**ORGANIZATION OF TOBACCO PRODUCTION AS A FAMILY BUSINESS - EXISTENCE OR PROFIT**

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**ABSTRACT**

Developing a modern family business where tobacco production would be a core business must rely on developed management with all its accompanying elements such as: planning, organizing the work, managing the production and controlling it with appropriate motivation of the engaged members. Only in this way, greater efficiency and effectiveness in operation, reduction of production costs, increase of productivity and improvement of operating results, will be achieved.

When we talk about tobacco production as a family business in Macedonia, we can say that we are talking about individual producers who have invested their own funds in tobacco production and hire family members as labor. Тhey use their own or leased land. Good organization of the family business is imposed as an opportunity to make a profit, which is the result of a good strategy of the whole process. This overcomes the fact that tobacco production is only a condition for existence.

**Key words:** organization, profit, family business, tobacco production, strategy

**ОРГАНИЗАЦИЈА НА ТУТУНОПРОИЗВОДСТВОТО КАКО СЕМЕЕН БИЗНИС – ЕГЗИСТЕНЦИЈА ИЛИ ПРОФИТ**

Развивањето на современ семеен бизнис со основна дејност тутунопроизводство мора да се потпира врз развиен менаџмент со сите негови придружни елементи како: планирање, организирање на работата, водење на производството и контрола на истото со соодветна мотивација на ангажираните членови. Само на таков начин ќе се постигне поголема ефикасност и ефективност во работењето, намалување на трошоците за прозиводство, зголемување на продуктивност и подобрување на резултатите од работењето.

Кога станува збор за семеен бизнис во тутунопроизводството во Македонија може да се каже дека станува збор за индивидуални производители кои ги вложиле сопствените средства за производство на тутун и користат сопствено или земјиште под закуп, а во областа на трудот користат ангажираност на членовите на семејството. Точно организираноста како семеен бизнис, го надминува фактот дека тутунот е само услов за егзистенција и се наметнува како можност за остварување на профит кој е резултат на добра стратегија на целокупниот процес.

**Клучни зборови:**организација, профит, семеен бизнис, тутунопроизводство, стратегија

**INTRODUCTION**

As an agricultural crop, tobacco has a special place in agricultural production from an economic and social aspect and is one of the most important export products in our country. Tobacco production accounts for 5% of total exports and almost 30% of exports in the agricultural sector. This is especially important in rural areas where tobacco production is an important source of finance and provides a livelihood for this part of the population.

It is grown and thrives on poorer quality soils where other crops do not give adequate yields. Thus, the primary production of tobacco is located on areas with low creditworthiness, mostly downgraded areas, modest with nutrients, minerals and organic matter, because the tobacco is a modest and hardy plant with minimal needs for growing. Due to such natural characteristics for its production, it covers the smallest part of arable land, and provides multiple incomes, like no other agricultural crop. Macedonia has favourable climatic and soil conditions for growing tobacco. Tobacco production provides a livelihood for about 35,000 families and it is an important factor in supplementing the domestic budget and an important export product that affects the state budget.

Family businesses are a pillar of many world economies. Despite the turbulent times, due to their flexibility and adaptability, they can move fast from small family businesses to huge corporations with strong financial power. Global trends are reflected in our country, of course adapted to the available conditions and capacities, so family businesses today are a pillar of the Macedonian economy. In the field of tobacco production, the organization of the activity as a family business is a good basis for a solid existence and even greater profit. Natural conditions, available agricultural areas, tradition and possibilities for providing existence or supplementing the family budget, are an important precondition for developing a modern family business in tobacco production in the Republic of North Macedonia. The future of tobacco production will largely depend on the good agrarian policy of the country, but also on the conditions for subsidies that would encourage the young population to engage in tobacco production. It would also help to raise tobacco production to the level of a family business through the use of innovation, entrepreneurship, good planning and management of available resources for greater efficiency and effectiveness of legal entities. In this context, the questions that arise are whether Macedonia has enough labor force and whether that labor force is willing to engage in tobacco production, or more young people are focused on securing their livelihood not only outside the agricultural sector, but also abroad.

Although Macedonia is a small continental country, it is a "golden triangle" for the production of small-leaf oriental tobacco. Today, the entire production in Macedonia is based on the production of small-leaf oriental tobacco. In the last ten years (2010-2019), oriental tobaccos from the aromatic types Prilep, Yaka, Basmak and Djebel (Table 1) are mainly represented in tobacco production. Large-leaf tobaccos from the types Virginia and Burley are not grown at all. The table and the average represented data show that in this 10-year period the most produced type was Prilep, 84% of the total tobacco production. 14% of the production belongs to the type Jaka, then 1.8% to the type Basma and insignificant part to the types Djebel and Otlia, 0.2%.

**Table 1. Participation of the seed material by types for the period 2010-2019**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Prilep | | | | | | | | Yaka | | | | Djebel | | Basmak | | Total  Oriental  kg |
| Harvest | P-66-9/7 | % | NS-72 | % | P-79/94 | % | P-156/1 | % | ЈV -125/3 | % | JK-43 | % | Dj-38 | % | kg | % |
| 2010 | 478 | 48 | 47 | 5 | 81 | 8 | 28 | 3 | 231 | 23 | 31 | 3 | 8 |  | 78 | 9 | 992 |
| 2011 | 431 | 48 | 42 | 5 | 100 | 11 | 5 |  | 246 | 27 | 20 | 2 | 8 |  | 49 | 6 | 901 |
| 2012 | 869 | 64 | 56 | 4 | 40 | 3 | 5 |  | 289 | 21 | 40 | 3 |  |  | 57 | 4 | 1356 |
| 2013 | 975 | 71 | 34 | 2 | 80 | 6 | 0 |  | 190 | 14 | 67 | 5 |  |  | 26 | 2 | 1372 |
| 2014 | 1020 | 83 | 26 | 2 | 15 | 1 | 0 |  | 109 | 9 | 60 | 5 |  |  | 6 |  | 1236 |
| 2015 | 1175 | 82 | 27 | 2 | 15 | 1 | 0 |  | 158 | 11 | 50 | 3 |  |  | 9 |  | 1434 |
| 2016 | 908 | 85 | 28 | 3 | 10 | 1 | 0 |  | 76 | 7 | 50 | 5 |  |  | 0 |  | 1072 |
| 2017 | 1045 | 90 | 18 | 2 | 0 |  | 0 |  | 57 | 5 | 37 | 3 |  |  | 0 |  | 1157 |
| 2018 | 1434 | 95 | 61 | 4 | 0 |  | 0 |  | 5 | 0.3 | 10 | 0.6 |  |  | 5 |  | 1515 |
| 2019 | 1360 | 93 | 43 | 2 | 0 |  | 0 |  | 42 | 3 | 25 | 2 |  |  | 0 |  | 1480 |
| Average | 969.5 | 78 | 38.2 | 3 | 34.1 | 3 | 3.8 | 0.3 | 140.3 | 11 | 39 | 3 | 1.6 | 0.1 | 23 | 1.8 |  |
| Prilep  84% | | | | | | | | Yaka  14% | | | | Djebel 0,1% | | Basmak 1,8% | |  |

Source: Scientific tobacco institute - Prilep

In addition to the data above, it is necessary to emphasize the fact that in the last three years, variety Prilep 66 participates by 93% in total tobacco production and by 97-98% within the type Prilep. Its production has increased the competitiveness and demand of this renowned commodity type on the market. This conclusion can be confirmed by the continuous stable tobacco production (about 25,000t) and by the export of seed material of this variety in Serbia and Turkey. There is also interest in introducing the variety Prilep 66 in the tobacco production by other Balkan countries.

**MATERIAL AND METHODS**

The topic that is subject of analysis and research in this paper, imposed the need to consider the most important macroeconomic parameters in Macedonia, the number of tobacco producers, level of education, amount of produced tobacco and planted areas.

As a basic hypothesis in the research, the following is set: To come to the conclusion that the organization of tobacco production as a family business on a wider scale, provides livelihood, but also profit for the tobacco producers in the Republic of North Macedonia. In order to reach this conclusion, which contains the main hypothesis, the method of the survey method and the х2-test, the contingency method, the mathematical-statistical and comparative method, as well as tabular and graphical presentation of the obtained results, were used.

A survey was also conducted among the active tobacco producers and the obtained data were processed. The survey as a research method was conducted by formulating questionnaires with standardized and clearly formulated questions that were given to tobacco producers of different age groups. Their answers provided a concrete picture of the impact of demographic factor on tobacco production process and whether it can be organized as a successful family business that will provide sufficient income for the family. The research was conducted with several individual tobacco producers from the municipalities of Prilep, Dolneni and Krivogashtani. The subject of this research were 80 tobacco producers under the age of 40 and 80 tobacco producers over the age of 40, for which special survey questionnaires were prepared. *x*2 - test and contingency coefficient were used for data processing, in order to determine the relationship between the variables that are of interest in this research. *x*2 is the sum of squared differences of the examined and expected (theoretically given) frequencies placed in relation to the expected frequencies and is calculated according to the formula:



Where: fi - are examined frequencies obtained by empirical research or experimentation; fo - are expected or theoretical frequencies (frequencies that are expected under a certain hypothesis);

The examined frequencies are obtained from the conducted empirical research, while the expected frequencies are obtained by multiplying the sum of the row by the sum of the column and the obtained result is divided by the total sum of frequencies.

The value for *x*2- test is interpreted on the basis of the theoretical *x*2 distribution, created by Karl Pearson. He created the table of critical values for chi square test for the appropriate number of degrees of freedom and the appropriate probability, i.e. significance threshold. The significance threshold refers to the permissible error or risk and the most commonly used probability level is p = 0.05 and p = 0.01. This paper uses a probability level of 0.05, i.e. 5%.

When frequencies are arranged in rows and columns, degrees of freedom (n) are calculated as follows:

n = degrees of freedom; k = number of columns; r = number of rows.

In this empirical study, the frequencies are arranged in two columns and three rows, resulting in 2 degrees of freedom. The tabular value of *x*2 for 2 degrees of freedom and significance threshold 0.05 is 5.991.

When the calculated value of the *x*2- test is greater than the critical value in the table, which in our case has a value of 5,991, we come to the conclusion that the statements of tobacco producers under and over the age of 40 years differ. Conversely, when the calculated value of *x*2 is less than the tabular value, in that case the statements of the two groups of tobacco producers are similar, i.e. there is no big difference, which can be seen from the comments on the individual questions.

As can be seen, the *x*2- test determines the probability of a correlation between two variables, not the height of the correlation. Such a correlation is measured by the contingency coefficient (C) which is calculated according to the formula

where *x*2 is a calculated value for *x*2; N is the total number of frequencies.

The contingency coefficient can have a value from 0 to 1. When this coefficient is closer to 1, the interdependence modality of the examined variables is stronger, and when the calculated coefficient is closer to 0, then the interdependence is weak.

**RESULTS AND DISCUSSION**

Tobacco production in recent years in the EU is declining, primarily due to the introduction of the quota system and the specific way of subsidizing, which is realized by area, not by produced tobacco. That is why the production from 440,000 tons in 1991, dropped to below 140,000 tons in 2018, although four new countries that are producers of tobacco joined. This declining production trend also includes small-leaf oriental tobacco. Oriental tobacco is mostly grown on the territory of Balkan countries: Turkey, Bulgaria, Greece and North Macedonia. Globally, India, China and Thailand are emerging as producers of smaller quantities of oriental tobacco, but also small quantities of oriental tobacco are produced in Russia, Kazakhstan, Uzbekistan, Tajikistan and some Mediterranean countries (Lebanon, Tunisia, Algeria and Morocco). Since 2013, Macedonia has grown into the second largest producer of oriental tobacco after Turkey.

In the data of UNITAB ( European association of tobacco growers ) it is entered that the total tobacco production in the EU for 2018 is 134,038 tons. Only 21,250 tons belong to oriental tobaccos and they are grown in two EU member countries - Greece and Bulgaria. In both countries, the production has been drastically reduced in recent years, which can be seen from the following table which provides data on the production of small-leaf oriental tobacco in several Balkan countries, that are also major producers of oriental tobacco.

**Table 2. Production of oriental tobacco in the Balkan countries from 2013-2020**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Year | Turkey | Macedonia | Greece | Bulgaria |
| 2013 | 80 000 | 27 800 | 24 000 | 17 000 |
| 2014 | 61 000 | 27 600 | 26 000 | 16 000 |
| 2015 | 55 000 | 24 000 | 22 000 | 12 000 |
| 2016 | 55 000 | 25 400 | 18 500 | 9 000 |
| 2017 | 68 000 | 23 000 | 19 000 | 9 500 |
| 2018 | 55 000 | 25 500 | 13850 | 7400 |
| 2019 | 52 000 \* | 26 200 | 15 700 | 5 200 |
| 2020 | 41 000 | 26 000 | 13 000 | 4 250 |
| Average | 58375 | 25687.5 | 19250 | 9993.75 |

Source: Star Agritech International; published October 2018; with additional editing by TOBACCO ASIA

While in other countries tobacco production is declining, our country can boast of relative stability in terms of production, planted areas, yield per hectare and the number of contracts given in the table below.

**Table 3. Planted area, yield, production in tons and number of concluded contracts**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Year | Planted area (ha) | Yield (kg/ha) | Production in tons (t) | Number of concluded contracts |
| 2010 | 20,300 | 1,492 | 30,280 | 40,743 |
| 2011 | 19,693 | 1,348 | 26,537 | 33,234 |
| 2012 | 19,656 | 1,392 | 27,333 | 29,090 |
| 2013 | 19,178 | 1,453 | 27,859 | 42,367 |
| 2014 | 17,758 | 1,553 | 27,578 | 34,445 |
| 2015 | 16,128 | 1,503 | 24,237 | 28,454 |
| 2016 | 16,379 | 1,554 | 25,443 | 27,380 |
| 2017 | 15,961 | 1,434 | 22,885 | 29,132 |
| 2018 | 16,582 | 1,541 | 25,547 | 34,104 |
| 2019 | 16,719 | 1,573 | 26,234 | 20.997 \* |
| 2020 | 16,592 | 1,574 | 26,112 | 19,702\*\* |

Source: Ministry of Agriculture, Forestry and Water Economy, North Macedonia

When we emphasize the fact that Macedonia is primarily an argar country, we are talking about the percentage of active population engaged in agriculture, which is far above the European average (4.2% EU-2017 versus 16.2% Macedonia). The percentage of active population engaged in agriculture in 2019 is 13.9%. Out of a total of 111,033 people engaged in agriculture, 35% (38,478) are unpaid family workers, 49% are self-employed and about 15% are full-time employees. About 17% (18,379) of the total agricultural workforce is employed on a part-time or seasonal basis.

The percentage of the share of agricultural sector in GDP is high, which is around 10% . These data are shown in the table below.

**Table 4. Gross domestic product and share of the agricultural sector in GDP in%**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Indicator | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| GDP  in million euros | 6,095 | 6,772 | 6,767 | 7,109 | 7,544 | 7,585 | 8,150 | 8,562 | 9,072 | 9,723 | 10,010 | 10,744 | 11,262 | 10,823 |
| GDP per capita  in euros | 2,982 | 3,308 | 3,300 | 3,459 | 3,665 | 3,680 | 3,948 | 4,141 | 4,382 | 4,691 | 4,827 | 5,175 | 5,423 | 5,238 |
| share of  the agricultural sector in GDP in% | 9.9 | 11.4 | 10.3 | 10.1 | 9.4 | 9.1 | 10 | 10.1 | 9.7 | 9.1 | 7.9 | 8.5 | 8.1 | 9.1 |

Source: State Statistical Office, Republic of North Macedonia

One of the biggest problems in the agricultural sector in our country is the aging of the workforce. According to the structural survey by the State Statistical Office made in 2016, only 4% of agricultural holders are young people under the age of 35 (or 7,254), 34% are between the age of 35 and 54 (61,724) and the majority - 62% or 111,268 are older than 55. The ratio between the number of young holders of agricultural holdings (under 35 years) and the number of holders older than 55 years is 0.07 and is very unfavorable (European average of 0.09 is also unfavorable). This is due to low incomes (average net salary in agriculture is 240 euros per month or about 11 euros per day), unfavorable working conditions and deteriorating living conditions in rural areas. All of this discourages young people from pursuing careers in agriculture, and as a result of their mobility and less emotional connection to the country and the countryside, they are increasingly emigrating from the country into urban areas. According to data from the Agency for Financial Support of Agriculture and Rural Development (AFSARD), only 13.5% of the total number of agricultural holdings that applied for financial support in 2018 were represented by young farmers aged between 18 and 40 years.

The second big problem besides the age structure is the educational structure in agriculture. According to the structural survey from 2016, most of the farmers have completed or uncompleted primary school (44.5% or 80,269 people) and secondary school (43.3% or 77,996 people). Only 9,359 of them, or 5.2% have formal education in agricultural sciences. This means that most of the agricultural workforce lacks formal agricultural education, but also training, managerial and business skills.

To answer the question whether tobacco producers in Macedonia organize production as a family business and whether they make a profit from it, we conducted a survey through appropriate survey questionnaires among 80 tobacco producers under the age of 40 and 80 tobacco producers over the age of 40.

The surveyed farmers were asked the following questions and according to the chi-square test the following results were obtained:

**Table 5. Question number 1 to survey respondents: Do you think that in our country there are favorable agro-technical conditions for tobacco production?**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Asked questions** | **Offered answers** | **Individual answers** | | | |
| **Respondents under the age of 40** | | **Respondents over the age of 40** | |
| **Value** | **%** | **Value** | **%** |
| **1. Do you think that in our country there are favorable agro-technical conditions for tobacco production?** | **Yes** | **66** | **82.5** | **71** | **88.75** |
| **No** | **5** | **6.25** | **4** | **5.00** |
| **No answer** | **9** | **11.25** | **5** | **6.25** |
| **Total** | | **80** | **100** | **80** | **100** |
| **Calculated *x2*- test = 1.436 C = 0.0805** | | | | | |

**Chart 1. Question number 1 to survey respondents: Do you think that in our country there are favorable agro-technical conditions for tobacco production?**

Both groups of tobacco producers agree that Macedonia has favorable conditions for tobacco production.

**Table 6. Question number 2 to survey respondents: Do you think that there are enough people for the production and home processing of tobacco?**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Asked questions** | **Offered answers** | **Individual answers** | | | |
| **Respondents under the age of 40** | | **Respondents over the age of 40** | |
| **Value** |  | **Value** | **%** |
| **2. Do you think that there are enough people for the production and home processing of tobacco?** | **Yes** | **52** | **65** | **52** | **65** |
| **No** | **25** | **31.25** | **24** | **30** |
| **No answer** | **3** | **3.75** | **4** | **5** |
| **Total** | | **80** | **100** | **80** | **100** |
| **Calculated *x2*- test = 0.163 C = 0.027** | | | | | |

**Chart 2. Question number 2 to survey respondents:Do you think that there are enough people for the production and home processing of tobacco?**

The values of the calculated *x2*-test are 0.163, which is due to the relatively similar answers given by the respondents. The answers are in favor of the thesis that Macedonia has enough work force and so think the majority of respondents, in cases when it comes to their tobacco production.

**Table 7. Question number 3 to survey respondents: Will you, as a tobacco producer, continue with further production of tobacco?**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Asked questions** | **Offered answers** | **Individual answers** | | | |
| **Respondents under the age of 40** | | **Respondents over the age of 40** | |
| **Value** | **%** | **Value** | **%** |
| **3. Will you, as a tobacco producer, continue with further production of tobacco?** | **Yes** | **52** | **65** | **59** | **73.75** |
| **No** | **16** | **20** | **11** | **13.75** |
| **No answer** | **12** | **15** | **10** | **12.5** |
| **Total** | | **80** | **100** | **80** | **100** |
| **Calculated *x2*- test = 1.549 C = 0.0836** | | | | | |

**Chart 3. Question number 3 to survey respondents: Will you, as a tobacco producer, continue with further production of tobacco?**

65% of young people under the age of 40 and 73.75% of respondents over 40 answered positively, while 20% of respondents under 40 and 13.75% of those over 40 gave a negative answer. 15% of respondents in the first group and 12.5% in the second group had no answer. The calculated x2-test is below the limit of 5,991 and is 1,549. The answers and the test show that in both groups there is still a mood for tobacco production, although it is lower in young people than in the elderly population.

**Table 8. Question number 4 to survey respondents:** **Do you think there are opportunities for maintenance and development in terms of the demographic factor?**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Asked questions** | **Offered answers** | **Individual answers** | | | |
| **Respondents under the age of 40** | | **Respondents over the age of 40** | |
| **Value** | **%** | **Value** | **%** |
| **4. Do you think there are opportunities for maintenance and development in terms of the demographic factor?** | **Yes** | **54** | **67.5** | **50** | **62.5** |
| **No** | **18** | **22.5** | **18** | **22.5** |
| **No answer** | **8** | **10** | **12** | **15.0** |
| **Total** | | **80** | **100** | **80** | **100** |
| **Calculated *x2*- test = 0.954 C = 0.0657** | | | | | |

**Chart 4. Question number 4 to survey respondents: Do you think there are opportunities for maintenance and development in terms of the demographic factor?**

Regarding this question, 67.5% of the first and 62.5% of the second group believe that tobacco production has good conditions for development in terms of demographic factor. 22.5% of the respondents in both groups answered negatively, while 10% of the first group and 15% of the second group had no answer. Calculated x2- test is 0.954, so in the opinion of the respondents, the demographic factor is not a problem for developing a business in the field of tobacco production.

**Table 9. Question number 5 to survey respondents: Do you plan to improve your tobacco production by developing a family tobacco business?**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Asked questions** | **Offered answers** | **Individual answers** | | | |
| **Respondents under the age of 40** | | **Respondents over the age of 40** | |
| **Value** | **%** | **Value** | **%** |
| **5. Do you plan to improve your tobacco production by developing a family tobacco business?** | **Yes** | **38** | **47.5** | **40** | **50** |
| **No** | **28** | **35** | **31** | **38.75** |
| **No answer** | **14** | **17.5** | **9** | **11.25** |
| **Total** | | **80** | **100** | **80** | **100** |
| **Calculated *x2*- test = 1.29 C = 0.0763** | | | | | |

**Chart 5. Question number 5 to survey respondents: Do you plan to improve your tobacco production by developing a family tobacco business?**

These numbers are also positive, but it would be better if they were higher. Of course, the reason for this should be sought in government policies, business conditions, purchase conditions, payment of subsidies, the amount of the price of purchased tobacco, etc. First of all, it is important to organize education of tobacco producers, especially young people, focused on the ways to successfully manage the business and prepare an appropriate business plan. So they will feel more incentive to work and see a future in this area.

**Table 10. Question number 6 to survey respondents: Do you think that young people would get a job in a foreign country faster than if they stayed in our country and produced tobacco?**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Asked questions** | **Offered answers** | **Individual answers** | | | |
| **Respondents under the age of 40** | | **Respondents over the age of 40** | |
| **Value** | **%** | **Value** | ***%*** |
| **6. Do you think that young people would get a job in a foreign country faster than if they stayed in our country and produced tobacco?** | **Yes** | **57** | **71.25** | **51** | **63.75** |
| **No** | **17** | **21.25** | **17** | **21.25** |
| **No answer** | **6** | **7.5** | **12** | **15.0** |
| **Total** | | **80** | **100** | **80** | **100** |
| **Calculated *x2*- test= 2.333 C = 0.102** | | | | | |

**Chart 6. Question number 6 to survey respondents: Do you think that young people would get a job in a foreign country faster than if they stayed in our country and produced tobacco?**

Calculated *x2*-test is 2.333, and the contingency coefficient C is 0.102. The answers coincide with the current climate in our country, because young people would rather seek their livelihood in a foreign country than be engaged in tobacco production. In order to change this trend, young people in the tobacco industry should see an activity from which they can exist and make a profit. In this regard, the state should play its role by taking measures to improve the living conditions of the population, especially young people who are engaged in agriculture, tobacco production and to raise their standard of living.

**CONCLUSION**

Tobacco is a leading export agricultural product and there is still interest in its production. In conditions when in neighboring Bulgaria, Greece and Albania the quantities of the produced tobacco are drastically reduced, whether due to diversification of production or due to the imposition of quotas of EU member states (Greece and Bulgaria), Macedonia can maintain the existing level of tobacco production and to increase it with very little effort. Key factor would be the demographic factor i.e. the population.

The results of the survey point to the following conclusions:

1. Tobacco producers from both groups (under and over 40 years old) agree that Macedonia has favorable agrotechnical conditions for the production and cultivation of tobacco, and confirmation of the fact is that Macedonia is a traditional producer of some of the highest quality varieties of tobacco, especially fine-leaf tobacco. ;

2. The values ​​of the calculated x2-test 0.163, which is due to the relatively similar answers given by the surveyed persons. The answers support the thesis that despite the large number of people who have gone abroad, Macedonia still has sufficient labor force and this is what the majority of respondents think, in cases where it is about their tobacco production;

3. In the Republic of North Macedonia, there is still a willingness to produce tobacco, although it is lower among young people than among the older population;

4. In the field of tobacco production, if there is sufficient stimulation and support from the state, the demographic factor is not yet a problem for organizing this line of production as a family business;

5. In order to stimulate and direct young people towards the development and modernization of tobacco production, additional education in this field is necessary, especially in the area of ​​management, organization and preparation of an appropriate business plan;

6. In order to change the trend of emigration of young people and their orientation to agriculture and specifically to tobacco production, support from the state in the form of greater subsidies and incentives that would encourage production and improve the living standard of the population is necessary.

Increasing the efficiency and effectiveness of the family business in tobacco production can only be achieved through long-term work. This will mean the cultivation of larger areas, inclusion of seasonal labor, reduction of unemployment, more funds for tobacco producers, but also a greater inflow into the state budget.

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