

## ABSTRACT

The thesis entitled „Management strategies and policies for the increase of labor productivity in the companies of the agricultural and food sector in Iași county” has two major parts: one part of theoretical foundations and a second part of an in depth analysis of the chosen field.

Through this work I followed, in order, the following **objectives**:

1. Synthesizing a number of existing definitions and theories on management strategies and policies and on labor productivity, making comments on my own understandings and shape a personal opinion on labor productivity;
2. Indication of significant correlations between strategies and management policies within a company in the agro-food sector and labor productivity, taking into account the business's continuous environment change;
3. Current situation analysis and presentation of assessment methods in the field of labor productivity in agro-food organizations in Iași county;
4. Evaluation and diagnosis of a range of agro-food companies from Iași county with the goal of formulating strategies to improve productivity in their work;
5. Analysis of economic performance, production and economic-financial indicators of representative companies from the agro-food sector in Iași county in the interval 2005-2008;
6. Identification of viable management strategies and policies used in agro-food sector in Iași county both at farm and manufacturer level;
7. Identifying strategic objectives for increasing labor productivity in agro-food sector organizations in Iași county, based on concrete examples and focusing on how to achieve a desired level of productivity;
8. Formulating recommendations to improve labor productivity of agro-food sector in the county of Iași.

Regarding research methodology, I consulted a wide range of specialist works and I made some pertinent observations on managerial strategies and policies in the agro-food sector and labor productivity. After the bibliographic study I analyzed a series of key agro-food

companies from Iași county, making a general diagnosis in terms of labor productivity using the data sheet and data collected directly by interviewing key-people in the organizations. From this analysis I created a general pattern of improvement in labor productivity and proposed strategies and policies applicable to the sustainable management of agro-food companies of Iași county. I formulated a number of 52 conclusions and 20 recommendations to improve organizational strategies to increase labor productivity.

The stage of knowledge in the investigated domain is underscored by the large volume of data provided within the thesis extracted and structured from the literature of the country and from abroad on the design of management strategies and policies in the agro-food businesses.

**Original contributions** appear in the thesis throughout and are approximately 70% of the total information provided. Original views on the domain are presented in all the chapters of the work. These views are aimed not only to clarify various theoretical aspects of the problems of developing management strategies in the field of agro-food, but also present important economic concepts to elucidate the phenomenon of labor productivity. The research provides a number of concrete proposals to improve the organization, strategic orientation and sizing of farms and agro-food businesses, while respecting the principles of market competition, with the ultimate goal of increasing labor productivity.

The original contribution is highlighted by:

- Analyzing, summarizing and structuring existing information in the literature of the country and abroad on management policies and strategies, labor productivity and strategic development of organizations;
- Analysis the agro-food sector in Iași county in terms of both population and employment, existing facilities and potential labor productivity growth;
- Analysis of the organization and operation of companies with different production profiles;
- Analysis of representative companies in the agro-food sector in Iași county in the fields of finance, structure and labor productivity;
- Extracting a series of methods to increase labor productivity in the agri-food sector of Iași county from the analysis of organizations and local businesses;
- Identifying and formulating strategic objectives needed to be taken into account to achieve labor productivity growth in agro-food sector companies locally.

Achievements described in the thesis were published in recognized literature, and some were presented at different scientific sessions, as follows:

1. **Grigore A.A.**, Abârgăoniței S.V., Nancu D.V., 2008 – *Romanian Agriculture – Diagnosis, Proposals and Opportunities for Development*, Economic Orientations in Europe Integration Process, Ed. Zoloti Lytavry, Cernăuți, pag. 115-120.
2. **Grigore A.A.**, Nancu D.V., Abârgăoniței S.V., 2008 – *Romanian Aquaculture, Analysis and Post-EU-Adherence Perspectives*, Economic Orientations in Europe Integration Process, Ed. Zoloti Lytavry, Cernăuți, pag. 120-126.
3. **Grigore A.A.**, Abârgăoniței S.V., Nancu D.V., Ghiculescu R., 2008 – *Romanian ecological agriculture, diagnosis and perspectives*, *Lucrări Științifice, Seria Agronomie*, Vol.51, Nr.3, USAMV Iași, pag. 449-452.
4. **Grigore A.A.**, Abârgăoniței S.V., Nancu D.V., Ghiculescu R., 2008 – *Comparative analysis on the economic efficiency of conventional and ecological farming*, *Lucrări Științifice, Seria Agronomie*, Vol.51, Nr.3, USAMV Iași, pag. 333-338.
5. Roman C., **Grigore A.A.**, Borș L., Abârgăoniței S.V., Nancu D.V., 2008 – *A survey on Romania's import of apples*, Tomul XVIII/2008 al Anuarului Universitatii Petre Andrei, European Construction of Romania: New Projects and Challenges, edited by Institutul Național de Economie al Academiei Române and Universitatea "Petre Andrei", Iași.
6. Roman C., **Grigore A.A.**, Borș L., Abârgăoniței S.V., Nancu D.V., 2008 – *Diagnosis and perspectives regarding the sector of fruits and vegetables in Romania*, Tomul XVIII/2008 al Anuarului Universitatii Petre Andrei, European Construction of Romania: New Projects and Challenges, edited by Institutul Național de Economie al Academiei Române and Universitatea "Petre Andrei", Iași.

The structure of the thesis consists of a summary, an introduction, seven chapters and a bibliography.

The first part is composed of the first two chapters of the thesis, including a summary of existing specialized information sources in local and foreign literature on labor productivity, management strategies and policies.

The second part is composed of five chapters of the thesis, including a presentation of the material and method of research, a diagnosis of the local potential of the agro-food sector and of seven companies in different fields of it, a number of recommended policies and strategies to use in the companies and finally conclusions and recommendations to improve labor productivity in agro-food sector in Iași county. The analysis was made in seven companies since the local agro-food sector is complex, encompassing agriculture as primary business, providing raw materials and the processing of foodstuffs.

**PART I – BIBLIOGRAPHICAL STUDY** is composed of two chapters that represent a synthesis of the theories and concepts identified in the specialised literature from our country and abroad related to the researched subjects.

CHAPTER I addresses from the theoretical point of view, the following issues: concepts of strategy and strategic management, their role and functions, organizational policy with all its components, the concept of labor productivity in general sense.

Scientific management began to take shape in the early years of the twentieth century. Shaping was accomplished by the sedimentation of contributions by different thinkers, the scientific personalities or practical life persons, merchants and entrepreneurs, around which were built schools and movements that have marked the process. (Nica și Ifimescu – 2004)

The strategy describes all the major long term objectives of the organization, the main ways of achieving competitive advantage with the resources allocated under the mission of the organization. (Nicolescu și Verboncu – 2001)

Strategic management, on the other hand, is defined as a set of decisions and actions resulted in the formulation and implementation of plans designed to achieve objectives.

According to experts in the field the major components of organizational strategy are: the organization's mission, the core objectives, the strategic options, the resources, the deadlines, the competitive advantage. (Nicolescu și Verboncu – 2001)

In general, productivity is defined as the ratio between the results of economic activities and efforts in this respect, it being understood by the ability to produce the yield or efficiency, measured in the ratio between production time and all elements employed. Labour productivity can be interpreted both as a yield of the combination of inputs and their use, and as their need.

CHAPTER II addresses theoretical and practical structure of the local and national agro-food, ways of analysis on a sectoral labor productivity and its features and characteristics.

Agri-food economy includes all activities that contribute to the supply function of a country. The agro-food economy includes seven main sectors, engaged in it's operation: agriculture, farming and food industries, agricultural and food distribution, restaurants, households. (Malassis și Gherssi – 1992)

Labour productivity growth is not achieved by spending a larger quantity of work but by spending it more effectively. Percentage growth in labor productivity should correspond logically to a reduction of the total amount of effort built into the product.

Progress and labor productivity depends on many economic and noneconomic situations: quality of input use, quality of organization and management of economic activity, economic incentives to owners of production factors and the extent to which this is achieved, the natural conditions, social and psychological climate.

Labour productivity in agriculture is influenced by both technical and economic structures and the nature of the organization, namely the dispersal the activity on a large area, the irreversibility of the process of production, the structure of the working time of the farmer and his organization.

**PART II – RESULTS OF THE PERSONAL RESEARCH AND THEIR INTERPRETATIONS** is composed of five chapters and structures the personal researches made on the studied field.

CHAPTER III presents the work material and working methods, the organization of the research scheme and the method for processing the informations gathered.

The research material of the thesis is represented the agro-food companies from Iași county. Research was conducted over a period of three years data were collected both through meetings and travel to corporate headquarters and studied by analyzing publicly available data. Bibliographical studies were conducted by the analysis of more than 100 publications and papers from home and abroad in relevant economic, agricultural sector and agro-food fields.

Companies studied over three years were selected from representative areas of the agro-food sector of Iași county. Studies were performed on a number of 17 companies, some part of integrated groups or multinational companies, best practices identified were used as recommendations for the whole area. In the present final doctoral thesis the research was narrowed to only 8 relevant companies form the local agro-food sector.

To achieve the research objectives a series of mathematical, economic and financial instruments were used embodied in a set of indicators. Indicators used in research are in part related to labor productivity and other financial elements of the studied companies from the agro-food sector.

For making proposals to management strategies and policies applicable to the agro-food sector organizations Iași county representative companies were analyzed using a system of indicators relevant to the research. Comparisons have been made between them and where viable conclusions were extracted, useful both in research but also in practice. This system of indicators used in this research approach was needed because labor productivity throughout the work is viewed as part of a system dependent on different factors within the organizations of the agro-food sector.

CHAPTER IV presents the data sets and information about the area where the research was conducted, namely the county of Iași. This chapter presents both the occupational structure with the characteristics of remuneration and the facilities of the local agro-food sector.

Located in the north-eastern Romania, Iași county is bordered to the west and east by Moldova and Prut rivers. With an area of 5476 square kilometers, Iași county is a medium size county, representing 2.3% of the country (ranking 23 among the other counties of Romania).

Soil richness in Iași county is given the existence of over 380 000 ha of agricultural land, of which 67.2% arable land, grassland and 28.4% fine, 4.4% orchards and vineyards.

The significant potential of agriculture in the county of Iași, and increasing food prices internationally would maintain high investor interest on this important sector of local economy. Iași county is a high use of unpaid family workers in agriculture from Romania and the EU (as a percentage). Also, low investment rates have increased the vulnerability of agriculture to the local weather conditions and industrial sector's very volatile behavior.

Out of the analysis may be noted that in the county within the year 2008, 31.2% of the able population was working in agriculture. While only about 20% of the county's gross domestic product is generated by local agriculture.

Unfortunately agriculture in the area around Iași has the character to be largely ineffective. Strategies and policies need to be formulated to improve the situations both at farm level, processor or in general in the county. A great problem is identified at the primary production sector which is still in an early stage and inefficient. Without a properly structured primary agricultural production in the whole county, the agro-food sector can not become more productive. Expensive starting materials and a greater effort may not guarantee maximum efficiency sector in Iași county.

CHAPTER V presents the economic situation of the companies surveyed during 2005 - 2008 and examines the main results of companies in terms of financial, organizational and productivity indicators.

The final research reflected in this doctoral thesis was conducted on eight companies selected standard to define and represent clearly the local agro-food sector. Thus, these companies selected and the reasons for their choice for in-depth research are:

SC Cotnari SA was chosen because it is a company with potential in the county within the field of viticulture. The company produces the grapes and makes the processing and bottling of the products derived from them.

The "Kosarom" Group of Companies was chosen especially since it is a benchmark for integrated business groups in the agro-food sector. The four companies that are part of the integrated group make the following interrelated activities: crop production, mixed fodder production, animal breeding, slaughtering and meat processing and sale of the final products in owned stores.

SC Panifcom SRL, chosen because it makes both cereal and bakery products in their processing.

SC Agralmixt SA, chosen for research because it is a respectable company in cereal crop in the county of Iași, only realizing this without any integrated secondary activity. This company has a role of witness in the research. The company makes only primary production, using only the land and the existing culture technologies as production factors.

SC ROMPAK SRL, selected for research because it produces additives and mixes for food, especially bread. In addition, the company has interest in research as belonging to a multinational group and is a relevant example in it due to the external assistance in general management.

The research was conducted using a series of indicators of profitability and productivity of subsequent use in comparisons and analysis with the final objective of extracting conclusions.

Labour productivity is a complex factor, influenced by the agro-food sector and external factors such as land, technology, time, level of equipment, etc.. not only by reasoning and strategic direction. In the research we can observe an increased productivity of labor in companies that carry higher than primary production activities such as processing agricultural products. Labor productivity is directly and indirectly influenced by external factors but also by the direct company and market activities or by the strategic alliances made to increase the added value of the product.

CHAPTER VI addresses the method for developing management strategies and policies to increase labor productivity in the agro-food sector. The method for the development of strategies and management policies is based on achieving a series of strategic objectives identified.

In order to structure the strategic objectives identified in this work they were divided into five distinct categories based on organizational variables to be modified to achieve the desired result. Thus, were identified: strategic objectives on the optimal dimensions of the farm; strategic objectives to increase yield and livestock; strategic objectives for reducing working hours per hectare and per head; strategic objectives on the integration of business and optimizing the value chain of agricultural and food products; strategic objectives on staff remuneration directly and indirectly productive.

Management strategies and policies in staff remuneration have an important role in the proper functioning of the agro-food companies and is a primary factor influencing labor productivity. The strong character of agriculture, based on human labor gives an important role for the motivation of staff and the salaries they receive. Both employees and the leadership have an important role in increasing labor productivity. Performance must be satisfied with

compensation received to achieve the strategic objectives identified: rational organization and size of holdings, increase yield and livestock, reduction of working time per head or per hectare, organizing and expanding business with the company to reduce costs and increase product added value, etc..

CHAPTER VII summarizes the most important information presented during the thesis and proposes a series of recommendations to increase labor productivity in the companies of the agro-food sector of Iași county.

Labour productivity growth in any organization can only be achieved through direct involvement of its leadership and by setting the right policies, strategic directions and some of the operational objectives that can implement these. These policies and strategies can be achieved only by strategic objectives that will be achieved by the company, realized by altering the organizational variables that influence labor productivity.

To optimize the corporate management strategies and policies of local agro-food sector the organizational variables that influence labor productivity should be considered: farm size, complexity of production, the technical-material and human endowment, the degree of specialization and cooperation, territorial dispersion of subunits, the information system available, the degree of integration of the organization, structure and value chain control and the quality of the decision-making system.