

Building a Conceptual Model to Overcome the Economic Crisis in the Agricultural Sector of Atu Gagauzia, Republic of Moldova

Irina Todos¹, Svetlana Kuraksina²

Abstract: The agricultural sector has a dominant position in the economy of Gagauzia for a number of reasons: first, relatively small investment gives it a more substantial increase in employment, import substitution and export; secondly, the position of the Republic of Moldova for the cultivation of agricultural products; thirdly, the presence of highly skilled and relatively cheap labor.

Keywords: crisis management; crisis administration; crisis in agriculture; the crisis in the agricultural sector

This crisis presents an opportunity to change the structure of production, the rate and level of socio-economic development and reach a higher level of economic security. The task of crisis management is not so much the elimination of the consequences of the crisis, but rather the prevention of the crisis and to identify in advance the point which would prevent irreversible negative changes and achieve a new level of development with minimal negative consequences. (Bajura, 2011, p. 143).

This objective should be pursued at all levels of socio-economic systems. To minimize the negative effects of crises and maximize the opportunities of ATU Gagauzia, crises need to be timely diagnosed, their impact predicted, target the prevention of crisis trends, to monitor the results of these impacts and a needed is a system of specific measures of crisis management³.

¹ Associate Professor, PhD, State University "B.P. Hasdeu" from Cahul, Republic of Moldova. Address: 1 Piața Independenței, Cahul, Republic of Moldova, Tel.: 0299 22481, Fax: 0 299 24752, Corresponding author: e-mail address: todosirina@gmail.com.

² Senior Lecturer, State University from Comrat, Republic of Moldova, Address: 17 Galațana Str., Comrat 3800, Republica Moldova, Tel.: +373 298 24 345, E-mail: mastplus@front.ru.

³ Law on Measures to Improve the Financial and Economic Situation of Livestock Enterprises in ATU Gagauzia.

The most dynamic emergence and development of the private sector in the economy of Gagauzia, especially in the first years of reform, of course, was observed in agriculture.

The main problem in Gagauzia today is the urgent need for reform of the system of the government to create favorable conditions for the development of agriculture, which, in turn, is essential for achieving strong and sustainable economic growth.

Among the tasks carried out today for the revivals of the agricultural sector in Gagauzia are the following:

- establishment of superior mechanical and technological stations. In November 2005, the MTS was opened in Ceadir-Lunga. Recently, Machinery Service Center opened in Ciok-Maidan, and Comrat MTS is preparing to be opened. This will solve the problem of handling agricultural machinery and thus aid the farmers and agriculture in the region;
- meeting the people's needs in diverse and high-quality food products; ensuring the supply of agricultural products for export in fresh and processed form;
- saving mostly established a diversified agricultural structure to simultaneously produce a variety of food and raw materials for the processing industry;
- priority development of the most important sectors of agriculture, defining much of the export opportunities of Gagauzia as viticulture, pomology (fruit varieties), tobacco, sunflower, to the extent that the needs of the people are met in vegetable oil. The optimal size should ensure grain production, as a basis for food security in the region, as well as the production of vegetables, potatoes and other agricultural products for the domestic market. (Flowers, 2009, pp. 59-71)

A promising sector under the branch of Agriculture of Gagauzia is seed production, not necessarily to expand the area of the optimum sizes for the production of hybrid seeds of sunflower and corn seeds in order to meet the needs of farms and partial implementation in CIS countries.

Analysis of the agricultural enterprises of Gagauzia to ensure early detection of signs of crisis development is an integral part of the overall study. However, through the analysis of a number of problems in the development of the agricultural sector of the region, table 1.

Table 1. Identification of the Problems of Agriculture

| Problem | Description of the problems |
|---|---|
| 1. The unfavorable business environment | <ol style="list-style-type: none"> 1. Frequent changes in legislation. 2. The presence of "barriers" (high taxes, the complexity of the reporting, registration, license, corruption). 3. The absence of a clear strategy for the development of agricultural enterprises. 4. The lack of a mechanism to attract the broad business community to address the development challenges of the region. 5. Lack of training for local authorities. 6. Excessive amount of inspection and monitoring bodies. 7. The absence of information and communication networks between business associations. |
| 2. Limited access to key resources | <ol style="list-style-type: none"> 1. Lack of access to information resources and statistics. 2. Lack of infrastructure support to agriculture. 3. Imperfect credit. 4. Limited access for agricultural entrepreneurs to production and office areas. 5. Poorly developed market for business services. |
| 3. Low competitiveness and lack of integration into the world economy | <ol style="list-style-type: none"> 1. Low investment attractiveness in Gagauzia. 2. Weak export capabilities of local firms. 3. The low competitiveness of the ATU Gagauzia. 4. The lack of a clear strategy training personnel for agricultural workers. 5. The low level of knowledge. 6. The low level of entrepreneurial culture and ethics. |

Source: created by the author

Because of the above problems, table 1 is necessary to stimulate the local economy through the development of a strong and viable agro-industrial sector of Gagauzia.

Strategic objectives:

1. creating an enabling business environment;
2. increase access to key resources;
3. improving the competitiveness and integration into the world economy¹.

Implementation of the strategic goals is to implement a set of activities that are combined in three directions shown in table 2.

¹ Resolution of the Government of the Republic of Moldova on the government's program of "Anti-crisis Measures", of 02.07.1998.

1. Create an enabling business environment

The first planned actions aimed at improvement of the legislative and institutional framework of agricultural enterprises requires the active participation of all stakeholders: national structures of local and regional authorities and associations of the region.

Table 2. Strategic goals and objectives for the crisis of agricultural enterprises in the region

| Strategic goals | Tasks |
|--|--|
| 1. Create an enabling the business environment | 1. Improvement of the legislative and institutional framework agricultural enterprises. 2. Simplification of registration and licensing procedures and the elimination of agricultural enterprises. 3. Lobbying and promotion of interests agricultural enterprises at the national and regional levels. |
| 2. Increase access for agricultural enterprises to key resources | 1. Increase access for agricultural enterprises to statistical and information resources. 2. Facilitating access agricultural enterprises to finance. 3. Increase access to consulting services |
| 3. The competitiveness of the agriculture enterprises and integration into the economy | 1. Improving the competitiveness of agriculture enterprises. 2. Export opportunities for local companies. 3. Development and promotion of the interests of foreign investors in ATU Gagauzia. 4. Improving management capacity and economic culture in the region. |

Source: created by the author

To improve a number of laws, it is necessary to take the initiative to simplify registration, licensing and elimination of agricultural enterprises and also intends to increase the competence of agricultural enterprises in legal matters, lobbying and promotion of interests at the national and regional levels.¹

2. Increasing the access of agricultural enterprises to key resources

The activities included in this expanded access to key agricultural resources. In particular, the statistical information and resources through the establishment of website support of agricultural enterprises in Gagauzia, publication of the newsletter “Journal of Agricultural Business” and a number of other events. An important role is given to the opening of the Representation of Entrepreneurship

¹ Results on structural survey of enterprises. Chişinău, 2011.143 p. (concerned 20.11.2012).

Support and Guarantee Fund of the Republic of Moldova in the territory of Gagauzia in order to expand access to financial resources.

3. Improving the competitiveness of the agricultural enterprises and their integration into the economy

The third area of activities will speed up the process of integration of agricultural enterprises and other integration processes in the region, and expand export opportunities for companies to increase the competitiveness of products and services. This may also develop such promising business areas as tourism and traditional crafts (Kuraxina, 2012, p. 49-54).

The project for the study of the investment needs of agricultural enterprises and publication of the "Guide for the investor" will help to attract foreign investments. The introduction of the international quality standards will improve the export and the agricultural potential of the region and will lead to the growth of the gross domestic product of the region.

Based on the concept of activities at the regional level, we have attempted to develop a system of anti-crisis measures. The proposed system comprises of seven main blocks:

- 1) analysis of the real situation in the test subject;
- 2) the identification of priority directions of activity;
- 3) legal support of anti-crisis measures;
- 4) unit of economic measures, which allows you to get out of the crisis;
- 5) full cycle analysis unit, accumulating the positive and negative experience aimed at developing further recommendations at a higher level.
- 6) information unit to bring to the attention of the leaders the latest developments in the field of crisis management;
- 7) practical debugging interaction at various anti-crisis structures on the basis of the latest scientific achievements. (Bizgu, 2005, 7, pp. 93-95)

For the long-term sustainable development of Agriculture of the Republic of Moldova and ATU Gagauzia activities must be on a scientific basis and work actively on the following priority areas:

- the development and strengthening of the scientific and technical potential of the agrarian sector, the deployment of large-scale studies of actual problems of the progressive development of agriculture;
- restoration of soil fertility and the most complete, efficient and rational use of land, natural, and industrial and labor resources;

- improvement of technique and technology, interpreting agriculture from partial to complete mechanization of the subsequently on-stage "system of machines", and from there to the biological systems based on two key technology-global positioning systems and genetic engineering;
- increase crop yields and livestock production, large-scale development of seed production, livestock breeding, land reclamation and chemicals;
- training and skills development of workers, professionals and decision makers, the modern scientific and technological progress and market conditions of managing. (Kuraxina, 2006, pp. 158-162)

References

Bajura, T. (2011). *Cost rates in agriculture. Practical guide*. Chişinău.

Flowers, K. (2009). Economic Crises: Structural. *Society and Economics*, no. 1, pp. 59-71.

Curaxina, S. (2012). Organizational-economic potential for the development of the agricultural sector in ATO Gagauz -Yeri in modern conditions. Accounting and analytical tools for the innovative economy: 3 Materials of the international scientific-practical conference. November 17- 18, 2011 - Knyaginino: NGIEI, 2012. pp. 49-54.

Bîzgu, I. (2005). Aviculture - the most effective branch of the zootechnics in *Materials Of The International Scientific Symposium* from Chişinău, UASM, pp. 93-95.

Curaxina, S. (2006). State measures in support of the farmers monitor of the Republic of Moldova. *Revista Economica*, no. 1 (26), pp. 158-162.

*** Resolution of the Government of the Republic of Moldova on the government's program of "Anti-crisis Measures", of 02.07.1998.

*** Results on structural survey of enterprises. Chişinău, 2011.143 p. (concerned 20.11.2012). http://www.statistica.md/public/files/publicatii_electronice/Rezult_anch_struct/ASA_20.12.pdf.

*** Law on Measures to Improve the Financial and Economic Situation of Livestock Enterprises in ATU Gagauzia.