Other services contributed by 2.5 to 1.4% to the employment in the economy.

Labour productivity per employed person by economic activity increased from Lei 48,958/person in 2008 to Lei 53,370/person in 2011.

Compared to 2008, the annual labor productivity increased by 0.3% in 2009, 4.2% in 2010 and 5.4% in 2011. In 2010, the labor productivity in the economy was Lei 50,934 per person. Particularly suggestive is labor

productivity growth by sector. In the primary sector (raw materials) of economy, labor productivity was 20.2%, five times smaller than in the economy as a whole.

Table 2. The number of employed people in the national economic activity(end of year)(thousands people)

No.	Activity (CAEN Rev.2.Section)	Year			Dynamics (%)			Structure(%)		
		2010	2011	2012	2010	2011	2012	2010	2011	2012
	Total	8,371	8,366	8,570	100	99.9	102.3	100	100	100
1	Agriculture, feorestry, fishing	2,440	2,442	2,510	100	100	102.8	29.1	29.1	29.2
2	Industry	1,537	949	968	100	61.7	62.9	20.7	20.9	20.5
3	Extractive industry	(65)	(65)	(65)	100	100	100	0.7	0.7	0.7
4	Manufacturing industry	(1,472)	(884)	(903)	100	101.5	96.4	17.5	17.8	17.6
5	Constructions	628	611	606	100	97.2	96.4	7.5	7.3	7.0
SERVICES										
6	Production and supply of electricity, gas, steam and air conditioning	73	61	68	100	97.2	93.1	0.8	0.8	0.8
7	Water distribution: salubrity, waste management and decontamination activities	123	123	123	100	100	100	1.4	1.4	1.4
8	Whole sale and retail trade;repair of motor vehicles and motorcycles	1,140	1,157	1,178	100	101.4	103.3	13.8	13.6	13.7
9	Transport and storage	426	434	447	100	101.8	104.9	5.0	5.1	5.2
10	Hotels and restaurants	133	138	154	100	103	115.7	1.5	1.6	1.7
11	Information and communication	134	136	153	100	101.4	114.1	1.6	1.6	1.7
12	Financial and insurance	133	130	114	100	99.7	85.7	1.5	1.5	1.3
13	Real estate	31	30	32	100	97.6	106.6	0.3	0.3	0.3
14	Professional, scientific and technical	156	161	166	100	100	100	1.8	1.9	1.9
15	Activities of administrative services and support services	204	228	258	100	111.7	126.4	2.4	2.7	3.0
16	Public administration and defence; social insurance of public	204	197	192	100	96.5	94.1	2.4	2.3	2.2
17	Education	390	385	391	100	98.7	100.2	4.6	4.6	4.5
18	Health and social care	406	374	374	100	92.1	92.1	4.8	4.4	4.3
19	Arts, entertainment and recreation	63	59	62	100	93.6	98.4	0.7	0.7	0.7
20	Other service activities	150	130	168	100	86.6	112	1.7	1.5	1.9
21	Employment in services	3,766	4,364	4,486	100	115.8	119.1	-	-	-
22	Percentage of population employed in the economy	44.9	52.1	52.3	-	-	-	-	-	-

Source:National Institute of Statistics.Own processing.

In the **secondary sector** (manufacturing industries) labor productivity was 42.3% higher than the total economy. In the **tertiary sector** (services) labor productivity was 4.7 times higher than the level achieved throughout the economy. The increase is significant for the services sector, the result of several factors: the development of private property, the potential for small and medium enterprises (SMEs) that can be placed in all cities, villages investment requiring much lower than in the secondary sector. Essentially, the data presented reflect the net superiority of labor productivity in the service sector, which influences importance of

work productivity in the economy. If at the level of economy productivity was Lei 50,934 per person, in the service sector was Lei 239,143 per person.

Tabel 3. Labour productivity per person employed by economic activities

(Year)	Measurement units	Total economy	Primary sector	Secondary sector	Tertiary sector
2010	Lei/ pers	50,934	10,315	72,491	23,914
	%	100	20.2	142.3	469.5

Source: National Institute of Statistics CAEN REV 2. 2010 and own processing

Macroeconomic dimensions of the services sector can be reflected out of employment and

structure of service contribution to the creation of GDP in Table 4.

In the period 2008-2012, it is found that to all services recorded an increased value and percentage contribution to GDP, except trade services whose contribution to GDP fell from Million 99,593.8 in 2008 to Million 68,757.6 in 2012, meaning a decrease by 31%. Information and communication services have increased by 4% in the analyzed period. The largest increases in GDP value had real estate transactions by 51% and, respectively, 83%, followed by the professional services activities of administrative services. Gross domestic product including all the services increased from Lei Million 306,204 million in 2008 to Lei Million 342,073 in 2012, respectively 11.7% of GDP compared to the first year of the analysis. The statistics showed a very high relatively stable share of services in GDP as follows: 59.4% in 2008; 58.9% in 2009; 56.8% in 2010; 56.5% in 2011; 58.2% in 2012.

It was concluded that the population employed in the service indicators and GDP of service exceeded by 50% in 2012. Employment in services exceeded by 52% in 2012 as a share of total economy and participation in services GDP reached 58.2%.

Statistics on global economy showed that one country which has a higher level of development, the most significant part of employment is in the field of the services. For examples: in the U.S.A, Canada, Switzerland, employment in services represents up to 73% of total employment in the economy.

There are other elements which contribute to some sensitive differences due to the internal structure of the economy and structure of the tertiary sector.

In Romania, the increase of services volume provided for population responds to the dynamic objectives of the new requirements on the reproduction of labor. The scope of services must adapt flexibly to the progress taking place in accordance with the different consumption needs at different stages in the development of our society.

Modern economic theories have returned to the role of services in economic growth,

recognizing the key role that they play today in achieving economic and social progress.

Thus, the service functions fall between the activities of the most important creative material and spiritual wealth. Among these the following functions are observed: research and development, education (professional training), maintenance (maintenance), supply and storage, distribution, use potentiation product management and recycling. These functions includes, with differences depending on the nature of the products up to 80% of their total costs.

On the other hand, heterogeneity makes different services benefits not just contribute to economic growth, dividing services from this point of view: labor intensive (staff) and intensive knowledge (intelligence).

Consumption of services is an important indicator of life quality, there are significant differences about budget coefficients services (which expresses the share of expenditure on services in total household consumption expenditure) among different countries and socio-professional categories, determined by differences in terms of real income of the population.

The network services – leisure aimed in the both sides to use the services being involved in both leisure's growth and to create conditions for leisure and spending it.

The relations services - environment is reflected both in damage (through various forms of pollution) and to the protection of them by: land reclamation, forest furnishings, cleaning services, sanitation etc. and last but not least, the productive and ecological education of end users. The service sector consists of a wide variety of activities that are found in all economical and social sectors, bearing the imprint of their specificity. Due to the heterogeneity of services is necessary to classify them.

Enrolling in one expression of both the provision of services to industrial and non-industrial, a phenomenon frequently encountered in the literature, complicating the delimitation of rural industry activities from other activities.

Table 4. Analysis of gross domestic product by category of resources (Lei Million / current prices)

No	Indicators	GDP					Dynamics %				
		2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
1	Agriculture, forestry and fishing	34126.4	32297.8	29874.2	36341.6	28638.1	100	94.4	87.3	106.4	83.8
2	Extractive industry; manufacturing industry; production and supply of electricity, water distribution; salubrity, waste management, decontamination activities	118239.8	120637.4	148553.1	160643.4	165747.0	100	101.6	125.4	135.5	139.8
3	Construction	56130.6	52809.4	47762.3	44950.3	50292.5	100	94.1	85.0	80.0	89.4
	SERVICES										
4	Wholesale and retail trade; repair of motor vehicles and motorcycles Transportation and storage; hotels and restaurants	99593.8	94359.5	69740.4	63038.1	68757.6	100	94.7	70.0	63.3	69.0
5	Informations and communications	20047.9	19520.6	17811.8	18975.9	20821.9	100	97.5	89	94.5	104
6	Financial and insurance	11407.3	11250.1	11681.0	14010.7	14390.6	100	98.2	101.7	122.8	125.4
7	Real Estate	31671.5	32699.0	46250.9	46888.8	48057.4	100	103.1	146.2	148.1	151.8
8	Professional, scientific and technical services; activities of administrative services and support services	19739.5	20044.0	24716.8	31050.5	36239.5	100	101.5	125.3	157.3	183.7
9	Public administration and defense; social security insurance; education, health and social care	55789.9	55668.2	56607.7	55872.5	61473.0	100	99.8	101.6	100.1	110.2
10	Entertainment, cultural and recreation activities; repair of household goods and other services	11788.8	11693.1	13398.8	15961.4	17694.6	100	99.1	113.6	135.8	150.4
11	Gross value added	458535.5	450979.1	466397.0	487733.2	512112.2	100	98.2	101.7	106.3	111.7
12	Taxes on products	56415.6	50442.9	57516.7	67503.5	72082.7	100	89.3	101.9	119.6	127.6
13	Duties on imports of duty	1192.3	923.2	1958.6	2678.4	2878.9	100	77.4	172.7	236.3	254.5
14	Subsidies on products	-1443.4	-1205.8	-2179.0	-566.9	-323.9	100	-85.7	-150	-39.2	-22.3
15	Gross domestic product	514700.0	501139.4	523693.3	557348.2	586749.9	100	97.4	101.7	108.3	114
16	Gross domestic product per capita (lei)	25061.0	24604.9	25865.5	27663.2	29197.4	100	98.4	103.2	110.4	116.4
17	Gross national income	499783.1	494328.7	517278.7	550058.4	576205.6	100	99.7	103.6	110.2	115.4
18	Gross Domestic Product - Services	306204.0	295395.0	297504.0	315414.0	342073.0	100	96.4	97.1	103.0	111.7
	The share of services in total GDP in the economy	59.4	58.9	56.8	56.5	58.2	-	-	-	-	-

Source: National Institute of Statistics.
 Own processing.

This allows us to make delimitation and formation of homogeneous groups with specific characteristics. From this point of view there are three main groups:

- Provision of industrial services* which are included in the scope of rural industry;
- Provision of services for agriculture* including those provided by the owners of tractors and agricultural machines to the third parties, specialized technical assistance;
- Provision of services for rural population* which include: human dispensary work,

passenger transport, energy distribution for domestic consumption etc.

CONCLUSIONS

Desiring to further the understanding better how the whole service area arose the idea of this research on the role of services in rural development of our country.

Services include an extremely heterogeneous range of economic activities, which are characterized by different production processes, different delivery methods,

providers and consumers with different behaviors, different market structures.

Developments in recent decades justify characterizing the economies of developed countries such "economies to the services". Researches undertaken in this paper have tried to highlight the role of services in the Romanian economy in the last six years. In the absence of a synthetic indicator capable of expressing activity in the sector and enable comparability with other sectors or countries resorted to approach the contribution from different angles and that the degree of engagement of services in the global effort of economic development.

There were taken into consideration:

-employment in services activities, which increased its share in the national economy from 44.9 to 52.3% in 2010-2012. Analyzed in dynamic, population services increased in the last 3 years from 15.8 to 20% in the analyzed period;

-their contribution of services to the creation of gross domestic product (GDP) showed significant variations, ranging between 59.4 and 58.2%. The analysis revealed major changes to some services.

Their share fell slightly in the period 2008-2011, characterized by global economic crisis. However, during this period there noticed structural changes between services of the main sectors, in favor of professional, scientific and technical activities, the administrative and the support services.

The analyses of scientific research revealed the other three relationships: service consumption is an important indicator of life quality; the relationships services - leisure; relationship between services and the environment through damage of him (with various forms of pollution and protecting him), by land reclamation, forestry facilities, cleaning services, salubrity and not least ecological education for service users.

Continuous increase of services quality is a goal, an essential condition of existence in markets with strong competition. Continuing emphasis on competition raises special problems to producers of services and fast adaptation to new conditions is vital.

Provisions of services in rural areas are divided into: industrial service, services for agriculture and rural population service.

Supplies of services for the rural population include: water distribution, exhaust of wastewater, distribution of natural gas, distribution of thermal/electric energy, transport and communications (in various forms - telephone, internet, mail, TV), health services, education, tourism (the accommodation, food, entertainment, hunting, cultural, information, intermediation).

REFERENCES

- [1]Anuarul Statistic al României, 2003, "Clasificarea Activităților din Economia Națională CAEN - Rev. 1" (aprobat prin Ordinul nr. 601 / 26.XI.2002 apărut în M.O. nr. 908/13.XII.2002 privind actualizarea CAEN aprobat prin H.G. nr. 656/1997), precum și recomandărilor Oficiului de Statistică al Comunităților Europene (Eurostat).
- [2]Bobîrcă Ana, 2005, Economia serviciilor internaționale, Editura Economică, București
- [3]Kotler Philip, 1999, Managementul Marketingului: Analiză, Planificare, Implementare, Control, București: Teora Press House
- [4]Institutul Național de Statistică, CAEN REV.1.2003, Clasificarea activităților din economia națională, Editura All Beck, București, pp. 265-266
- [5]Miles, I. ,1995, Services innovation: Statistical and conceptual issues, DSTI/EAS/STP/NEST1(95)23, OECD
- [6]Sundbo, J., 1994, Modulization of service production and a thesis of convergence between serva v nud manufacturing organizations, Scandinavian Journal of Management, Vol. 10, pp. 245-266
- [7]Zaharia Marian, 2005, Economia serviciilor, Ediția a II-a, Editura Universitară, București
- [8] <https://www.cia.gov/library/publications/the-world-factbook/fields/2048.html>

