

TRENDS IN SME'S EVOLUTION IN ROMANIAN ECONOMY

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Abstract: *Presently, small and medium enterprises distinguish through the role and importance that they have at national economy level. Next to creating new jobs, small and medium enterprises bring their contribution by developing the entrepreneurial abilities and by supporting the innovation process. In our country, SME's sector have absorbed the largest part of labor force that have been dismissed in privatization processes of state's units. Economical and social results that this sector is offering, help it to detain the place of a strategic sector in national economy.*

Key words: *development, enterprises, evolution, medium, small*

INTRODUCTION

In Romania as in the other countries ex-socialist, the transition to market economy signified the privatisation of state' enterprises, more precisely the property right transfer to private persons and this privatisation process was realised with more or less efficient methods. Also in the transition stage, many new enterprises appeared as a result of particular initiatives.

Both processes had influenced the labour market and in this way the privatisation leaded to decreasing the number of jobs and increasing the unemployment and the appearance of new enterprises brought new jobs. In most cases the new jobs were less than the number of jobs in the state units before the privatisation process and they required new specialisation. The new enterprises that have been created are framed in small and medium enterprises category, and they absorbed the labour force that has been dismissed from the state units.

MATERIALS AND METHODS

According to the definition given by the Direction for Implementing the Progrmas for SMEs, the micro, small and medium enterprises category (SME) is formed by enterprises that hire less than 250 persons and have an annual domestic turnover till 50 millions euro and/or have total assets till 43 milions euro.

The main purpose of the paper is to underline the tendencies, the opportunities and the problems in small and medium enterprises evolution in national economy, and also their contribution to total economy development.

RESEARCH RESULTS

Presently, the small and medium enterprises distinguish by the role played in the economy, more precisely by offering new jobs. Through them, there can be easier formed a working atmosphere favorable to employees training. This fact helps to development of the innovation and flexibility and so the small and medium enterprises can easier adapt to the market requests, they can create and offer new products and services easier than large enterprises.

After gaining experience in small and medium enteprises, the employees can be transferred in large enterprises where the motivation is different.

In the Romanian economy, small and medium enterprises stimulate the competition, detaining an active role in creating and maintaining an competitive economy.

The main aspects through which they differentiate on the market are the price, the efficiency and the product design, the product and services' quality. We can say that small and medium enterprises are indispensable to market economy because the large enterprises will detain the monopoly without them, situation that is not desired at all in the market economy. There are cases in which the activity of large enterprises depends on small and medium enterprises and also the cases when the SMEs are subcontractors for large enterprises for supply and delivery.

At small and medium enterprises level, certain products and services are provided in a efficient manner. In the Romanian economy, the small and medium enterprises are met in the following sectors:

- In manufacturing industry and also in textile industry, footwear, food etc.;
- In building – housing, industrial buildings, administrative buildings etc.;
- In en gross commerce – as intermediary between the producers and buyers;
- In en detail commerce – they can be independent units for sale;
- In services field they can be offered services through societies and individuals.

At national level while developing the economy, we observed a change in weight of the fields. So the services sector gain terrain in front of manufacturing industry, sector that is characterised by the number of large enterprises.

The legal background for SME's running has been very well established and in the purpose of supporting the developing of their activity in good conditions have been created organisms that represent and defend their interests.

Lately, there are many publications on developing the SME's activity, and the managers can access different university or postgraduate for preparing themselves.

Table 1

Active small and medium enterprises by activity of national economy (number)

No.	Specification	2008		2009		2010	
		Number	%	Number	%	Number	%
1	Mining and quarrying	1061	0,19	1215	0.23	1150	0.24
2	Manufacturing	56407	10.58	53909	10.4	48214	10.28
3	Electricity, gas, steam and air conditioning production and supply	451	0.08	556	0.1	835	0.17
4	Water supply; sewerage, waste management and decontamination activities	2295	0.43	2290	0.44	2392	0.51
5	Construction	59195	11.11	59990	11.58	49224	10.5
6	Wholesale and retail; repair of motor vehicles and motorcycles	213945	40.16	197440	38.12	181753	38.78
7	Transport and storage	34385	6.45	34969	6.75	32680	6.97
8	Hotels and restaurants	23631	4.43	26151	5.04	24379	5.2
9	Information and communication	19991	3.75	19588	3.78	17625	3.76
10	Real estate activities	14760	2.77	15101	2.91	13579	2.89
11	Professional, scientific and technical activities	59132	11.10	60369	11.65	54311	11.59
12	Activities of administrative services and of support services	19340	3.63	18074	3.49	16108	3.43
13	Education	2680	0.50	2978	0.57	2845	0.61
14	Health and social assistance	8670	1.62	8850	1.71	8667	1.84
15	Shows, culture and recreation activities	4978	0.93	5131	0.99	4560	0.97
16	Other service activities	11767	2.2	11259	2.17	10239	2.18
17	Total	532688	100	517870	100	468561	100

Source: Romanian Statistical Yearbook 2011

Presently, the small and medium enterprises dispose of many facilities as a differentiated taxing system, exemption from the customs duty in certain situations, financing through some programs of managers learning. Also, they have at their disposal informing and consulting services, innovating and research in management, marketing and

financial-banking sectors. In order to support the development of small and medium enterprises there has been created the Fund for guarantee the loans for SME's.

The economic and financial crises from the latest period affected the activity of small and medium enterprises in a different manner depending on the activity sector as we can see from table 2 where we present the weight of staff in active small and medium enterprises in total staff of enterprises by activity of national economy and table 3 weight of turnover achieved by active small and medium enterprises in the turnover of total enterprises by activity of national economy.

Table 2
Weight of staff in active small and medium enterprises in total staff of enterprises by activity of national economy

No.	Specification	2008	2009	2010
1	Mining and quarrying	16.0	17.0	18.2
2	Manufacturing	54.7	56.3	55.7
3	Electricity, gas, steam and air conditioning production and supply	10.1	9.9	11.4
4	Water supply; sewerage, waste management and decontamination activities	38.9	36.7	39.0
5	Construction	77.3	79.1	78.3
6	Wholesale and retail; repair of motor vehicles and motorcycles	84.2	83.5	83.5
7	Transport and storage	47.8	47.2	48.1
8	Hotels and restaurants	88.4	89.5	89.3
9	Information and communication	58.3	59.7	59.3
10	Real estate activities	89.3	89.3	88.4
11	Professional, scientific and technical activities	87.1	86.3	86.4
12	Activities of administrative services and of support services	55.7	56.4	55.4
13	Education	97.0	96.8	96.6
14	Health and social assistance	92.1	90.0	86.2
15	Shows, culture and recreation activities	70.9	70.4	69.1
16	Other service activities	93.4	94.4	94.8
17	Total	65.8	66.3	65.9

Source: Romanian Statistical Yearbook 2011

Table 3
Weight of turnover achieved by active small and medium enterprises in the turnover of total enterprises by activity of national economy

No.	Specification	2008	2009	2010
1	Mining and quarrying	9.8	11.6	10.2
2	Manufacturing	39.7	41.4	38.2
3	Electricity, gas, steam and air conditioning production and supply	21.0	21.1	23.7
4	Water supply; sewerage, waste management and decontamination activities	63.9	65.1	71.0
5	Construction	73.7	75.1	75.1
6	Wholesale and retail; repair of motor vehicles and motorcycles	76.3	73.8	74.2
7	Transport and storage	63.0	62.4	63.8
8	Hotels and restaurants	83.8	84.6	84.3
9	Information and communication	38.3	37.4	41.0
10	Real estate activities	93.9	93.7	93.3
11	Professional, scientific and technical activities	91.1	89.7	88.4
12	Activities of administrative services and of support services	81.8	77.0	77.0
13	Education	97.0	95.0	94.5
14	Health and social assistance	86.2	81.4	74.1
15	Shows, culture and recreation activities	61.3	64.2	67.3
16	Other service activities	94.2	94.1	95.3
17	Total	61.0	60.3	59.4

Source: Romanian Statistical Yearbook 2011

Despite all the supporting facilities, the small and medium enterprises face various problems. Among there problems, the faulty management present a special importance. Usually, at the top level of these units is named a manager while is avoided the creating of a managerial team and so on the manager is put a very high pressure because he has to take various decisions that require various knowledge. Limited financial resources bring restrictions regarding the acquirement of new machinery and they influence also the

maintenance of the available equipment. Also, the effect of financial resources' lack is reverberated sometimes on staff, in this case they employ personnel without the necessary qualification. But also, in the practice we can meet situation in which the manager has not the necessary skills or does not know all the techniques for selection and recruiting process.

Referring to the SME's marketing, the lack of experience is proven most often by problems in establishing the budget for advertising, by advertising activities' efficiency and also by establishing the distribution channels. In the case of insolvency, the main consequences are losing the invested financial resources, decreasing the jobs, stopping production of products or services offered. We don't have to neglect the psychological consequences on owners and dismissed employees. The main cause for insolvency between SME's is represented by the manager' characteristics, while he is the most important element in assuring the enterprise' success. The managerial skills are very important but also the external environment in which the enterprise activates.

The success at SME's level is directly influenced by the resources that enterprise has and more precisely the human resources, material resources, technical endowment and know-how.

CONCLUSIONS

Presently, the small and medium enterprises' sector represents the most dynamic sector of the economy. The social and economic effects of those enterprises led to considering their sector as being one of strategic importance for the economy. Through the various benefits brought to total economic activity, we count also the improvement of competitive environment, creating opportunities for the development of technologies and for adapting to the existing needs, occupying the markets niches that are not profitable for large enterprises, and valuating the local resources. Through the large number and the small dimensions, the small and medium enterprises give to the market an atomic character, helping to market balance through decreasing the influence of large enterprises. In this manner can be avoided the monopoly cases when large enterprises establish the prices by their own on the market.

Small and medium enterprises can adapt easier to a regional and local market than large enterprises. In the first case, the products and services' offer can be easier adapted to market demands and so it can answer faster to local demands. Small and medium enterprises creates the largest number of jobs that involve lowest capital cost and so they contribute to control unemployment. In our country, small and medium enterprises detain an important weight of total enterprises with a percentage of 65.9% of active staff in total enterprises and 59.4% of total turnover in total enterprises from Romanian economy in 2010.

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