

**A BALANCE TYPE ANALYSIS REGARDING THE BEGINNING OR THE END
OF SOME ENTREPRENEURIAL ACTIONS IN THE WESTERN
DEVELOPMENT REGION IN ROMANIA**

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***Abstract:** The situation created on a global level with the onset of the pandemic generated by SARS-CoV2 has affected in many forms the interest for entrepreneurial activities. The study presents a balance type analysis regarding the beginning / end of entrepreneurial activities registered in the Western Development Region of Romania, for the period January - September 2020.*

Key words: *entrepreneurship, registrations, suspensions, deregistrations*

INTRODUCTION

The new restrictions with the onset of the pandemic due to SARS-Cov2, on the one hand due to insecurity, imposed by law or even voluntary at the individual level, had an immediate effect on entrepreneurship [1,2,6,8]. Within the paper it is studied the evolution of the entrances - exits from the market of the companies, (of the evolution of the entrepreneurial sector), at the level of the West-Romania Development Region.

MATERIALS AND METHODS

Regarding the entry or exit of some companies from the market, the data provided by ONRC were evaluated regarding the situation of their incorporation, suspension of activity, dissolution or even their deregistration [14]. In order to have a unitary image on the phenomenon, the data were reported to the volume of the working age population, the data being provided by INSSE [13]. Tabular and statistical calculations, graphical representations, were performed by classical methods and using Microsoft Excel [3,4,7].

RESEARCH RESULTS

The Western Development Region of Romania, with the four counties, Arad, Timiș, Hunedoara and Caraș Severin, even if it shows important variations of socio-economic indicators at county level, is largely in the first half of the ranking made by the number of legal entities active according to ONRC data [14].

According to these data, in Timiș County, the number of legal entities in operation at the end of September 2020 was approximately 47000, occupying the 5th position in the ranking of counties in Romania. Arad County had approximately 21000 active legal entities, occupying the 14th position, while Hunedoara County on the 20th position had approximately 16800 legal entities. However, Caraș Severin County had a smaller number of entrepreneurs, being on the 35th position in the ranking of counties, having registered in activity approximately 9400 legal entities.

However, given that the population of the counties in this development region is very different on a case-by-case basis, statistical data on the entry or exit of firms from the market were compared to the working age population of each county (Tables 1 and 2). Specifically, the number of companies was related to the number of (thousands) people of working age (using the notation, $n/1000$ pwa). Population data are expressed in accordance

with the legislation in force on demographic statistics and the working age is considered to be between 16 and 61 years for women and between 16 and 65 years for men [9,12,13,15].

Table 1.

Number of dissolved and suspended companies, related to the working age population, in the counties of the Western Development Region of Romania, during January - September, in 2019 and 2020 respectively

County	Dissolved 01.01.2020 - 30.09.2020 (/1000 pwa)	Dissolved 01.01.2019 - 30.09.2019 (/1000 pwa)	Suspended 01.01.2020 - 30.09.2020 (/1000 pwa)	Suspended 01.01.2019 - 30.09.2019 (/1000 pwa)
Arad	1.194	1.537	1.019	1.136
Caraş-Severin	0.893	1.800	0.374	0.629
Hunedoara	1.366	1.930	0.484	0.656
Timiș	2.011	2.385	0.643	0.813
Romania	1.312	1.700	0.554	0.743

Source: Processing after INSSE and ONRC, Nov. 2020

Starting from the data regarding suspensions, dissolutions and deletions, in Figures 1, 2, and 3, the values related to 2020 were ordered in ascending order by the counties of the studied region. Thus, in 2020, starting with January and until September, reported the working age population of the counties, n/1000 pwa, Caraş Severin County had the lowest number of companies that ceased their activity. We refer here to both suspensions, dissolutions and deregistrations of companies. The largest number of companies with suspended activity, related to the county's population, in 2020, was observed in Arad County. The values observed at the level of the whole country are positioned approximately in the middle of the series of values at the level of counties.

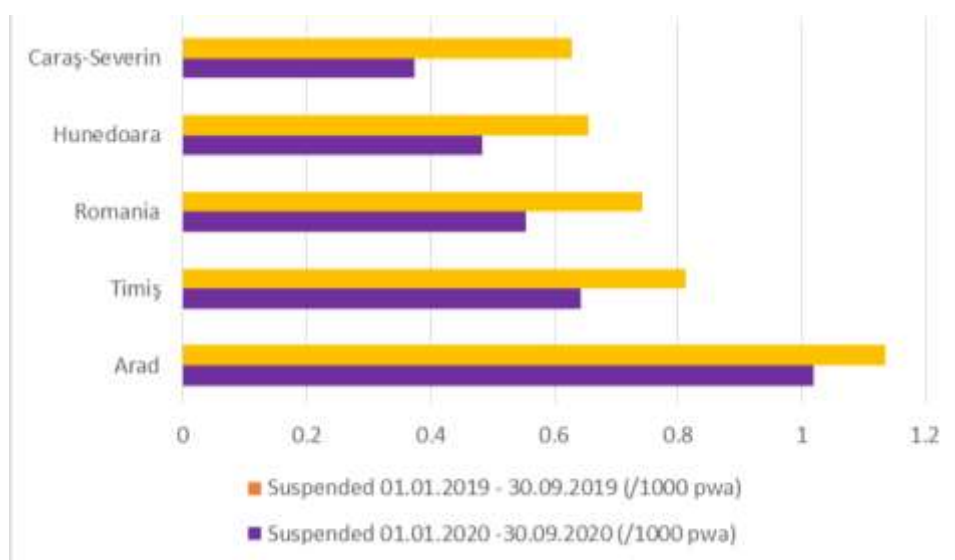


Figure 1. Number of companies with suspended activity, compared to the working age population in the counties of the Western Development Region of Romania

Source: Processing after INSSE and ONRC, Nov. 2020

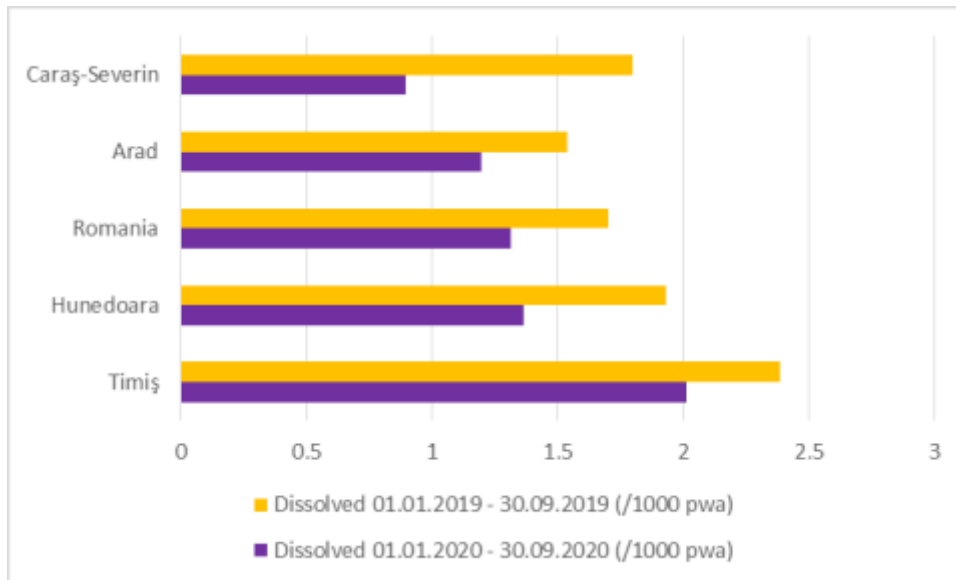


Figure 2. Number of dissolved companies, compared to the working age population, in the counties of the Western Development Region of Romania

Source: Processing after INSSE and ONRC, Nov. 2020

The highest number of dissolved companies compared to 1000 PWA was in Timiș County, both in January-September 2019 and in the similar period of 2020.

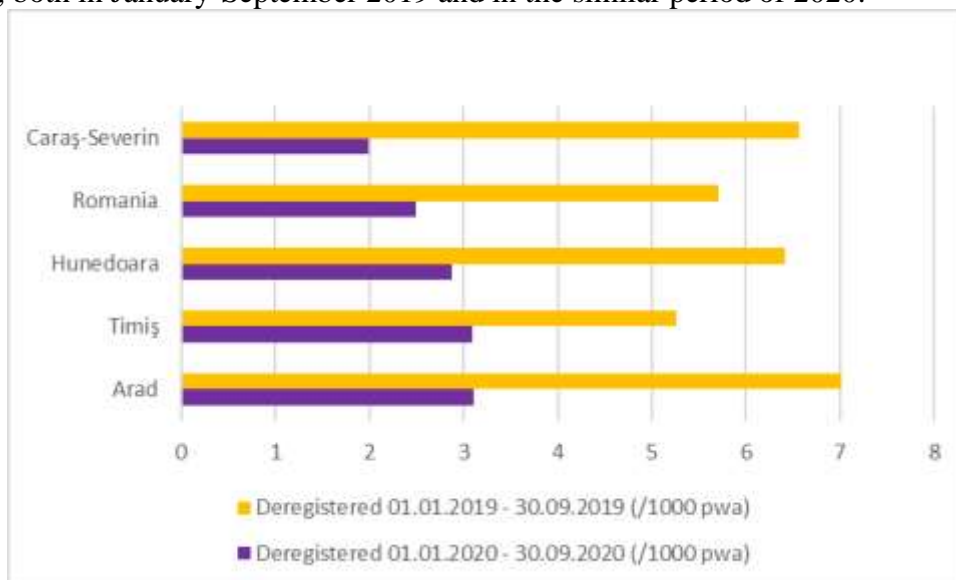


Figure 3. Number of deregistered companies, relative to the working age population, in the counties of the Western Development Region of Romania

Source: Processing after INSSE and ONRC, Nov. 2020

A useful observation is the fact that in all situations, for both companies with suspended activity, dissolved or deregistered, in January-September 2020 their number is lower than in the similar period of 2019. This in the conditions in which the period January-September 2020 was characterized by multiple restrictions on travel, social distancing, limitations on the number of people who can meet, events banning, etc. Most likely, the aid measures granted to companies and their employees, the granting of technical unemployment, the postponement of payments related to bank loans, the postponement of taxes due to state or local budgets, work from home, had the desired

effect by reducing the crisis effect felt by companies [5,10,11]. This may have the effect of postponing the exit decision from the market of some firms in difficulty.

Table 2.

Comparison of the number of registered companies, respectively the number of deregistered companies, both related to the working age population, in the counties of the Western Development Region of Romania, during January - September, in the years 2019 and 2020 respectively

County	Newly registered 01.01.2020 - 30.09.2020 (/1000 pwa)	Deregistered 01.01.2020 - 30.09.2020 (/1000 pwa)	Ratio 2020 New/ Deregistered	Newly registered 01.01.2019 - 30.09.2019 (/1000 pwa)	Deregistered 01.01.2019 - 30.09.2019 (/1000 pwa)	Ratio 2019 New/ Deregistered
Arad	5.9	3.11	1.9	8.004	7.01	1.1
Caras-Severin	3.294	1.992	1.7	5.396	6.563	0.8
Hunedoara	4.43	2.871	1.5	6.813	6.412	1.1
Timiș	7.17	3.097	2.3	9.054	5.26	1.7
Romania	5.543	2.488	2.2	7.287	5.708	1.3

Source: Processing after INSSE and ONRC, Nov.2020

However, comparing the number of newly registered companies in 2020 with the number of companies registered in the period similar to 2019, there is a visible decrease. If in 2019, in Timiș County, between January and September, more than 9 newly established companies corresponded to 1000 people of working age, in the similar period of 2020, their number decreased to approximately 7. The most small number of newly established companies reported to 1000 pwa is found in Caras Severin County.

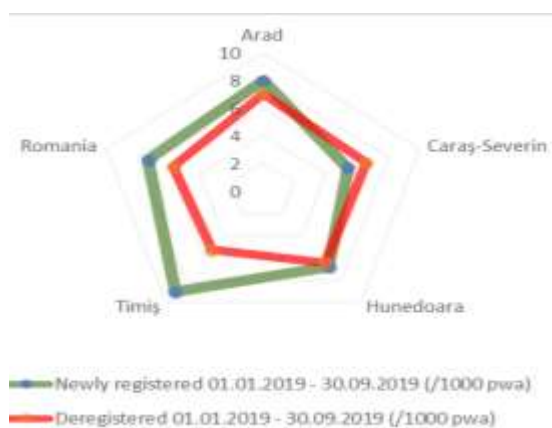


Figure 4. Comparison of the number of registered companies, respectively the number of deregistered companies, both related to the working age population, during January - September

Source: Processing after INSSE and ONRC, Nov.2020

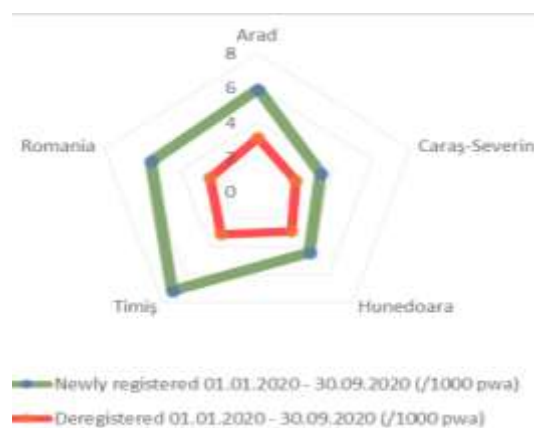


Figure 5. Comparison of the number of registered companies, respectively the number of deregistered companies, both related to the working age population, during January - September 2020

Source: Processing after INSSE and ONRC, Nov.2020

A topic of interest was to study the ratio between the number of newly registered companies and the number of deregistered companies for each county. An supraunit ratio thus indicates a positive numerical increase while a subunit ratio indicates a numerical decrease in the number of firms existing at a given time in the market. During January-September 2019 in Caraș Severin County, this ratio had a subunit value, thus indicating a smaller number of newly registered companies compared to the deregistered ones. It is in fact the only exception, otherwise this ratio has supraunit values. However, this report has higher values in 2020 compared to the same period of 2019, in all counties in the region of western Romania but throughout the country.

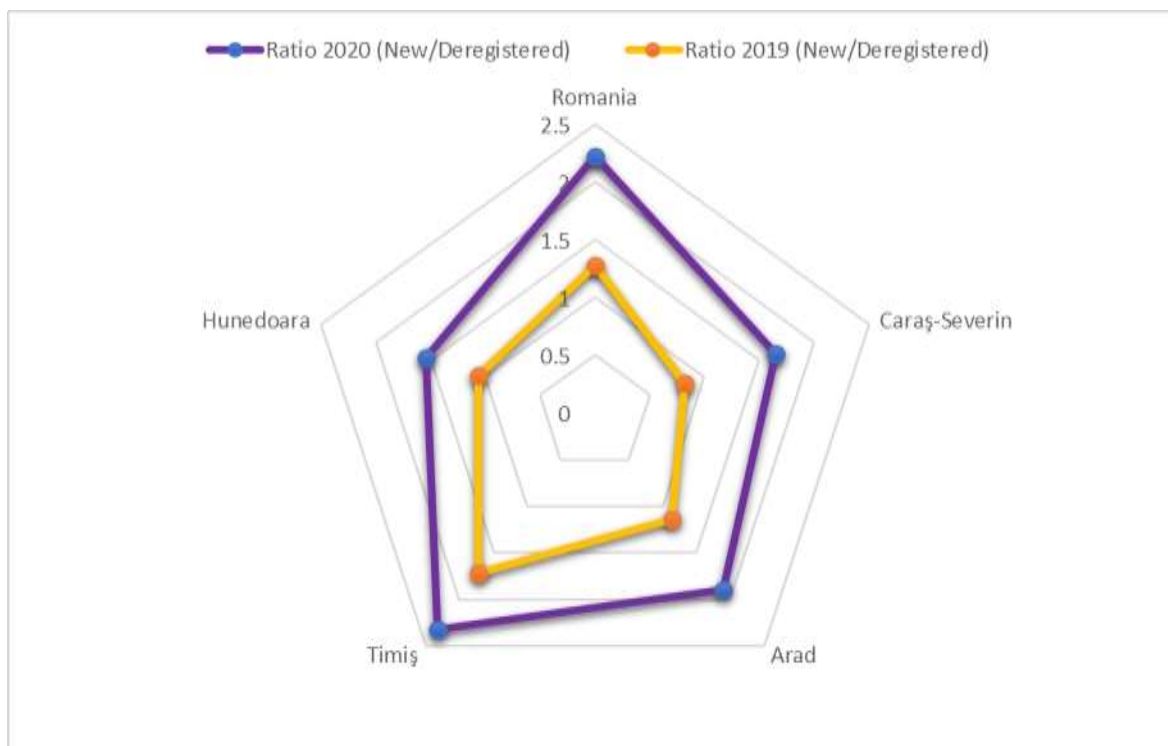


Figure 6. Comparison of the ratio between the number of registered companies and deregistered companies, in the counties from the Western Development Region of Romania, during January - September, in the years 2019 and 2020 respectively

Source: Processing after INSSE and ONRC, Nov.2020

CONCLUSIONS

The number of companies with suspended, dissolved or deregistered activity is lower in January-September 2020 than in January-September 2019, in the counties of the Western Development Region of Romania. Also, the number of newly established companies decreased in 2020, compared to 2019, in the mentioned period. However, even though both indicators were declining in 2020, meaning start-ups and deregistered companies, the ratio between them is increasing in 2020. This indicates that there is a trend of increasing the number of start-ups compared to the deregistered ones.

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