Human Potential as a Source of Economic Development. Case Study Tecuci Plain

Iulian Adrian Şorcaru[1]

Abstract: The study aims at analyzing the human potential in Tecuci plain, an agricultural space, whose area is almost entirely administrated by Galaţi County. Human resources, and especially those forming labor force are considered the dynamic element directly responsible for the economic development of an area. Thus, their analysis, taking into account the economic evolution in recent years at the national level, provides us a synthetic picture of the entire area, highlighting also the regional disparities. The economic development level, reflected by the analysis of seven demographic indicators aiming the human potential at the last national census, should be the basis for future economic development policies to ensure the region's population a better standard of living.

Keywords: human potential; labor force; economic development; regional disparities

Jel Classification: I25; J21; O15

Introduction

Human potential, by labor force, employment, unemployment, educational level, gender structure, aging, reflects the level of economic development of a region being strongly influenced by demographic realities (total population, age structure, sex, residence, etc.) and economic realities (number of jobs).

Radical social and economic changes of the national economy recorded in recent years have generated mutations in the volume, quality and composition of the labor force, recorded also by the administrative units of Tecuci plain which we will analyze in detail. Under these circumstances, human resources currently available, have an important role in the sustainable development of the region whose implementation is much needed in the medium and long term. Also, European funds that directly support the sustainable development of the region, require a certain level of training of the labor force, the competition between national administrative units being increasingly higher.

For this purpose we calculated, based on the data from the last national census, seven demographic indicators (the manpower and gender structure of the manpower, the manpower renewal coefficient, unemployment, demographic potential, illiteracy and demographic aging) considered to reflect best the specifics
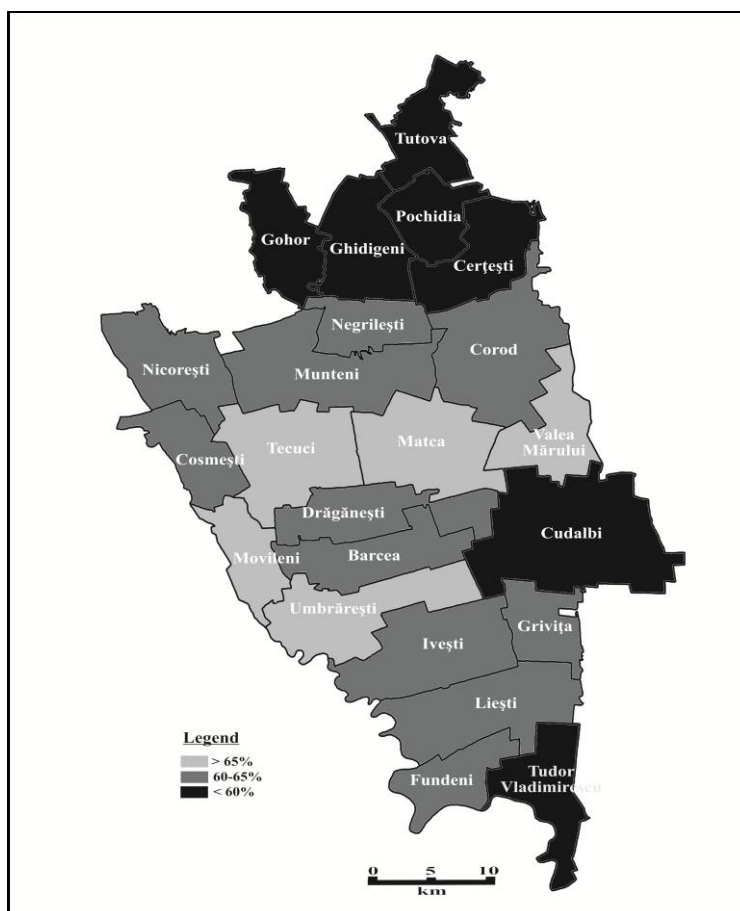
[1] Assistant Professor, PhD, Faculty of Economics and Business Administration, „Dunarea de Jos" University of Galati, Romania, Address: 59-61 Nicolae Bălcescu Blvd, Galati, Romania, Tel.: +40336130242, fax: +40336 130 293, Corresponding author: iulian.sorcaru@ugal.ro.

of human potential in Tecuci plain. Mapping the results reflects the disparities between urban and rural areas of the region, the worst values being recorded by the peripheral administrative units.

2. Manpower and Gender Structure of the Manpower

Calculated as the ratio of legal working age population (15-64 years old) and total population, manpower indicator reflects the human potential of each administrative unit, influenced by socio-economic changes that occurred in the region. At the census of 2011, whose data were centralized unfortunately only at the end of 2013, manpower in Tecuci plain was 63.6% of the population, ranging from the lowest value recorded by Gohor commune (57.4%) and the maximum of 67.6% recorded by Tecuci city.

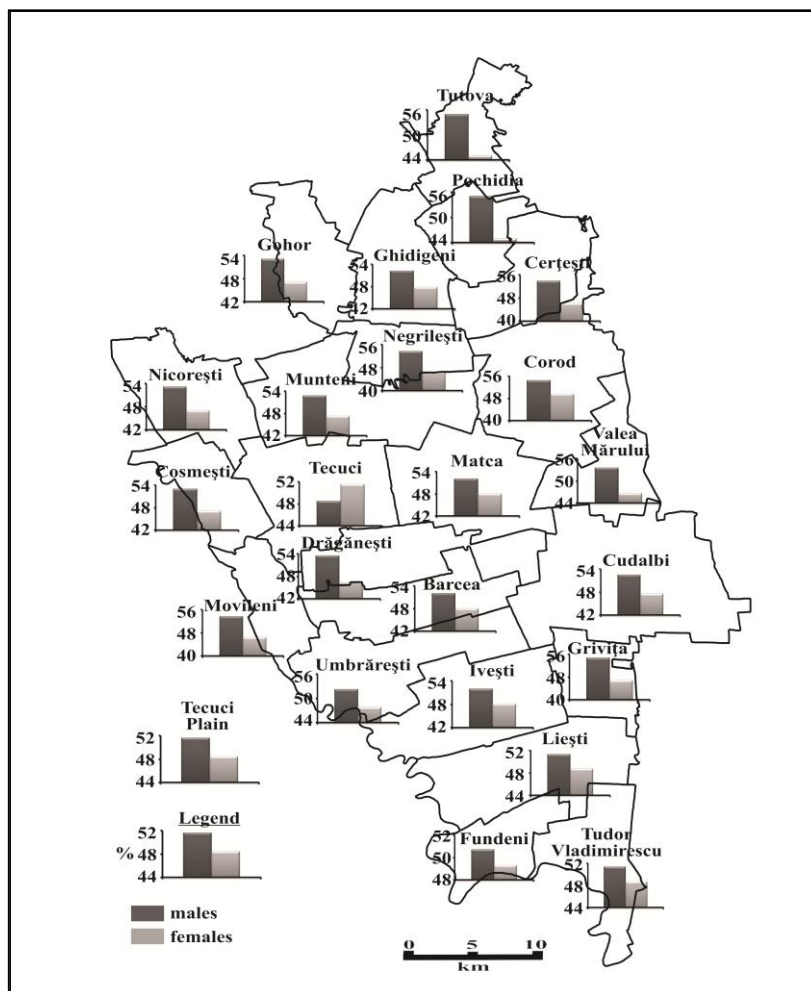**Figure 1. Manpower in Tecuci Plain**
(source: DJS Galaţi, 2011)

Looking at figure 1, we can easily see that the lowest percentage (below 60%) are in peripheral areas in the north of the plain (Tutova Pochidia, Gohor, Ghidigeni, Certesti), east (Cudalbi) and south (Tudor Vladimirescu). 10 communes recorded percentages approaching the average value of the plain, while the highest percentages of manpower indicator, which exceeded the regional average were registered by Movileni (66.7%), Umbrăreşti (66.3%) Valea Mărului (66.2%), Matca (65.7%) and Drăgăneşti (63.7%). The low rates of manpower share in total population registered by the communes on the periphery of the region is due to the sharp demographic decline after 1990 and especially aging that affected age group structure of human resources. They are added by the migration process which recorded, after the outbreak of the global economic crisis in 2008, a significant decrease, many rural residents returning to their villages. Gender analysis of manpower also reflects a clear difference between urban and rural areas. Thus, if in urban areas, we find a predominance of females (51.5% in the city Tecuci), in rural areas males are predominantly.

The explanation lies in the industrial specific of Galati city, who drew in the communist period mainly the male labor force from the villages and neighboring counties. Economic changes that occurred after 1990 and the unfavorable evolution of the steel industry in Galati city amplified urban-rural migration within the county, directly responsible for the gender structure of the manpower today. Thus, the largest share of males is recorded by Pochidia commune (55%), at the opposite being situated Fundeni commune (50.7%).

Therefore, considering that usually males are looking for a job and represent the "head of family" in a historical province which still retains some demographic traditionalism, we believe that the predominance of the males in the manpower, especially in rural areas is a positive aspect for the further economic development of the region.

3. The Manpower Renewal Coefficient

Calculated as the ratio of the population aged between 15-29 years old and the one between 30-44 years old, this indicator reflects, when values are supraunitary, favorable prospects. Unfortunately, the only commune which recorded more than 100% is Ghidigeni (100.4%), the other 10 administrative units in rural areas (figure 3) recording percentages between 85.1-100%. The worst situations are recorded, as in manpower indicator, by the administrative units located on the periphery, along with Tecuci city (69.4%) whose values are below 70% (Tudor Vladimirescu-64%, 66.5% Cudalbi-, Pochidia-68.2%, 69.3% Fundeni).

Figure 2. Gender Structure of the Manpower in Tecuci Plain

(source: DJS Galaţi, 2011)

These low values, as well as the average of the region (79.7%), are due to low birth rate, which was not supported by strong stimulative policy, and enhanced aging in the administrative units where Romanians have more than 95%.

The communes with higher values, whose manpower renewal coefficient exceeds 90%, are characterized by birth rates above the average of the plain due to the presence of numerous Roma communities known for high fertility.
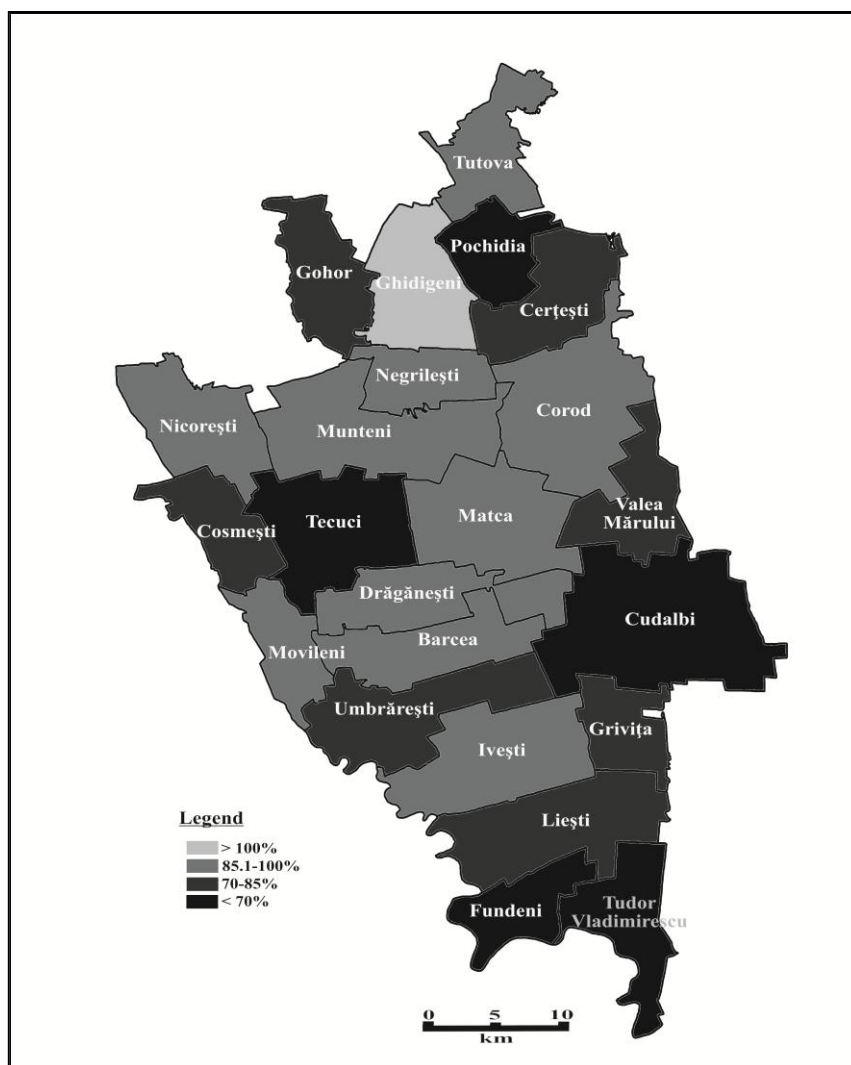
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Figure 3. The Manpower Renewal Coefficient in Tecuci Plain

(source: DJS Galaţi, 2011)

4. The Unemployment

The most important indicator specific to labor force, the unemployment rate, for which we have data in 2012, has a value of 8.2% in the region. We note from the territorial analysis that rural values are greatly exceeding the regional average. Thus, we distinguish Ghidigeni (18.5%-the highest unemployment rate), Negrileşti

(17.9%), Valea Mărului (16.9%), Griviţa (15.6%). The lowest rates are recorded by Tecuci city (2.2%) and communes Lieşti (2.4%) and Matca (1.2%-the lowest rate).

The factors that increase the number of the unemployed people were on the one hand, the collective redundancies of employees born in the rural areas of the plain who were working in the steel plant in Galati city, and industrial establishments in Tecuci city, privatized after 1990, and on the other hand the continuous decrease of the active population as a result of demographic aging.

Here we can also mention the behavior of Roma population which size increases the unemployment rate in rural administrative units were they record significant percentages.
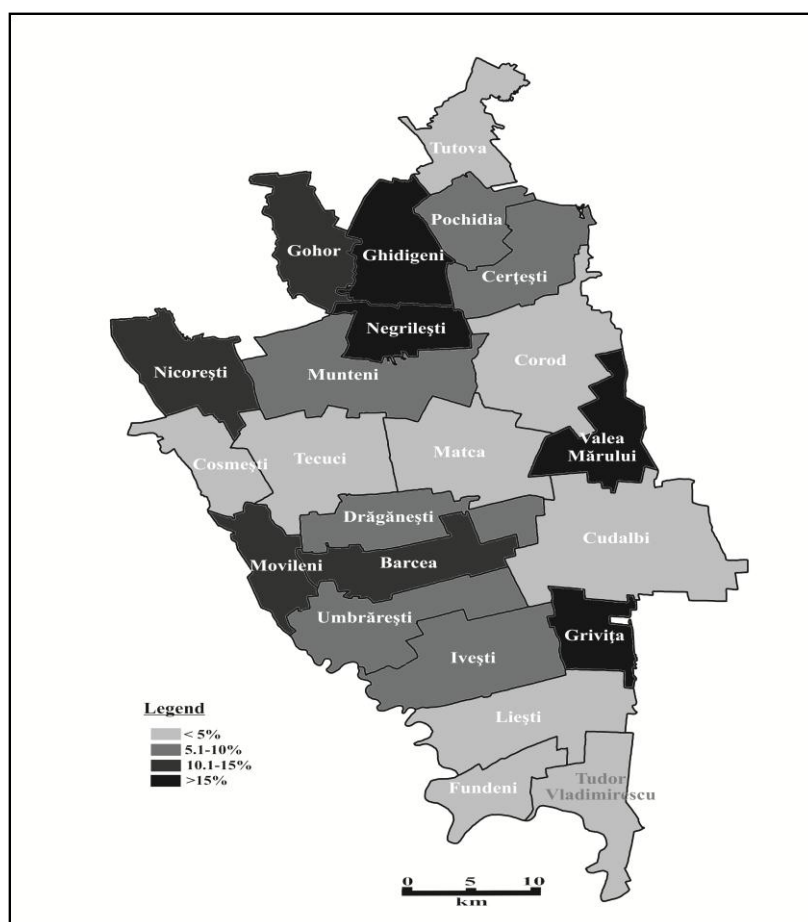

Figure 4. The Unemployment Rate in Tecuci Plain

(source: AJOFM Galaţi&Vaslui, 2012)

These high rates which do not reflect the absolute reality, knowing that the size of unemployed people is much higher than the records of the institutions, have a direct effect on the life quality of the plain emphasizing poverty.

5. Demographic Aging

Demographic aging is a process extensively studied worldwide, especially in countries with a high level of economic development, where the benefits of civilization have caused in the last decades a continuous decrease of birth and mortality rate directly responsible for aging. Conventionally it is considered that a population is aging when the share of elders (over 65 years) in the total population exceeds 12%. The analysis of demographic aging in Tecuci plain, with direct effects on manpower reveals the gloomy outlook of the region.
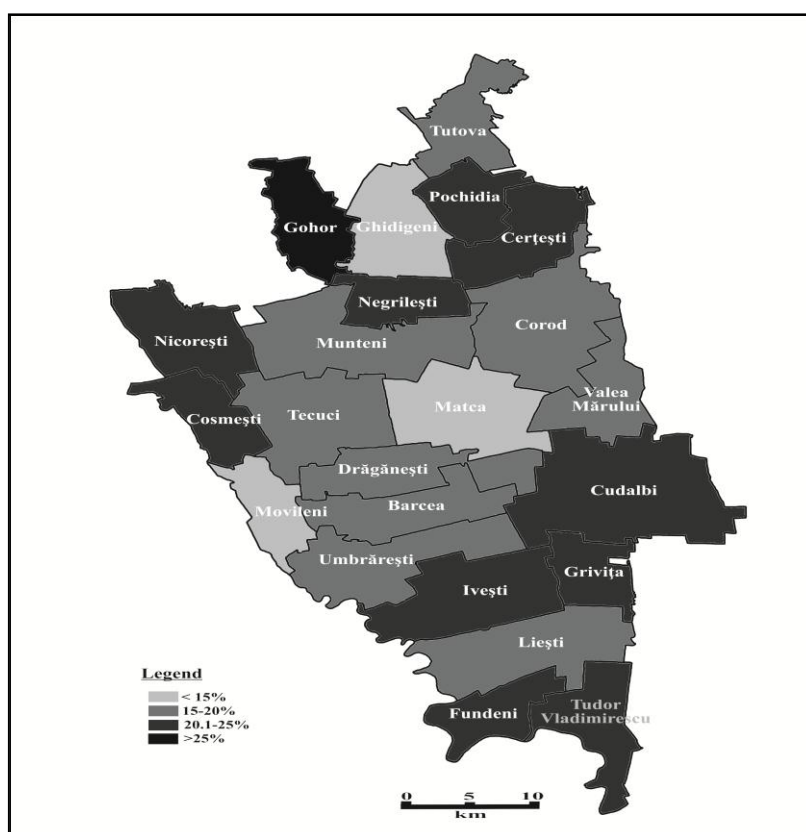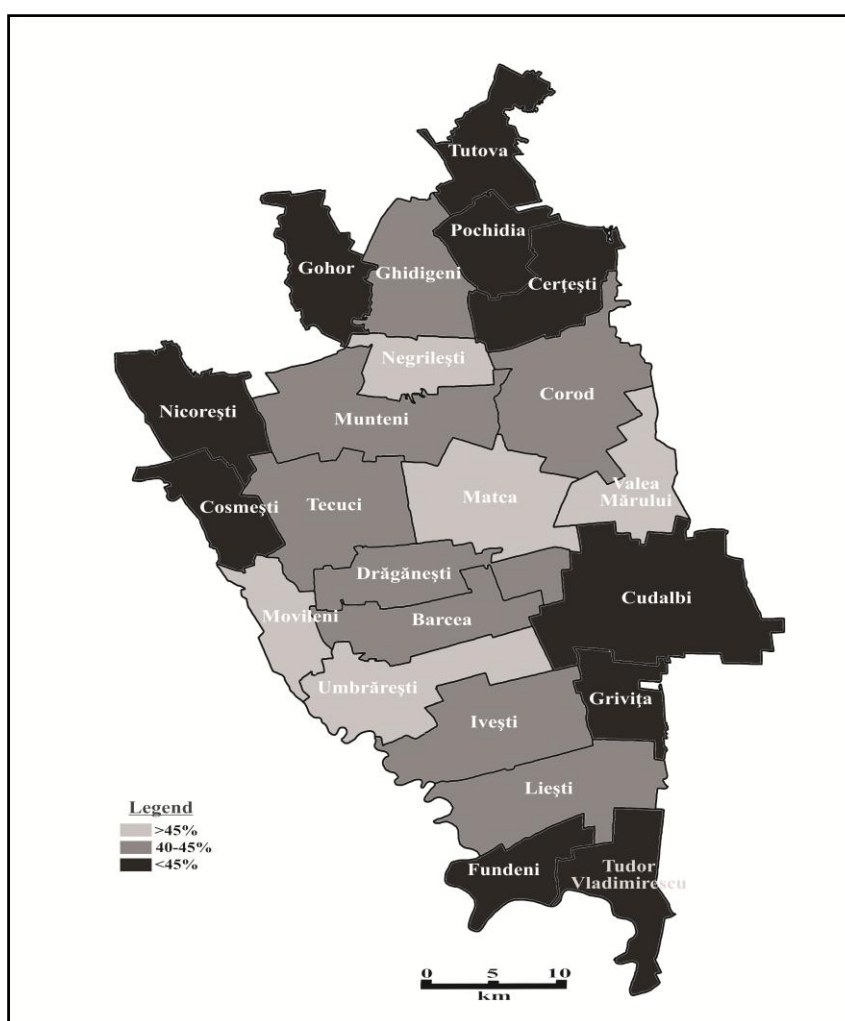

Figure 5. The Demographic Aging Rate in Tecuci Plain

(source: DJS Galaţi&Vaslui, 2011)

Thus, the average level of aging is 17.7%, but more concerning are the values in rural areas where the aging of human resources reach 26.2% in Gohor commune. Basically 14 administrative units in rural areas (60.8%) have a level of aging above the regional average, while the minimum value is 13.3% (Ghidigeni commune).

In this context, local and regional decision factors should adopt immediately a set of policies to stimulate birth rate and attract private investment to develop the economic activities of the plain, reducing the number of those who left in search of work.

Figure 6. The Demographic Potential in Tecuci Plain

(source: DJS Galaţi&Vaslui, 2011)

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6. The Demographic Potential

In the assessment of the premises of the demographic behavior of a population an important role is occupied by the synthetic indicators that highlight existing demographic potential and the stability or instability of the couples.

The demographic potential of Tecuci plain can be appreciated by reporting female population of fertile age in the total female population, report which expresses, moreover, the degree of vitality of the population and the real possibilities to revitalize it. This indicator, calculated using the last available data, reveals a low vitality for the entire plain.
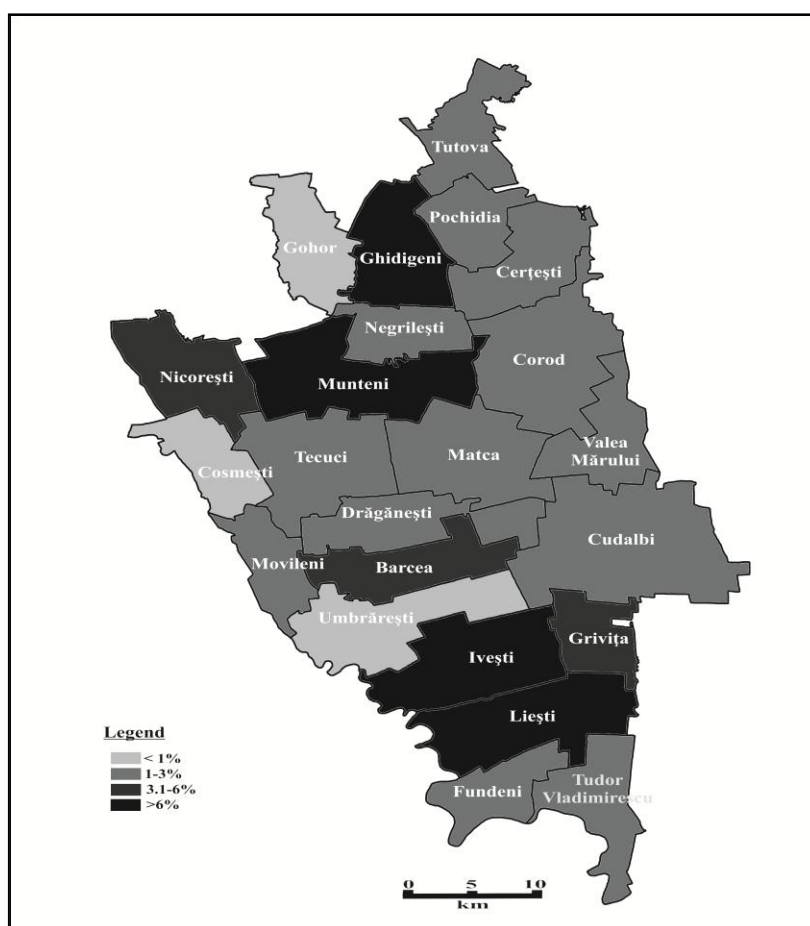

Figure 7. Illiteracy Rate in Tecuci Plain

(source: DJS Galaţi&Vaslui, 2011)

Thus, most administrative units have a demographic potential lower than 45%, the only commune which approaches a medium vitality (50%) being Umbraresti, Movileni, Matca, Valea Mărului and Negrileşti (figure 6). In these circumstances we conclude that males predominance in the manpower plays a double role: on short term it has positive effects being known that males are more active in the labor market, while on medium and long-term negative ones by continuous decrease of population fertility of the plain.

7. Illiteracy

The illiteracy rate is a very important indicator whose values reflect the vulnerability of the human resources within a region. Lack of basic knowledge seriously affect the manpower who is unable to find a job or to "keep up" with the fast changes which occur in the labor market nowadays. Unfortunately, the illiteracy rate in Tecuci plain is 2.9%, an extremely high value considering the fact that the national average recorded at the last census is 1.2%. We notice at territorial level the communes which have high percentages of Roma population, where illiteracy exceeds the plain average (figure 7): Ghidigeni-8.5%, Munteni-8.6%, Lieşti-7.5%, Iveşti-6.6%. Thus, although Roma population is usually reticent to social integration policies, we believe that reducing the rate of illiteracy and increasing proportion of the literates should represent one of the first priorities for local authorities.

8. Conclusions

The analysis of the seven demographic indicators, with direct influence on the economic development of the region in the medium and long term, reflects its low human potential, especially in the rural administrative units. Unfortunately, Tecuci city, the only urban administrative unit cannot compensate the negative values recorded by most of the communes, registering also a modest human potential. We also note the high level of aging, illiteracy and unemployment which can create major imbalances in the medium and long term regarding the human resources of the plain. Also, the index of renewal of the manpower is below the national average, although the share of manpower in total population and its gender structure reflects less concern due to the industrial specific of Galati city located in the vicinity of the region.

The major conclusion of this study is that, at least in the short term, the economic development of the region will know no leaps, some demographic indicators analyzed here, keeping the negative trend recorded in the last census.

More concerning is the fact that many local policies that positively influence the human potential of plain and therefore its economic development exist in the planning documents of Galati county, but unfortunately are not applied in a region that has a high economic potential.

9. References

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