

STRATEGIC MANAGEMENT OF SUSTAINABLE VALORIZATION OF ENDOGENIC RESOURCES IN GUȘOENI COMMUNE, VÂLCEA COUNTY

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Abstract: Sustainable capitalization of endogenous resources in rural areas is an increasingly present problem in the study topics of the group of specialists concerned with sustainable rural development, and through this research we will try to make a relevant contribution. The research is based on the strategic evaluation of rural areas in order to develop options for the sustainable use of endogenous resources through agricultural and non-agricultural activities and promotes an evaluation model to which local authorities and community members are invited to select the most relevant. The success of the approach depends on the way in which it is possible to identify the specific elements of the analyzed area, fact for which the case study was used as a research methodology. It is characterized by complexity and required the use of both qualitative and quantitative research methods for a correct assessment and good orientation of measures for the sustainable use of endogenous resources. The methodology consisted in grouping the dimensions of the living environment, in a set of six criteria for rural analysis using the PESTEL analysis model. This analysis was complemented by the SWOT analysis which led to the combination of endogenous and exogenous conclusions and allowed both highlighting the problems and stating answers to solve them. The results obtained contribute to the design of a model for the strategic evaluation of endogenous resources and the elaboration of options for their sustainable capitalization through agricultural and non-agricultural activities.

JEL classification: Q50, Q56

Key words: endogenous resources, case study, strategic evaluation model, rural area, sustainable capitalization

1. INTRODUCTION

The current economic context, characterized by rapid changes, catalyzes the issue of sustainable use of endogenous resources and their role in rural economic development, by reorienting measures and actions in the process of their sustainable use. This paper highlights the importance of endogenous resources in rural economic

development by emphasizing the role of factors of production in the development process with an emphasis on the accumulation of knowledge based on learning through practice (Romer, 1986) and the accumulation of human capital (Lucas, 1988). At the same time, the role of innovation in expanding the variety of products and diversifying activities or as an element of improving innovations on the quality scale is noted (Aghion and Howitt, 1992, Grossman-Helpman, 1991). We emphasize that sustainable rural economic development is decisively influenced by the characteristics of the area, considered the main source of economic, geographical, proximity, etc. advantages. (Zaman et al., 2015). Achieving sustainable rural economic development is delimited to a small extent by exogenous factors and to a large extent by endogenous factors such as natural capital, human capital, social capital, accessibility, etc. (Capello R., 2009). Carrying out a research that provides answers to the problem of obtaining a sustainable rural economic development finds its opportunity in the existential dimension of the countryside which owns 92% of Romania's area as a sum of agricultural and forest lands, respectively rural localities and facilities¹. The territory of Romania totals 23.84 million ha of which 14.7 million ha (62%) is agricultural land containing 66.3% arable land, 29.2% natural meadows and 4.5% tree and vineyards. The distribution by geographical areas is relatively balanced, but the forest cover, respectively the green cover is unbalanced and deficient². It is observed that from the point of view of natural capital the Romanian rural economy is polarized by agriculture, but with the help of other categories of endogenous resources, among which we emphasize the role of human capital can be created the premises for obtaining a consistent diversification of economic activities This state of the Romanian rural economy is also found in Gușoeni commune, Vâlcea county, which is the case study of this paper. The paper bases the production of a change in the structure of the local rural economy on strategic management as a tool for the elaboration, adoption and implementation of relevant strategic options for sustainable rural economic development. For this, in the research carried out and based on the study of the literature in the field of rural economy, respectively the evaluation of the state of the rural economy in Gușoeni commune, Vâlcea county, the following research axes were approached: diagnosis of rural economy; assessing the potential for sustainable development of the rural economy; promoting the need to develop a sustainable rural economy and an education system for entrepreneurs and consumers; promoting the importance of development funds and marketing of rural products / services. The major objective of the research is the elaboration and implementation of strategic options for sustainable development of the rural economy at the level of Gușoeni commune, Vâlcea county. Achieving a sustainable rural economic development is based on the strategic analysis of the researched territory, in order to capture its specificity and the elaboration in order to implement relevant strategic options. For this, a field research was organized whose purpose is the strategic evaluation of the development of sustainable rural economy in Gușoeni commune, Vâlcea county. Gușoeni commune is located in the southern extremity of Vâlcea county, respectively the eastern extremity of Oltenia and approximately in the south central central area of Romania located at 44⁰2' northern latitude and 24⁰10' eastern longitude.

¹ National Strategic Framework for the sustainable development of the agri-food sector and the rural area in the period 2014-2020-2030.

² idem

2. OBJECTIVES

The major objective of the research is the elaboration and implementation of strategic options for sustainable development of the rural economy at the level of Gușoeni commune, Vâlcea county. Achieving a sustainable rural economic development is based on the strategic analysis of the researched territory, in order to capture its specificity and the elaboration in order to implement relevant strategic options.

3. METHODOLOGY

For the diagnosis of the state, respectively for the evaluation of the potential of sustainable rural economic development, the methodology schools recommend the use of quantitative and qualitative methods in parallel and complementary. These allow “gaining additional knowledge” (Kerekes et al. 2010, p. 33), “forming an overview and identifying critical factors with an impact on the countryside” (David, 2009). Specifically, the case study was chosen as a research methodology due to its usefulness and relevance proven in many similar researches. The methodology consisted of: secondary analysis of statistical data and relevant literature (reports, strategies, studies, monographs), PESTEL analysis, respectively SWOT analysis doubled by the organization of focus group meetings attended by key local factors and specialists concerned with development sustainable rural economy. The use of the PESTEL model consisted in diagnosing the researched territory at the level of six criteria: political, economic, social, technological, natural (environmental) and legislative to identify and understand the factors impacting the development of sustainable rural economy. the framework in which one operates and makes decisions (Garette et al., 2009). Thus, it was possible to identify particular aspects of the community that allow the adaptation of the economic environment and give it resistance to changes in the environment (Iagăru et al., 2016). For a more complete characterization of the researched territory, the use of SWOT analysis was continued because it combines the conclusions regarding the endogenous factors with those regarding the exogenous factors, respectively it allows highlighting the problems and stating answers for solving them. In this way, local factors of rural development acquire the ability to better relate to concrete conditions and consequently a better capacity to develop and implement policies, development strategies, collaborations and consultations with all partners involved in the rural development process (Iagăru et al., 2016).

4. ANALYSES

The implementation within the research of the adopted methodology facilitated the identification of a sum of elements specific to the analyzed territory. They form the basis of the process of reorienting measures and actions to achieve sustainable rural economic development. The information obtained through the use of the PESTEL model allows the local responsibility factors to adapt the process of rural economy development to the economic and social context by elaborating in order to implement relevant strategic options to achieve this goal. All the information comes from the analysis of the environment at the level of six criteria, as follows: The political criterion of territorial analysis highlights the possibility of accessing funding programs that guide and support multiple initiatives to diversify economic activities and develop the rural economy to adapt to the internal market of the European Union. These are the National

Rural Development Program which aims to meet the general objectives of the Common Agricultural Policy and the operational programs which define a development strategy corresponding to the thematic objectives and investment priorities of the Cohesion Policy of the European Union, as well as other financing programs. Projects carried out in order to obtain energy independence for public lighting and administrative buildings are highlighted at the level of Guşoeni commune; smart lighting; connection to the natural gas supply network; These are arguments for keeping young people in the area and reviving economic activities. The economic criterion of territorial analysis at the level of Guşoeni commune, highlights the following structure by branches of the rural economy: Agriculture as an activity that dominates the territorial economic profile has 2147 ha of agricultural land of which arable 794 ha, pastures 798 ha, orchards 31 ha and vines 435 ha. It shows an orientation mainly towards activities dedicated to animal husbandry and the establishment and / or maintenance of vineyards and secondarily to activities for the establishment and maintenance of agricultural crops and orchards. Forestry is well represented in Guşoeni commune mainly by the area covered with forest vegetation (1371 ha) which is an advantage in the process of adaptation to climate change and reduction of GHG emissions. The industry is present at the level of Guşoeni commune, especially in the field of obtaining goods and mainly food goods as capitalization of agricultural products. Also, the services are present at the commune level. The economic activities carried out in the commune of Guşoeni belong to the commercial companies, to the craftsmen's cooperation, to the family associations and to the private producers. The economy of the commune groups 1 economic unit of national scope, 10 commercial companies, 15 family associations and 12 authorized natural persons. From what is presented, there is a need to develop in order to implement strategic options leading to a sustainable and diversified rural economy, as it provides employment opportunities outside farms, as well as social, economic and cultural services that attract and retain people in areas rural. The diversification of agricultural and non-agricultural activities has an important effect on the rural economy by increasing the level of agricultural income and farm viability, and thus affects the consumption of local goods and services by farms and the provision of agricultural services and more. Regarding the social criterion of territorial analysis at the level of Guşoeni commune, it is highlighted that the population totals 1904 people. Of these, 628 people represent the active population, of which 570 inhabitants represent the employed population. The level of education of the population shows a low share of the inhabitants with higher education due to the inability of the responsible factors to create optimal conditions for maintaining young people with higher education. The technological criterion of territorial analysis highlights at the level of Guşoeni commune a tendency to increase the expenditures regarding the innovation as well as the receptivity of the factors of local responsibility for it. At the same time, it is noted the adoption at the level of agricultural economic entities of competitive technologies with elements of sustainability, including technologies for cultivating plants in an ecological system. Thus in the commune there are economic entities that innovate products and / or processes, organizational methods or marketing methods. It is also evident the significant increase of the information and communication technology infrastructure, respectively the concern for the improvement of the physical infrastructure and for the increase of the degree of responsibility of the public services towards the community members. The environmental diagnosis emphasizes the need to

ensure sustainable rural economic development by orienting the activities of economic entities and entrepreneurs in accordance with the principles of environmental protection, pollution control and waste management. The diagnosis of the legislative environment highlights the need to know the incidence on the economic activities of the legislative framework on, regulation of environmental protection, organization and operation of the public health system in the conditions in which a medical dispensary operates in Guşoeni commune. The information obtained at the diagnosis of the environment by using the PESTEL model led both to identify the forces with impact on development and to highlight the specific elements of the community on which the process of developing endogenous resources for sustainable rural economic development is based (Nistorescu and Iagăru, 2012). The development of relevant options for sustainable use of endogenous resources requires the continuation of the strategic analysis process by using SWOT analysis because it allows the simultaneous study of both forces with development impact (opportunities and threats) and community-specific elements (strengths and weaknesses). The concomitant analysis of the forces with impact on development and of the specificity elements identified at community level briefly presented in Table 1 leads to the following conclusions: the strengths of sustainable use of endogenous resources are the various resources of the subsoil, high tourism potential, agrotourism, high agricultural potential with good favorability for organic farming, respectively physical infrastructure and information and communication technology infrastructure. The weaknesses of sustainable use of endogenous resources are represented by poor knowledge on attracting funding, lack of a collector for agricultural products, aging population, lack of attracting young people with higher education, and lack of relevant strategies for sustainable rural economic development. The forces with an impact on the sustainable use of resources and implicitly on the sustainable development of the rural economy are present in the form of opportunities and threats. The opportunities for the development of the rural economy at the level of Guşoeni commune revolve around the sources of financing agricultural and non-agricultural activities, the promotion of the public-private partnership, the promotion of entrepreneurship, respectively the good quality of natural resources. The highlighted threats concern increased migration, vulnerability to climate change (dependence on weather conditions of agricultural activities, vulnerability to extreme weather events), alteration of cultural heritage and traditions, lack of measures to protect genetic resources, shyness of promotion and promotion of location products / services. The combination of specific elements with the forces involved in the process of sustainable rural economy outlines four quadrants (table 1) which is the basis for developing strategic options for sustainable use of endogenous resources, respect for the development of sustainable rural economy. The first quadrant aims to capitalize on opportunities through the strengths highlighted. The second quadrant aims to exploit opportunities to mitigate or eliminate weak points. The third quadrant aims to counter threats by capitalizing on strengths. The fourth quadrant aims to counter threats and minimize weaknesses (Nistorescu and Sitnikov, 2009). The resulting strategic options promote only those that lead to the strengthening of strengths in order to seize opportunities, counter threats and improve weaknesses. The information obtained is conclusive for the promotion in order of sustainable use of endogenous resources and implicitly for the development of the sustainable rural economy of the following strategic options:

Tabel no 1 (Analiza SWOT)

Strong points		Weaknesses	
1	Various subsoil resources (oil and gas)	1	Poor knowledge of attracting funding
2	High tourist potential favorable to forms of tourism: monastic, oval (viticultural), agrotourism	2	Lack of a collector for agricultural products
3	High agricultural potential favorably for organic farming	3	Aged population
4	Appropriate physical infrastructure (roads, water, sewerage, natural gas, dispensary)	4	Not attracting young people with higher education
5	Appropriate ICT infrastructure	5	Strategies for the development of the irrelevant rural economy
Opportunities		Threats	
1	Sources of financing agricultural activities	1	Increased migration, especially among young peopl
2	Sources of funding for non-agricultural activities	2	Vulnerability to climate change (extreme weather events)
3	Promoting the public-private partnership	3	Altering cultural heritage and traditions
4	Promoting entrepreneurship	4	Lack of measures to protect genetic resources
5	Good quality of natural resource	5	Shyness of actions to promote and support local products / services

A. Strategic options that create a favorable framework for the sustainable use of endogenous resources and implicitly for the development of the sustainable rural economy:

- Promoting the public-private partnership as a means of financing potentially profitable infrastructure projects in operation;
- Promoting entrepreneurship both in terms of education and information, respectively advice on funding sources and ways to access;
- Promoting the continuous improvement of physical and ICT infrastructure;
- B. Strategic options specific to the sustainable use of endogenous resources and implicitly to the development of the sustainable rural economy:
 - Implementation and development of activities that sustainably capitalize on the renewable biological resources of the soil mainly through vineyards and orchards, but also through agricultural crops of interest to the community;
 - Implementation and development of activities that sustainably capitalize on endogenous resources through monastic, oval and agrotourism tourism;
 - Development and promotion of activities that sustainably capitalize on tradition and culture;
 - Development, promotion and superior capitalization of local products / services;
 - Implementation and development of activities that promote innovation and the maintenance of young people with higher education in the community;

5. CONCLUSIONS

Achieving a sustainable rural economic development is based on the strategic analysis of the researched territory, in order to capture its specificity and the elaboration in order to implement relevant strategic options.

The concomitant analysis of the forces with development impact and of the specific elements identified at community level leads to the identification of success factors, but also of the shortcomings regarding the sustainable capitalization of endogenous resources and implicitly the development of sustainable rural economy. The external forces that favor the development of the sustainable rural economy as well as those that slow it down are also highlighted.

The information obtained is conclusive for the promotion in order of sustainable use of endogenous resources and implicitly for the development of the sustainable rural economy of the following strategic options:

- ✓ Promoting the public-private partnership as a means of financing potentially profitable infrastructure projects in operation;
- ✓ Promoting entrepreneurship both in terms of education and information, respectively advice on funding sources and ways to access;
- ✓ Promoting the continuous improvement of physical and ICT infrastructure;
- ✓ Implementation and development of activities that sustainably capitalize on the renewable biological resources of the soil mainly through vineyards and orchards, but also through agricultural crops of interest to the community;
- ✓ Implementation and development of activities that sustainably capitalize on endogenous resources through monastic, oval and agrotourism tourism;
- ✓ Development and promotion of activities that sustainably capitalize on tradition and culture;
- ✓ Development, promotion and superior capitalization of local products / services;
- ✓ Implementation and development of activities that promote innovation and the maintenance of young people with higher education in the community.

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