The Analysis of Macro-Environment for the Pork Meat Industry from Romania

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Abstract

For the realization of this study we used PESTEc analysis of the external environment (political-legal, economic, social and technological) in order to highlight the opportunities which can lead to a higher efficiency of the economic activity or the threats represented by the potential impediments which could prevent the development of the economic activity of the studied company. The study was realized on a company which has as activity the pig farming, but due to confidentiality reasons we will not divulge its name.

Keywords: industry, macro-environment, meat, pork

1. Introduction

Starting from the approach of the enterprise as an open system, the performance of the enterprise depends on its integration capacity in the environment, on the efficiency of its actions in the valuation of the opportunities, on the ability to overcome the threats from the environment, on the capacity to adapt to the changes of the environment variables.

The influences generated by the macro-environment are felt differently by the companies from the same sector or from different sectors. On one hand the company can be influenced in a certain way by the external environment and another company is not influenced at all. In the same time the way the macro-environment influences the company can change in time and the type of this influence (negative or positive) can change too, also the force with which the macro-environment acts on the company can change either to increase or decrease. [1]

2. Materials and methods

In order to analyze the influence of the external environment on the analyzed company, we use PESTEc analysis to show if there are opportunities which can lead to a higher efficiency of the economic activity or threats represented by potential barriers that are able to stop the economic activity. In the analysis of the macro-environment components by using PESTEc method we can mention the following aspects. [2]

3. Results and discussion

The company that was analyzed is a Romanian company, part of a multinational company. Besides USA, Romania, Great Britain, France, Poland, it has joint – ventures in Mexico, China and Spain, with more than 57.000 employees around the world.

The basic elements in the durable development of its operations are: environment protection, local communities development where the farm is localized, bio-security, animal’s welfare and not on the last place, the concern for the employees.

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The investment of this company in Romania starting with 2004 up to present days, is over 500 million dollars, mainly in Greenfield system, but also for the modernization of the technology. The main activity of the company is production and animal husbandry.

The analysis of the political – legal environment

It is known that the influences of the country government (from the point of view of a factor of the external environment) on the enterprises can be restrictive or can be stimulating for the business world. Certainly the country government is directly involved in managing the problems and opportunities which can occur in different markets, by direct interventions for adjustments, stimulation and guidance, by legislation or economic policies.

Starting with the 80’, also Romania implemented modern systems for quality management due to the massive exports and then became law:

- Good manufacturing practices;
- Standard procedures for hygiene,
- Risk analysis and critical points control.

Starting with 2008, also Romania adopted the standardization system for the list catalogue for pork according to Codex Alimentarius. In the European Union the standardization according to Codex Alimentarius, vol. 10, is recommended for all meat producers but its adoption simplifies the commercial transactions.

In 2009 this company was certified for ISO 9001:2008, which is an international standard, which specifies the requirements of a quality management system with the purpose to increase the clients satisfaction and in 2010 was certified with ISO 22000:2005, identifying the possible point for introducing risks for the consumers health and the control to reduce them or even eliminating them.

The legislation related to environment protection influences to a large extent the activity of the analyzed company and obliges the companies from this sector to insure the environment protection. The investments in non-polluting modern technology exceed 25 million Euros. These allow the transformation of the effluent in organic fertilizer valuable from nutritional point of view (nitrogen, phosphorus, potassium) and also from micro and macro elements point of view which improve the quality of the soil and doubles the incomes of the grain producers. The effluent is no longer discharged in canals and rivers as it was some time ago. Now it is stored and maturated in vertical reservoirs which allow a close monitoring of the tightness versus the old concrete collecting pits, the new reservoirs used in the modern animal husbandry are safer for the environment.

The fertilizer resulted from the porcine farms is successfully used in Finland, Norway and Spain. In Romania the usage of this type of fertilizer is still at the beginning but is developing because the European farmers who cultivate fields in our country know the real value of this fertilizer.

The European court of Justice decided that the dejections from the commercial farms cannot be considered as waste and are not covered by the European Directive 75/442 related to waste. CEJ concluded that the storage and spreading of the fertilizer are not considered as discharge of waste but fertilization work. [3]

An opportunity to render profitable the dejections resulted from the porcine is to setup installations to recover the methane gas resulted from the fermentation of the effluent and then to use this gas to heat the farm.

In 2009 the company was certified with ISO 14001:2004 which is an international standard, established by the International Standardization Organization and is applicable to any type of organization or industry sector, with the purpose to formulate and implement policies and objectives which take into consideration the legal requirements related to environment.

The analysis of the economic environment

The exchange rate influences the companies according to the usage of the foreign currency and the exports traded in foreign currencies. The exchange rate, due to its increase, influences in a positive way the company because of the exportations to the European Union starting with 6th of April 2012. From 2003 to 6 of April 2012 the exportation to the European Union of pork meat from Romania was forbidden due to the swine fever.

The inflation rate, price increase for the most important products due to the drought from this year which affected the agricultural production can affect the pork meat consumption, but this phenomenon unlikely, because the pork meat is traditional for Romania and we are in the period when the pork meat consumption is very high.
probability is higher for the importers to be
affected because of the price increase due to the
lei/euro fluctuation.
Regarding the interest rate, even if it decreased in
the last years we still have the highest interests in
Europe; the company works with overdraft
crediting system and for those willing to invest in
agriculture the interests are still high.
For this reason the company offers business
opportunities for those willing to invest in
agriculture through grower contract program.
By contract the company ensures:
✓ Healthy and improved piglets
✓ Combined feed
✓ Veterinary medicine and products
✓ Veterinary assistance
✓ Management and production standards
  and procedures
✓ Consulting
✓ The transportation of animals from and to
  the farms
The beneficiary farmers ensure:
✓ Growing and finishing farms
✓ Man power
✓ Utilities (water, electricity)
✓ Maintenance, care and proper growth of
  the animals according to the specific
  management standards and procedures
✓ Organic fertilizer management
Minimum requirements:
✓ Own land to build the farm
  (around 4-6 ha) at maximum 1000
  m from the city, close to the
  utilities.
✓ Arable land for the organic
  fertilizer management (400 ha) in
  property, in rent, concession or
  contract with the agreement to
  deposit the organic fertilizer on
  the agricultural fields with the
  purpose to fertilize them.
The advantages of this project: the farmers are
protected by the price fluctuations from the market
and have constant incomes and the company
increases the production capacity without big
investments.

The socio-cultural environment:
The educational level: in Romania the educational
level is satisfactory but unfortunately with a
decreasing tendency. This has several causes: the
precarious situation of the young people who
prefer to get a job to earn a living that to go to
school; on the other hand the teachers from the
educational system are not motivated financially
and the technical and material equipment of the
educational institutions are also major causes of
the depreciation of the education in Romania;
adopting new educational systems (decreasing the
length of the university education). For this reason
I consider that in the future many activity areas
will be affected.
The company answers to this threat with an
internal training program for students, started 5
years ago, where the participants acquire relevant
knowledge and skills, specific for the company.
The purpose of this program is to solve the needs
of qualified personnel with veterinary medicine
and animal sciences university degree.
Other influencing factors which can negatively
affect the company are circumstantial factors (for
example a swine fever). The company responds to
this threat with strict biosecurity measures
respected by the employees and also limited
access of the foreign persons to the farm.

The analysis of the technological environment
The pork meat processing industry and not only is
very dynamic, more efficient equipment is
available for the processors, result of the fast
innovations from this sector. Either we speak
about X ray scanners, about portioning based on
tridimensional analysis, about combining several
functions in one device, the modern equipment
has higher production speed, fast cleaning
possibilities and increased resistance.

4. Conclusions
After analyzing the macro environment for the
pork meat industry using PEST method we have
the following conclusions:
In 2009 this company was certified for ISO
9001:2008 which is an international standard
specifying the requirements of the quality
management system for increasing the clients
satisfaction and in 2010 ISO 22000:2005
identifies possible point for introducing risks for
the consumers health and their control in order to
reduce them to the minimum or to eliminate them.
In 2009 the company is certified for ISO
14001:2004 which is an international standard,
established by the International Standardization
Organization and is applicable to any type of organization or industry sector, with the purpose to formulate and implement policies and objectives which take into consideration the legal requirements related to environment. Regarding the interest rate, even if it decreased in the last years we still have the highest interests in Europe; therefore the company offers business opportunities for those willing to invest in agriculture through grower contract program.

The educational level: in Romania the educational level is satisfactory with a decreasing tendency; the company responds to this threat with an internal training program for students.

The pork meat processing industry and not only is very dynamic, more efficient equipment is available for the processors, result of the fast innovations from this sector.

References
3. Directiva Uniunii Europene 75/442