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Strategic Dimensions of the SME System in Romania in the Context of the European Strategic Framework

Delia Mioara Popescu, Constanta Popescu,
Ana Lucia Ristea and Daniel Dumitru Stan

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1. Introduction

The SMEs are frequently considered as the backbone of the European economy and represent a potential growth and job source. The strategy of the European Commission in favor of the SMEs aims to apply the principle “*Think small first*” in order to simplify their business environment. **This policy focuses on five priority domains, covering the following areas:**

1. promoting entrepreneurship and skills;
2. improving the SMEs’ access to the markets;
3. simplifying the legislation;
4. optimizing the SMEs’ growth potential; and
5. consolidating the consulting process and the dialogue with the SMEs.

In an international economy undergoing full changes, characterized by continuous structural changes and an increased concurrenial pressure, the role of the SMEs is crucial as they are the creators of employment opportunities and they are considered to be key-actors for the prosperity of the local and regional communities. The dynamic enterprisers will be able to strengthen Europe in front of the uncertainty caused by the actual globalization. This is the reason why the EU has situated the SMEs at the heart of its Lisbon Strategy for Growth and Jobs, especially after the year 2005, when the partnership approach was used¹, which has resulted into tangible results.

¹ COM (2005) 551 final, 10.11.2005, p.

The EU member states have committed – in regards to the European Charter of the SMEs – to the development of a favorable environment for the SMEs. Despite some encouraging progress, especially after the intermediary reconsideration of the SMEs' modern policy, which occurred from 2005 to 2007 (CE, COM (2007), 592 final 4.10.2007), the EU will have to adopt as well other important measures for the potential of the SMEs to be fully exploitable. Generally, the gap between the SMEs of the EU and those of the US is characterized by a lower productivity rate and a slower growth of the small and medium-sized enterprises of the EU member states. In the US, the surviving enterprises - on average - increase their number of employees by 60% during their first seven years of existence, while in Europe this increase ranges between 10% to 20%².

Recognizing the role of the SMEs and aiming to go over the dysfunctionalities they are still facing, the European Council of March 2008 has strongly encouraged an initiative called **"Small Business Act"** (SBA) for Europe, which focuses on the continuation of the consolidation of the SMEs' sustainable growth and competitiveness, and has asked for the fast adoption of this initiative³. The symbolical name "Act", given to this initiative highlights the political will to acknowledge the fundamental role of the SMEs in the economy of the EU and to instate, for the first time, a **large strategic framework for the EU and its member states, using a set of instruments**⁴:

- **A set of 10 principles meant to guide the conception and application of the policies both on the level of the EU and on the level of the member states;** these principles are essential to confer added value on the community level, to situate the SMEs on an equal footing and to improve the juridical and administrative framework all over the EU;
- **A set of new legislative propositions** oriented according to the principle *"Think small first"* of which: the regulation concerning the exceptions on categories as far as the state aids are concerned; the regulation concerning the status of the private European companies; the decision concerning the reduced VAT coefficients etc.;
- **A set of new strategic measures that will apply the 10 principles according to the SMEs' needs** both on the level of the community, and on the level of the member states.

Principles foreseen by the "Small Business Act" for Europe, meant to guide the conception and implementation of the policies promoting the SME's growth on the level of the EU member states⁵

1. Creating an environment in which enterprisers and family businesses may prosper and where the enterprising spirit is rewarded.
2. Assuring the possibility that the honest enterprisers who went bankrupt may rapidly benefit of a second chance.
3. Defining the rules according to the principle *"Think small first"*.
4. Assuring the administrations' reactivity to the SME's needs.

² CE, SEC (2008)2101 / SEC (2008) 2102, p. 4

³ CE, SEC (2008) 2101 / SEC (2008) 2102, p. 4

⁴ CE, SEC (2008) 2101 / SEC (2008) 2102, pp.5/6

⁵ CE, COM(2008)394 final, 25.62008, pp.5-6

5. Adapting the tools of the public powers to the SME's needs: facilitating the SME's participation to public acquisitions and a more judicious exploitation of the possibilities provided to the SMEs to benefit of state aids.
6. Facilitating the SMEs' access to finance and implementing a juridical and commercial framework favoring the punctuality of the payments occasioned by commercial trading.
7. Supporting the SMEs to benefit more from the opportunities provided by the unique market.
8. Promoting skill improvements inside the SMEs and all types of innovation.
9. Helping the SMEs transform the environmental challenges into opportunities.
10. Helping and supporting the SMEs in taking advantage of the market growth.

2. Coordinates of the development strategy for the SME sector in Romania

Naturally continuing the strategic framework for the 2004-2008 stage, "The governmental strategy for the development of the SME sector", during the period 2009-2013, also corresponds to the priorities promoted by the European Commission in the "Europe Strategy 2020"⁶:

- **Intelligent growth:** development of an economy based on knowledge and innovation;
- **Sustainable growth:** promoting a resource-efficient, more ecological and more competitive economy;
- **A growth favorable to inclusion:** promoting an economy with a high employment rate, assuring social and territorial cohesion.

Through the "Governmental Strategy for the development of the SME sector" for the period 2009-2013⁷, **five strategic priorities** were established, priorities which are considered to assure the pragmatic qualities required in order for the implementation of the programs meant to develop and sustain the SMEs in Romania to be realistic:

1. Improving the SMEs' access to financing;
2. Supporting the SMEs innovative spirit and improving their competitiveness;
3. Simplifying and improving the regulating framework regarding the SMEs and cooperation;
4. Supporting the development of the enterprisers' education;
5. Improving the SMEs' participation on the Internal Market and on third markets.

Supporting the development of an economically competitive and sustainable SME sector constitutes a transversal topic approached within the policies, strategies and programs managed both by structures of the local and central public administration and by structures from the private or nongovernmental sector⁸. If we take into consideration as well the target groups addressed by the "Governmental Strategy for the development of the SME sector", it is unconceivable to lack coordination – on the macroeconomic level – for the measures that are to be implemented by the structures of the domain, whose purpose is to encourage the enterprisers' initiative and to valorize the SMEs' competitive potential.

⁶ CE, 3.3.2010, COM(2010)2020 final_ro

⁷ MECMA, p. 48

⁸ MECMA, p.6

3. Synthesis of the analysis of the SME sector in Romania

The SWOT analysis highlights a **series of measures** that have to be taken into account regarding the **development of the SME sector in Romania**, such as:

- Improving the SMEs' access to financing;
- Developing the system of entrepreneurship education;
- Facilitating the access to technology;
- Supporting the increase of the SMEs' competitiveness and their participation on external markets;
- Implementing the European policies meant for the SBA sector, "Europe Strategy 2020";
- Supporting the development of the cooperative sector;
- Simplifying and improving the legislative framework dedicated to the SMEs and cooperatives.

Within the "Governmental Strategy for the development of the SME sector", during the period 2009-2013⁹, it is highlighted that a **series of weaknesses of the SME sector in Romania may prevent the diminution of certain threats from the economic environment**. Among these there are:

- **The precarious entrepreneurship education** hindering the access to the financing lines and to external markets (because of the SMEs' vulnerabilities in front of the increased market concurrence and of the low availability of bank credits);
- The existence of a **low technological level** and of a **low competitiveness** increasing the SMEs' vulnerability in front of the general decline of the demand and of the increased concurrence on the external markets.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Easy founding procedures • High capacity to valorize the local resources / business opportunities • High adaptability to market dynamics • Direct introduction into the economic circuit of the population's financial resources • Economic importance of the SME sector: <ul style="list-style-type: none"> - weight: over 90% of all the firms; - providing over 60% of all the occupied work places; - a weight of 70% of the GDP • High capacity of creating new jobs, compared to the large firms • Low costs, compared to the large firms, for products and services • High capability of innovation 	<ul style="list-style-type: none"> • Orientation mainly towards trade and services (over 65%) to the detriment of production • Low technological level • Low competitiveness • Low indebtedness degree • Modest individual financial resources /low liquidity • Precarious entrepreneurship education: <ul style="list-style-type: none"> - modest management - poor knowledge of the export/access techniques on external markets - insufficient awareness of the rights and opportunities provided to the SMEs by Romania's status as EU member state - poor knowledge concerning the external financing instruments • the products/ services do not match the European/ international quality standards

⁹ MECMA, p. 45

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • The EU's special concern for the development of the SMEs: - SBA - Europe Strategy 2020 • Financing lines from European funds open including to the SMEs by means of Operational Programs • Financing lines opened by BERD, BM and BEI for SMEs • Governmental programs dedicated to the development of the SME sector • Advantages provided by the cooperative sector • Governmental and non-governmental sources of information and consulting dedicated to the SME sector, including the network for Romania's external representation, by means of MECMA, MAE and the external partnership system of the Commerce and Industry Chambers (in order to facilitate the access to foreign markets) • Access to external markets, especially the EU and traditional export markets. 	<ul style="list-style-type: none"> • The effects of the economic-financial crisis: - Decline of the direct foreign investments /of the large investments - General decline of the demand • Accumulation of state debts to the SMEs, with a multiplication effect to the subcontractors • Instability of the legal framework • Delays in the payment of the invoices • Slow juridical system • Increased concurrence on the market following the combined effect of the adhesion to the EU and of globalization • Low availability of bank credits • High bureaucracy • Excessive fiscality/ tax system • Migration of the qualified / trained labor force to the developed EU countries • Low institutional capacity of the central and local public authorities to elaborate and implement the policies meant for this sector and to provide public services to the SMEs

Source: MECMA, *Governmental Strategy for the Development of the SME sector during the period 2009-2013* (Strategia Guvernamentală pentru dezvoltarea sectorului IMM, în perioada 2009-2013), pp.43-44

Table 1. Table 1. SWOT analysis of the SME sector in Romania

On the basis of the SWOT analysis, the measures which should be taken to develop the SME sector in Romania should pursue¹⁰:

- Improving the SMEs' access to financing;
- Developing the entrepreneurship education system;
- Facilitating the access to technology;
- Supporting the SMEs' innovative capacity;
- Supporting the increase of the SMEs' competitiveness and their participation on the external markets;
- Implementing the European policies for this sector: SBA, Europe Strategy 2020;
- Supporting the development of the cooperative sector;
- Simplifying and improving the legal framework for SMEs and cooperatives.

4. The SMEs in Romania: Challenges and perspectives

The context in which the SMEs from the emerging countries evolve is marked by a few significant features¹¹ (table 2):

¹⁰ MECMA, 2010, p. 48

- **The markets' and the environments' globalization is speeding up.** Under these circumstances, the SMEs can no longer operate on a local market and they have to risk evolving in a global international environment, where though the concurrence and the competition are more intense, there are also more business opportunities. Consequently, the SMEs need to learn to detect these opportunities in time.
- **The environment and the markets are becoming increasingly turbulent, with a constant dynamics towards change.** These turbulences may turn a friendly environment into a hostile environment or a simple environment into a complex environment. This requires a management of these new environments.

	STRENGTHS (S): S₀ – Capacity of innovation S₁ – Low costs for products and/or services S₂ – Capacity of valorizing the resources / opportunities of local businesses S₃ – Adaptability to market dynamics	WEAKNESSES (s): w₀ – Modest financial resources w₁ – Precarious managerial training w₂ – Low technological level and low competitiveness
OPPORTUNITIES (O): O₀ – Implementing SBA and the “Europe Strategy 2020” O₁ – Competitive advantage of the cooperative sector (products with low costs) O₂ – Financing lines from European funds, as well as financing lines opened by BERD, BM and BEI for SMEs	S.O. - Support for the SMEs' innovative capacity (S₀) - Facilitating the SMEs' access on external markets, using information/ consulting sources (S₃) - Creating work places in the SMEs and, by doing so, reducing unemployment (S₂)	w.O. - Developing the entrepreneurship education system (w₁) - Improving the SMEs' access to financing (w₀) - Facilitating the access to technology by implementing SBA and the “Europe Strategy 2020” (w₂) - Supporting the development of the cooperative sector may lead to an increase in competitiveness (w₂)
THREATS (T): T₀ – The effects of the economic-financial crisis T₁ – Accumulation of state-debts to the SMEs T₂ – Instability of the legislative framework, low taxation T₃ – Low availability of credits from banks	S.T. - Simplifying and improving the legislative framework meant for the SMEs (S₂ and S₃)	w.T. - Stimulating openings for SME-related bank crediting (w₀)

Source: our own processing starting from the data Governmental Strategy for the development of the SME sector, for the period 2009-2013

Table 2. Table 2. Matrix of the SME Sector Strategy in Romania

¹¹ H. Lesca and M.L. Caron-Fasan, 2003, pp.2-3

- **The international enterprises and the large companies**, in answer to the changes of their socio-economic environment, focus on their profession(s) and skills and in this way they will try to **move outwards, by contracting externalized services, the tasks for which they do not have developed skills and know-how**. This new way of management constitutes an opportunity for the SMEs interested in becoming providers of transnational corporations (TNC). Obviously, if they have become TNC providers, there are risks related to the obligation to carry out fundamental changes in order to answer high demands, especially in terms of quality of the products and services concerned as well as of the procedures applied, in terms of increased flexibility and use of the New Information and Communication Technologies (NICT).
- The SMEs in the economies going through transition have to answer supplementary demands, such as the development or the improvement of their management-related skills.

5. Strategic planning – Best practice guide for the SMEs

The notion of strategic planning describes, *“from a paradigmatic viewpoint, the process by which the rational analysis of the present situation and of the future possibilities and dangers leads to the formulation of intentions, strategies, measures and purposes. These intentions, strategies, measures and purposes indicate how the enterprise, through the best use of its existing resources, controls the chances defined by its environment and diminishes the threats’ pressure”*¹².

Any strategic planning approach is articulated according to 5 dimensions:

- **goal**, its specificity being the determination of purposes and objectives, in a temporal horizon and respecting the measurement criteria for the levels that have to be reached for the indicators projected in the subsystems to attain the strategic planning ;
- **programming**, concerning the definition of operations for the implementation of the strategic planning; it is a stage situated between goal and action;
- **action**, consisting in the concretization, by means of a number of actions, of the purposes and objectives concerning the “planned object” (in our case, a SME’s activity);
- **strategic diagnosis**, representing an *ex-ante* analysis (a diagnosis of the strategic position, using a SWOT analysis) ;
- **ex-post control**, being *“the conception of an anticipation and detection method, meant to detect the errors or failures slipped into the plan, as well as of a permanent prevention and correction method”*¹³.

These five dimensions represent a strategic planning architecture, with practical attributes both on the macro and mesoeconomic level, and also on the microeconomic level, namely on the level of the enterprise.

This section has been developed as a guide proposed in order to realize a synthetic and clear approach of the different aspects of the strategic planning process adapted to the extremely specific SME sector.

¹² H. Kreikebaum, 1991, p.26

¹³ Ackoff, 1973, quoted in H. Goy and R. Paturel, 2004, p.60

5.1. Globalization: A challenge for the governance of the SME sector in Romania

The globalization of the competition and the diversity of the market as well as the rapid innovation of the products and technological processes have modified the determining factors of the industrial competitiveness worldwide. The New paradigm of the industrial competitiveness, concerning the international market dimension (figure 1.) has in view the fact that the sources of the concurrential advantage are not just related to the cost of the production factors and the availability of the raw matters, but also increasingly to the quality of the infrastructure of the institutions meant to support the industry, on the efficiency of the innovation sources, on the level of the competitive pressure, on the corporate organizational and technical skills and abilities to acquire and master new technologies and to provide a rapid answer to the needs and demand changes.

Old paradigm	New paradigm
From the point of view of the governance:	
From interventionism	To laissez-faire
From the State as actor	To the State as facilitating partner
From the operating State	To the accompanying State
From the owner State	To the private owner
From the point of view of the market:	
From protection	To openness
From natural standard	To international norms and standards
From ability sub-contracting	To skill sub-contracting
From geocentric market	To spatial market
From the point of view of the enterprises:	
From scale economies	To flexibility economies
From material production	To immaterial production
From integration	To disintegration
NEW COMPETITIVENESS FACTORS	
Old paradigm	New paradigm
From productive skills	To managerial skills
From labor costs	To mastering international norms and technologies
From transactional strategies	To partnership strategies

Source : M.L.Dhaoui, 2002, p. 5.

Figure 1. New industrial competitiveness paradigm

In this new environment, undergoing a permanent evolution, more than ever, the enterprises need to realize a **strategic diagnosis and an analysis of the industrial sector to which they belong, following as targets:**

- The analysis of the general economic environment in which the industry operates;
- The analysis of the industry’s historical development;
- The study of the industry’s key actors (internal and international competitors, providers, clients etc.);

- The evaluation of the key indicators for industrial performance;
- The identification of the key success factors and of the decisive elements for each industry;
- The concrete knowledge of the products, technologies, technical regulations and norms;
- The conception of integrated practical implementation and development programs for the industries with perspectives of survival and growth.

As M.E. Porter has highlighted¹⁴, **in the new mondialization context, successful countries will be only those that will know how to get prepared, to get integrated and to put into practice the following basic principles:**

- The enterprises fight in the framework provided by the industries, not by the nations.
- A competitive advantage is built on a difference, not on a similarity.
- An advantage is often geographically focused.
- An advantage is built in the long run.

In order to answer the demands of this new mondialization context, ONUDI has promoted a global assistance program meant to restructure and support the industrial enterprises. Justifying the opportunity of such a comprehensive and multidisciplinary global approach, ONUDI has highlighted the fact that it is necessary for the countries to reorient their industrial strategies in order to have a significant impact on the sustainable competitiveness of their national industry (M.L.Dhaoui, 2002, p. 6)¹⁵.

Appreciating the usefulness of such a program meant to modernize the industry and to support the SME system in our country, we have developed a good practice guide for the elaboration of strategies adapted to the specifics of the small and medium enterprises. We would like to underline the fact that the above-mentioned ONUDI Guide has constituted a bibliographic reference for our approach¹⁶. The operationalization of a global program meant to support the dynamics of restructuring, of competitiveness, of the integration and growth of the industries and work places is translated into a double target for the SME system in our country:

- Creating and consolidating competitiveness in terms of price, quality and innovation;
- Increasing the capacity of survival and mastering the technique- and market-related evolution.

5.2. The goals of a global support program for the SME system in Romania

The global support program for the SME system in Romania has to be moduable and adaptable based on a harmonization with:

¹⁴ 1993, quoted in M.L. Dhaoui, 2002, p.5

¹⁵ In the Methodological Guide concerning the restructuring and the support for the industrial enterprises and competitiveness, ONUDI presents some international experiences related to the way the national programs were substantiated starting from the recommendations of this guide. Such is the case of some developing countries or of some countries undergoing a period of transition such as: Portugal, Tunis, Morocco and Egypt.

¹⁶ We shall mention that the total or partial reproduction of the ONUDI (2002) publication text is authorized.

- **The principles foreseen by the “Small Business Act” for Europe**, meant to guide the conception and the implementation of the policies for promoting the quality of the SMEs on the level of the EU member states and
- The “Governmental strategy for the development of the SME sector in Romania”, for the period 2009-2013, a strategy that, at the same time, answers the **priorities promoted by the European Commission in the “Europe Strategy 2020”**.

In table 3. we have selected the actions that we consider a priority from the perspective of the “Matrix Strategy of the SME sector in Romania”. However, we consider that this priority actions selection does not marginalize the entire action package foreseen in the structure made up of ten components of the **“Governmental strategy for the development of the SME sector in Romania”**, for the period 2009-2013.

1. Creating an environment in which the enterprisers and family businesses may prosper and entrepreneurship is rewarded.	1.1. Creating specific modules in the curricula, giving pupils the possibility to learn concrete things and to opt for the improvement of their enterprising knowledge. 1.2. Assuring some consistent elements of enterprising education for the higher education level.
2. Defining the rules according to the principle “Think small first”.	2.1. Consulting the local authorities in order to elaborate public policies and regulations. 2.2. Consulting and increasing the skills related to the elaboration of public policy propositions by the relevant non-governmental actors for the representation, the support and the development of the SME sector. 2.3. Supporting the local authorities or the organizations with a role in the planning of the regional development in order to improve the development planning processes for the SME sector, as an element of the local/regional development policy.
3. Supporting the SMEs to benefit more of the opportunities provided by the unique market.	3.1. Providing specialized information and assistance. 3.2. Support for the dissemination of a new quality culture in Romania, especially by means of business development support structures. 3.3. Financing consulting services in the domain of innovation and services supporting SME innovation
4. Promoting skill improvement inside the SMEs and all the innovation forms.	4.1. Developing public-private business partnerships to develop the export activity. 4.2. Intensifying the cooperation between SMEs and universities/ research centers to improve the research and innovation for products meant to be exported. 4.3. Supporting the SMEs’ access to the Framework Program 7, Competitiveness and Innovation Framework Program and other community programs supporting knowledge transfer.
5. Helping the SMEs turn environmental challenges into opportunities.	5.1. Developing businesses based on production quality increase and on eco-efficient business models. 5.2. Supporting the access on new markets and the internationalization by promoting the financing scheme “Support for access on new markets and internationalization”.
6. Helping and supporting the SMEs in taking advantage of the market growth.	6.1. Stimulating communication between the public authorities and the SMEs concerning foreign investments.

Source: processed by the authors starting from a selection of the actions foreseen in the “Governmental strategy for the development of the SME sector in Romania”, for the period 2009-2013 (MECMA, 2009, pp. 55-67).

Table 3. Priority actions that should be included in the Global program supporting the SME system in Romania

5.3. An approach for the elaboration of a global strategic diagnosis

For the implementation of the **Global program for supporting the SME system in Romania**, it is necessary to undergo a strategic diagnosis meant to identify and to define the true problems and the realistic solutions that could solve them. This strategic diagnosis is:

- The systematic analysis of the environment in which the enterprise operates, of its market and concurrential position and
- A deepened and global analysis of the different internal functions, including an objective evolution of the corporate skills and performances.

The strategic global diagnosis concerning the microeconomic analysis level, namely the enterprise level, is realized in steps based on five diagnosis categories which constitute its backbone and which need to be interconnected logically and coherently. We shall mention that this approach of the global strategic diagnosis is inspired by the methods developed in the existing documentation of ONUDI¹⁷. **The five interrelated diagnosis categories are:**

1. **Analysis of the external and competitiveness sources.** The purpose of this analysis is: a) a diagnosis of the socio-economic concurrential environment; b) diagnosis of the industrial competitive environment for the enterprise, made up of different institutional and support structures (normalization, certification, accreditation, metrology, financing, management, maintenance and consulting services) and the costs of the production factors; c) diagnosis of the technological environment (technical support systems allowing the enterprise to exploit and to have access to technical and technological information, to adapt and to master technological transfers, to develop technological know-how).
2. **Market-products and strategic positioning diagnosis.** The approach of this diagnosis consists in: a) the analysis of the enterprise's trading performances (segmentation of the enterprise's activities in strategic activity domains, performance analysis for the strategic activity domain, evaluation of the corporate strategic positioning); b) analysis of the marketing mix policies; c) market study (brand image, product quality, trading services, price).
3. **Financial diagnosis.** The corporate economic and financial situation is appreciated by: a) readjusting the accounting data; b) analyzing the result costs; c) analyzing the balance sheets; d) analyzing the products' costs.
4. **Technical skills diagnosis.** Its purpose is: a) analyzing the corporate production system and equipments; b) evaluating technical performances (productivity, costs, final product quality); c) analyzing the technical support function and the environmental aspects (engineering, maintenance, waste management).

¹⁷ M.L.Dhaoui, 2002, pp. 11-28

5. **Managerial skills and quality diagnosis.** It aims to: a) evaluate the corporate managerial skills (vision, mission and strategy, corporate culture, financial administration system); b) evaluate the corporate organizational structure (organizational chart, resource management, remuneration and motivation); c) audit the corporate quality system.

To conclude, we should highlight the fact that the realism and the credibility of a global strategic diagnosis depends on the skills, the experience and the know-how of the consultants carrying out syntheses on the corporate dimensions and environment, as well as making propositions to assure the corporate change dynamics in the enterprise's new economic and social context.

6. The behavior of the SMEs in Romania in the contemporary economic contexts

The SMEs are not small-scale copies of the large enterprises. They are distinct both in what concerns their administration models and also regarding their ways of action¹⁸.

Aiming to identify the essential elements needed in order to know the Romanian SMEs' growth potential, we have used as a fundamental research model, the knowledge-base model, which is looking for a problem to which one can beneficially apply a solution known *a priori*. Such a model is recommended in the case of the demand to introduce certain European programs / practices from the perspective of Romania's integration in the structures of the Unique Market.

6.1. Methodological considerations

The SMEs' growth remains a research topic that, during the last six decennia, has generated a large number of papers, mainly focused on the importance of this phenomenon for the creation of jobs and for the economic dynamics. As a tendency, the epistemological approach of the different researches had for a goal the identification of the growing SMEs' peculiarities, as well as bringing to light certain features highlighting the development potential or the impact of the endogenous and exogenous variables of this potential.

Yet, the heterogeneity of the SME sector has lead to a diversity of results and an incoherence of certain conclusions related to the strategic goals adaptable to these types of enterprises. Some authors ¹⁹ underline the need to extend the field of the research, taking into account as well the determining factors of growth and the conditions in which the SMEs' activity can record an efficient increase.

For our scientific approach, we will use clarifying information taken from a **series of research works developed both in our country and in other EU countries**, namely:

¹⁸ Fisher et al., 2009; Jenkins, 2009, quoted in Labelle & J. St.-Pierre, 2010, p. 1

¹⁹ J. St.-Pierre, F. Janssen, P.H. Julien and C. Therrien, 2005

1. **The research works especially for the SME sector in Romania**, based on a compatible, convergent methodology comparable to the European approaches in the domain carried out by **Consiliul Național al Întreprinderilor Private Mici and Mijlocii din România (The National SME Council of Romania)** and **Agencia pentru Implementarea Proiectelor si Programelor pentru IMM-uri (The Agency for the Implementation of the SME Projects and Programs)**. The results of this research works are valorized through the editing of the White Book of the SMEs in Romania, which, in the year 2011, has reached its ninth edition. This last edition approaches two big categories of major problems related to entrepreneurship and SME development in Romania: a) the perception of the last socioeconomic evolutions by the enterprisers in Romania and b) the characterization of the enterprises in Romania²⁰.

In case 6.1, we have presented the defining elements of the SME sample used in the survey conducted in the year 2011.

2. **The study carried out in the year 2006 in Romania on a sample of 305 SME owners-managers in the province of Transylvania**. The goal of this survey was to know the Romanian enterprisers' viewpoint on the influence of the main macro and microeconomic factors concerning the development of their enterprise. The study was performed as an integrated module of an international research program (L. Bacalli et al, 2011).
3. The research program carried out by "Valahia" University of Târgoviște and "Côte d'Opale" University of Dunkerque, on the topic **"The SMEs and local development"**. Within this research project, in the year 2005, a survey was carried out on a sample of 68 micro and small enterprises in the urban area. The survey used was based on the concept of the enterpriser's resource potential.
4. The scientific research project CEEX M I no. 2/2006 *"Generating positive synergies in the industrial enterprises by harmonizing the binomial relation between corporate culture and firm strategy to obtain an evolutionary trend towards competitiveness and excellence"* (project director: I. Verboncu).
5. The community survey *"Success factors for enterprises"*, realized based on volunteers and aiming to determine the factors influencing the success and growth of newly created enterprises and the study of the motivations pushing enterprisers towards the creation of their own enterprise, the obstacles and the risks encountered during the enterprise's first years of existence, the enterprise's present day situation and future development plans. The survey was carried out between June 2005 and January 2006 by the national statistics institutes from 13 EU member states and from two countries on the verge of adhesion²¹. Six characteristics of the leader-enterprisers were concerned: activity domain, administration experience, age, gender, training and citizenship.

²⁰ The processing of certain data from the SMEs' White Book was authorized by Univ. Prof Dr. O. Nicolescu.

²¹ The 13 EU member states: the Czech Republic, Denmark, France, Italy, Latvia, Lithuania, Luxemburg, Austria, Portugal, Slovakia, Slovenia and Sweden; the countries about to adhere to the EU: Bulgaria and Romania.

Case 6.1.**Defining elements of the SME sample used in the 2011 survey by CNIPMMR**

- The questionnaire-based research sample included 1723 SMEs whose dimensions were considered by the research authors as representative for Romania.
- Most SMEs' ages are under 5 years (37.05%).
- The structure of the sample on the 8 Romanian development regions ranges from 22.8% (South region) to 4.4% (West Region).
- In the total sample, the SMEs hold bigger ratios than in the official statistical data, in order to allow an analysis on a representative number of SME subjects.
- The SMEs from commerce, services, industry, transports, tourism and constructions provide representative samples for each activity domain.
- The inquiry was designed as a survey, for an optimally stratified type, by which the ratio of the homogeneous layers was reduced within the sample (for example, microenterprises whose activity object is represented by services and whose proportion is of 35-40% of the total number of the microenterprises recorded in the entire Romanian economy), assuring in this way a better quality of the information and a better knowledge of the realities under investigation.

Source: O. Nicolescu, I. C. Haiduc, D. Nancu (coordinators), 2011, p. 20

6.2. The SME sector in Romania – Present coordinates

In the year 2009, there were 611.142 SMEs whose financial situations were handed out and were homologated for the fiscal year 2009²². An image of a trend of the number and the structure of the SMEs in our country, in point of size, activity sector, and territorial distribution will be obtained based on the National Statistics Institute data for the years 2000-2008, and on the data in the White Book of the SMEs in Romania 2011 (O. Nicolescu, I. C. Haiduc, D. Nancu (coordinators)).

6.2.1. The place of the SME sector in Romania's economy

Seen as a whole, the Romanian SME sector, concentrating 99.6% of the total number of enterprises recorded and active in the year 2008, realizes 61% of the turnover of the total economy. We should notice the fact that during the period under analysis the SME sector has generally recorded a tendency of growth in the Romanian economy (Table 4.) for all the economic-financial indicators taken into account. Only the year 2008 distinguishes itself from this tendency, that is when the VAT ratio and the investments volume pertaining to the SME sector were under the level of those in the preceding year (2007). The explanation for these diminutions can be found in the impact of the beginning of the economic-financial crisis starting with the fourth trimester of the year 2008.

²² O. Nicolescu, I.C. Haiduc, D. Nancu (coordinators), 2011, p. 279

	2004	2005	2006	2007	2008
• Number of enterprises	99.5	99.6	99.6	99.6	99.6
• Number of employees	58.2	60.7	63.2	64.9	65.8
• Turnover	57.5	57.6	59.0	60.8	61.0
• VAT	45.0	47.6	49.5	52.2	51.8
• Investments	42.8	49.7	51.9	62.7	57.5
• Gross Result	63.3	64.0	62.2	52.4	65.6

Source:

- Years 2004-2007, MECMA (*Analiza situației actuale a IMM-urilor din România, 2010 / Analysis of the actual situation of the Romanian SMEs, 2010, p. 28*);
- Year 2008, INS – *Anuarul statistic al României/ Romania's Statistic Yearbook, 2009*.

Table 4. SMEs' contribution to the Romanian economy during the period - % -

A synthetic image on the role of buffer for the economic crises or trigger of the economic relaunch can be obtained from the evolution of the “*economic situation appreciation indicator*” of the SME sector in Romania. This indicator's²³ evolution (2005-2009) is presented in Table 5.

Year	Semester	Mark	Overall evolution index	Business environment index	SME evolution index	Economic situation appreciation index
2005	I	satisfactory	28.8	30	33	6
2005	II	satisfactory	26.1	25	21	51
2006	I	satisfactory	32.0	35	27	45
2006	II	satisfactory	35.4	39	25	73
2007	I	satisfactory	38.5	26	46	51
2007	II	satisfactory	40.7	33	42	65
2008	I	satisfactory	37.3	37	38	35
2008	II	unsatisfactory	12.4	31	-3	15
2009	I	unsatisfactory	+15.3	14	+2.8	+53

Source: CNIPMMR, *Index for the evolution of the SMEs, a source quoted in MECMA (2010, p. 35)*

Table 5. Overall evaluation of the SME sector in Romania

²³ Each semester, CNIPMMR realizes an evaluation of the overall situation of the SME sector and calculates an indicator for the SME evolution, characterizing the overall evolution as matching a grade given on a scale from 1 (very unsatisfactory) to 5 (very good). In the calculation of this indicator are included three elements: 1) business environment index (evaluation of a set of 13 statistic indicators concerning the economic growth, inflation, unemployment, labor force, exchange rate etc.); 2) SME evolution indicator (number of SMEs registered, erased, which obtained profit/loss, number of employees, exports, patrimony indicators etc.); 3) index concerning the appreciation of the firms' own situation (survey on a series of SMEs concerning their appreciation of their own evolution as better/worse or similar). The indicator of the overall evolution is obtained as a weighted mean of the three indicators, with different ratios (40% – index 1, 50% index 2, 10% index 3) (Source: MECMA, 2010, pp.34-35).

During the period 2005-2009, the research undertaken by CNIPMMR indicates an overall SME situation which is considered “satisfactory” until the 1st semester of 2008, after which, beginning with the second semester of 2008 and continuing with the 1st semester of 2009, the situation becomes “unsatisfactory”. This “unsatisfactory” state is generated by the entry into the global economic-financial crisis which our country is still going through even to this day.

6.2.2. Changes in the SMEs' demography

The series of data for the period 2000-2009²⁴ (Table 6) brings to light a positive trend of the SME number, with a particular evolution on size categories. **We should highlight a few features of this evolution:**

- A marked dynamics can be noticed in the segment of micro-enterprises, their number doubling during the time interval under analysis;
- The dynamics of the small enterprises and especially of the medium enterprises was situated within the limit of some growth indicators significantly under the level recorded by the microenterprises (for example between the years 2005-2009, the number of the microenterprises recorded a growth of 45.9%, while the number of the small enterprises increased by 11.8%, and the number of the medium enterprises even decreased by -9.55);

SME size	Number			Dynamics (%)		
	2000	2005	2009	2009/2000	2009/2005	2005/2000
Micro	273836	383892	560248	204.5	145.9	140.2
Small	29516	38175	42688	144.6	111.8	129.3
Medium	7725	9068	8206	106.3	90.5	117.4
Total	311077	431135	611142	196.5	141.8	138.6

Source: Our own calculations based on the National Statistics Institute (INS) data for the years 2000 and 2005 and O. Nicolescu, I. C. Haiduc, D. Nancu (coordinators), 2011, for the year 2009.

Table 6. Dynamics of the number of the SMEs in Romania, during the period 2000-2009, on size categories

The microenterprises represent 91.7% of the number of the SMEs recorded in the year 2009 (Table 8.), this ratio being part of the general tendency recorded by the EU for the year 2007 (Table 7).

²⁴ The Statistic Yearbook of Romania (Anuarul statistic al României) for the year 2010 is to be published in December 2011.

	Measurement unit	Micro	Small	Medium	Total SMEs	Large	Total
Number of enterprises	(thousands)	18788	1402	220	20409	43	20452
Weight of the SMEs	(%)	91.86	6.86	1.08	99.79	0.21	100.00
Number of employees	(thousands)	38.890	27.062	21.957	87.909	42.895	130.805
SME weight	(%)	29.73	20.69	16.79	67.21	32.79	100.00
Average size	Occupied persons/ per enterprise	2	19	100	4	1003	6

Source: Eurostat 2009, quoted in MECMA, 2010, p. 34

Table 7. SME indicators in the EU-27, in the year 2007

SME size	2000	2005	2006	2007	2008	2009
Micro	90.2	89.0	88.7	88.7	89.5	91.7
Small	8.0	8.9	9.3	9.3	8.7	7.0
Medium	1.8	2.1	2.0	2.0	1.8	1.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: our own calculations using INS data, *The Statistical Yearbook of Romania (Anuarul statistic al României)* 2009, INS, *Territorial statistics (Statistica teritorială)* 2008 and O. Nicolescu, I. C. Haiduc, D. Nancu (2011)

Table 8. Table 8. Structure of the active SMEs in Romania, during the period 2000-2008, depending on size - in percentage -

The number of the microenterprises is high because of several determining factors, such as:

- The fact that this is the first step in business made by the new enterprisers, and the barriers at the entrance on the market are low;
- Many microenterprises are created in the context triggered by the stimulation of the externalization process for some activities²⁵, especially services, which has encouraged the creation of such enterprises.

From the perspective of the **main activity sectors concerned**, in Table 9. we present the evolution of the number and structure of the SMEs. There are a few basic features of the SME evolution in different activity sectors:

²⁵ In Romania, the Labor Code (Codul Muncii) entered into force in March 2003 has stimulated the externalization of certain activities, which has led to the responsabilization of former employees and their encouragement to create microenterprises continuing their activity as self-employed.

- A positive, ascending evolution of the SME number in all the main activity sectors;
- A very marked dynamics can be noticed for the SMEs in the category “other services”, whose number has grown in the year 2008 compared to the year 2000, of over 4.6 times. A much more significant growth than the previously mentioned one was realized by the subcategory “real estate transactions, lease and service activities provided mainly to enterprises” (the number of the SMEs of this type grew over 5.7 times); following this trend, this subcategory ended up by holding about 80% of the number of the SMEs included in the category “other services” (this ratio was of 63% in the year 2000);
- A marked dynamics was also recorded by the sector “transport, storage and communications” (the number of these SMEs has becomes 3 times higher);
- A very small growth (of 5.4%) was recorded by the sector of “commerce”; actually the ration of the SMEs in commerce has recorded a significant and increasingly faster decrease during the period under consideration, from 65.9% in the year 2000, to 42.4% in the year 2007 and 40.6% in the year 2008;
- At the same time, tourism slightly increases its ratio, from 3.2% in the year 2000 to 4.5% in the year 2007, while in the year 2008 the same ratio was preserved.

Activity sector	SMEs number			In percentage		
	2000	2007	2008	2000	2007	2008
Industry, energy, constructions	54.077	107.101	118.966	17.4	21.5	22.4
Commerce	205.080	211.358	216.096	65.9	42.4	40.6
Tourism	10.018	22.063	23.631	3.2	4.5	4.5
Transport, storage and communications	12.997	36.379	40.787	4.2	7.3	7.6
Other services	28.763	121.113	132.660	9.3	24.3	24.9
TOTAL	311.077	498.014	532.140	100.0	100.0	100.0

Source: Our own calculations according to INS data, *The Statistical Yearbook of Romania (Anuarul statistic al României)* 2009 and INS, *Territorial statistics (Statistica teritorială)* 2008.

Table 9. Number and structure of the active SMEs in Romania, during the period 2000-2008, depending on the activity sector

In order to fully understand the significance of these trends we must use a **transversal (crossed) analysis of the contribution of the SMEs on relevant economic sectors and their size category** (Table 10). The data in Table 10. bring to light supplementary features which complete and in this way give a clearer image of the SME sector in Romania, as well as the position of this sector in the year 2008.

Activity sector	Total SMEs	Of which		
		Micro	Small	Medium
Industry, energy, constructions	100.0	79.3	15.9	4.8
Commerce	100.0	92.1	7.1	0.8
Tourism	100.0	88.2	10.6	1.2
Transport, storage and communications	100.0	91.4	7.3	1.3
Other services	100.0	94.2	4.8	1.0
Total	100.0	89.5	8.7	1.8

Source: Our own calculations according to INS data, *The Statistical Yearbook of Romania (Anuarul Statistic al României)* 2009

Table 10. The structure of the SMEs in Romania according to size and activity sector, in 2008 - % -

In this sense, we can notice that:

- The industry, energy, constructions SMEs are larger in what concerns size than the others comprised in other types of activities, so that the weight of the medium enterprises is highest in the industry, energy, constructions sectors (4.8%), compared to the average of about 1% for the other activity sectors; the same conclusion is reached looking at the weight of the microenterprises in industry, energy and constructions compared to the other activity sectors (79.3%) by comparison to 88.2%-94.2%.
- However, in all the main activity sectors, the overwhelming majority is represented by the microenterprises.

6.2.3. Changes in the territorial distribution of the SMEs in Romania

The geographic distribution of the SMEs in Romania reflects some differentiations related to the uneven repartition of the population on region, a fact highlighted by the density of the firms per 1000 inhabitants (Table 11.). Compared to the average national level, an unfavorable position, with a very low number of SMEs per 1000 inhabitants, goes to the regions: North-East (61.50, in the year 2009), South (69.80), South-West (69.80). The weakest ratio is present in the North-East Region.

Region	Disparities (SMEs per 1000 inhabitants./average national level)		Disparities (regional level/minimal level)	
	2001	2009	2001	2009
North-East	68.60	61.50	100.00	100.00
South-East	101.60	87.70	118.30	142.70
South	74.40	69.80	108.50	113.60
South –West	84.90	69.80	123.80	113.84
West	95.70	105.80	139.50	172.10
North –West	107.80	111.80	157.10	181.90
Center	102.70	103.60	149.70	168.50
București – Ilfov	196.40	230.30	286.30	374.30
Average national level	100.00	100.00	145.9	162.70

Source: O. Nicolescu, I. C. Haiduc, D. Nancu (coordinators) (2011, p.291)

Table 11. Regional disparities in the entrepreneurship intensity in Romania for the years 2001 and 2009 - % -

6.3. The SMEs' perception concerning the present situation of the economic context in Romania

6.3.1. The SMEs' appreciations concerning the overall evolution of the economic environment in Romania

The SMEs' perception concerning the present situation of the economic context in Romania must be analyzed in correlation to the competitive performances of our country. From this perspective, a recent study on the evaluation of the competitiveness increase policies realized by the World Economic Forum²⁶, an independent international organization²⁷, situates Romania on the 25th position (Table 12.), before Poland and Bulgaria. Compared to the study realized in the year 2006, Romania moved up, gaining one position, in this top, in the year 2008 (from the 26th place).

²⁶ In the study "The Lisbon Review 2008 – Measuring Europe's Progress in Reform", World Economic Forum realizes an evaluation of the progresses realized by the EU member states, individually, in the implementation of the reforms included in the Lisbon Strategy, and on the whole of the EU, as well as a comparison between them and the evolutions in the US and East Asia (Hong-Kong, Japan, Korea, Singapore, Taiwan and China). The calculation of the measurement indicators of the regresses' progress (on a 1 to 7 scale) in the strategy implementation was organized for 8 dimensions (priority directions): a) The creation of an informatics society for all; b) the development of a European innovation area, C-D; c) market liberalization; d) the construction of network industries (telecommunications, utilities and transports); e) creation of an efficient and integrated financial system; f) the improvement of the business environment; g) the growth of social inclusion; h) the creation of the conditions needed for a sustainable growth.

²⁷ MECMA, 2010, pp.25-27

	Informational society	Innovation and research	Liberalization	Network industries	Financial services	Business environment	Social Inclusion	Sustainable development
Score	3.7	3.3	4.04	3.74	4.35	4.52	3.92	3.19
Position	25	24	26	27	26	18	23	25

Source: MECMA, 2010, p. 27

Table 12. Romania's competitive performances

The scores, calculated for the eight dimensions, indicate the fact that Romania records important disparities in relation to the other EU member states. This highlights the **hypothesis that: the economic recession triggered beginning with the 4th trimester 2008 has accentuated the imbalances and the gaps among the EU countries, Romania being considered among the riskiest countries**, faced with a series of constraints in the evolution of its economic indicators, of which: the generalized economic decline has strongly affected both the internal and the external demand, leading to a business reduction with effects concerning the growth of unemployment; the access to financing has become more difficult and more expensive; the foreign investments have diminished dramatically (from 14 billion lei for 9 months of the year 2008 to 6.8 billion lei, during the same period of the year 2009)²⁸.

The research undertaken on a sample of 304 SMEs from the province of Transylvania ²⁹ also brought to light a hierarchy of the socioeconomic factors' impact on the enterprise's activity. So, the intensity of the impact of the macroeconomic environment on the enterprise, calculated as average (score) on an evaluation scale from 1 to 5 (Table 13.), highlights an appreciation over the *average of the SME sample* for three domains of the macro environment: **technological, economic and socio-cultural**.

Macro-environment domains	Average
Technological	3.49
Economic	3.31
Natural (ecological) environment	3.24
Demographic	3.23
Socio-cultural	3.29
Politico-legal	2.89
General average	3.24

Source: Laura Bacali et al. (2011, p. 71)

Table 13. Intensity of the impact of the macroeconomic environment on the enterprise

The survey realized by CNIPMMR observes that in the year 2010 over two thirds of the SMEs under analysis appreciated that the overall situation of the economic context in Romania was an impediment for development.

²⁸ MECMA, 2010, p. 25

²⁹ L. Bacali, 2011, p. 71

Years	Total sample	Of which the situation was		
		Favorable to business	Neutral	An impediment to business development
2008	100.00	17.1	24.7	58.2
2009	100.00	16.7	25.1	58.2
2010	100.00	7.7	22.7	69.6

Source:

- for the years 2008 and 2009: MECMA, 2010, p. 71;
- for the year 2010: O. Nicolescu, I. C. Haiduc, D. Nancu (coordinators), 2011, p. 29

Table 14. Evaluation of the situation of the economic environment by the SMEs under analysis, in the years 2008, 2009 and 2010 - %-

The data in Table 14. confirm the hypothesis mentioned above, the crisis condition of the Romanian economy explaining the significant increase (by 11.4 % in the year 2010 compared to the year 2008) of the SME segment that considers the situation of the economic environment as an impediment to business development.

Compared to the average frequency, of 69.6%, of the SMEs that, during the last survey (in the year 2011) considered that the situation of the economic environment is an impediment to business development, differences are recording depending on the criteria used to structure the sample (annex 4.2.). So, higher ratios than the average of the sample (69.6%) in the appreciation of the economic context as an impediment for business development are recorded in the case of:

- microenterprises: 70.6%;
- SMEs over 5 years old: 71.4% – 72.1%;
- SMEs from the regions: Center (81.1%), North-West (81.0%) and North-East (75.2%).

6.3.2. The influence of the central and local authorities on the development of the SME sector in Romania

The survey realized by CNIPMMR aimed to know the SMEs' self-image. The Agency for the Implementation of the Projects and Programs for Small and Medium Enterprises (AIPPIMM), a public institution subordinated to MECMA, elaborating the Governmental policy in the domain of the implementation of the SME projects and programs meant to encourage and stimulate their creation and development.

The appreciations of the SMEs investigated concerning the impact of AIPPIMM on the business environment in Romania are presented in Table 15.

Appreciations on the impact of AIPPIMM on the business environment	Total sample	Of which		
		Micro-enterprises	Small enterprises	Medium enterprises
Significant positive influence	8.00	7.2	7.4	19.8
Moderate positive influence	27.7	26.0	33.3	33.7
No positive influence	8.8	8.3	10.3	9.9
Unknown influence of AIPPIMM	55.5	58.5	49.0	36.6

Source: processed after O. Nicolescu, I. C. Haiduc, D. Nancu (coordinators), (2011, pp. 54 and 56)

Table 15. Differentiation in the appreciations on the influence of AIPPIMM on the business environment, according to the SMEs' size - % -

The data in Table 16. highlight two **very important aspects that have to be taken into account as weaknesses of the institutional context** – one of the determining factors of the SME growth, namely:

- **The very high ratio of the SMEs** investigates that do not know the **influence of AIPPIMM**: respectively 58.5% and 49.0%, compared to the same ratio recorded by the medium enterprises, of 36.6%;
- **The ratio of the enterprises from the investigated sample which appreciated that AIPPIMM has a positive influence**, either significant or moderate, **grows with the size of the enterprise**.

So, the weaknesses are:

- the AIPPIMM activities are not adequately publicized;
- the microenterprises (representing 71.8% in the total of the sample investigated) are not adequately supported by AIPPIMM.

This negative situation resulted as well from the research realized, in the year 2006, by Laura Bacali et al. (2011, p.69).

Opinions	Local authorities		Central authorities	
	Total	%	Total	%
Important	29	10	16	5
Averagely important	77	25	112	37
Weak	162	53	146	49
Do not know	28	9	19	6
Are not interested	8	3	10	3
Total respondents	304	100	303	100

Source: Laura Bacali et al. (2011, p. 69)

Table 16. Opinions on the support for the SMEs from the central and local authorities

The ratios of the SMEs that appreciated the support from the central and local authorities as “weak” is totally unacceptable: respectively 49% and 53%.

A detailed image is provided by the data in Table 17., which presents the justification of these opinions. On the first position is highlighted the authorities’ “lack of interest” for supporting the SMEs (25% of the sample investigated), followed by the “**excessive bureaucracy**” (18%), “**high taxation**” (13%) and “**low financing possibilities**” (12%).

In the category “other motivations”, a point to be remembered is, however, the lack of professionalism and the inefficiency of the SMEs’ managers, as well as the lack of information and communication between the respective parties. Some enterprisers admit that all the problems are not related to factors on which they have no control.

Justification	%
Lack of interest	25
Excessive bureaucracy	18
High taxation	14
Economic and legislative instability	13
Low financing possibilities	12
Corruption	6
Other reasons	5
Enterprisers who declared themselves satisfied or not interested	7

Source: Laura Bacali et al. (2011, p. 70)

Table 17. Justification of the opinions concerning the support of the SMEs by the central and local authorities

7. Key activities and strategic priorities approached by the SMEs

The economic recession begun starting with the 4th semester of 2008 has generated significant mutations in the frequency of the SMEs' focusing on **certain key activities** and on the **strategic priorities** followed. A few such tendencies should be kept in mind.

No.	Managerial approach	SME size		
		Micro-enterprises	Small enterprises	Medium enterprises
1.	Elaboration of corporate strategies and policies	12.90	21.26	19.81
2.	Relation with providers	44.71	41.67	39.62
3.	Relation with distributors and clients	57.62	49.43	47.17
4.	Realization of new products/services	14.78	20.98	18.87
5.	Cost reduction	31.27	29.89	37.74
6.	Introduction of new technological processes	3.94	9.48	10.38
7.	Obtaining and using information and knowledge	7.89	5.46	8.49
8.	Restructuring the decision-making process	1.34	0.86	1.89
9.	Delivery, logistic methods	3.14	1.72	1.89
10.	Corporate capitalization	1.70	2.30	2.83
11.	Personnel training	3.05	5.46	4.72
12.	Employee number diminution	0.81	1.15	1.89
13.	Assuring the employees needed by the firm	3.41	5.17	3.77

Source: O. Nicolescu, I. C. Haiduc, D. Nancu (coordinators) (2011, p. 174)

Table 18. Frequency of the approach of the key activities, according to the dimension of the SMEs under analysis - % -

- As far as their **Key activities** are concerned, **in the year 2010**, the SMEs under analysis relied mainly on the **relations with the distributors and clients** (54.9% of the enterprises in the sample), **on the relations with the providers** (43.4%) and on **cost reduction** (31.4%). Comparatively, in the year 2009, the SMEs have considered a priority the relation with their providers (40.3%), the realization of new products/services (33.8%) and the elaboration of corporate strategies and policies (31.1%). The difficulties the SMEs are faced with after two years of crisis (especially the lack of financial resources) explain the **negative trend of the frequencies of the key activities** situated on a relatively good **position** in the year 2009: the **realization of new products and services** attained - in the year 2010 - a frequency of just 16.5% (compared to 31.1% in the year 2009), the **introduction of new technological processes** went down to 5.8% (compared to 9.6%). The frequency of the approach of the key-activities according to the development regions in which the SMEs are located brings to light a series of quite significant **territorial disparities**, confirming the great **territorial development gaps of the SME sector**:
- The three key managerial approaches, the relation with the distributors and the clients, the relation with the providers and cost reduction are, in all the regions, major preoccupations for the SMEs; but the intensity of their promotion differs significantly, as there are **big gaps among the eight development regions**: so, for instance, the frequency of the relation with distributors and clients varies from 50.4% in Bucharest Municipality (including Ilfov County) to 71.9% in the North-West region, while the frequency of the relation with the providers oscillates between 30.6% (North-East region) and 61.1% (Central region);
- The frequency of the corporate strategy and policy elaboration differs within a margin of 7.22% (Central region) and 20.6% (North-East region);
- The realization of new products/services differs in point of frequencies within a margin of 6.1% (Central region) and 25.9% (North-East region).
- **In relation to the strategic priorities**, one can notice a simultaneous reduction and repositioning of the frequencies of the strategic goals situated on the **first four places**:
- **The amplification of the marketing activity** remains on the first place as importance, but records a diminution in ratio form 58.1% (year 2009) to 53.6% (2010);
- **The production diversification** “falls” from the second place (in the year 2009 with a ratio of 42%) to the fourth place (31.2% in the year 2010);
- **The acquisition of new technique remains a strategic preoccupation**, justified for attaining certain competitive performance parameters (second place in the year 2010, with a ratio of 39.1%, from the fourth place in the year 2009, with a ratio of 36.3%);
- The intense preparation of the labor force is maintained on the third place, but with a decreasing ratio, from 40.1% (in 2009) to 34% (in 2010).

8. Typology of the Romanian industrial enterprises according to the strategic dimension of their management

This section has been realized starting from the conclusions of the research project coordinated by I. Verboncu (2008, pp. 199-204)³⁰. The typology proposed by the authors of

³⁰ The research study was valorized by editing the book “Strategie – Cultura – Performanta” (Strategy, Culture, Performance), authors I.Verboncu (coordinator), O. Nicolescu, I. Popa, M.Nastase, Editura PRINTECH, 2008.

this research study relied on the **measurement of the strategic dimension of the management** of a sample of 126 Romanian industrial enterprises, of which 100 small and medium enterprises. The strategic dimension of the management of each enterprise in the sample under analysis was highlighted by three **model situations** delimited based on **three appreciation (evaluation) criteria**:

- **Criterion C1:** Degree of substantiation of the global and partial strategies (the extent to which diagnosis, marketing, ecological studies and the national or sectorial strategy were taken into account).
- **Criterion C2:** Degree of satisfaction of the (internal and external) stakeholders' interests.
- **Criterion C3:** Degree of implementation (application) of the strategies for industrial enterprises.

The three model situations present the following characteristic elements:

- Model 1 – Lack of strategy or sporadic existence of some strategy components (average strategic dimension); it includes:
 - newly created small and medium enterprises;
 - microenterprises and the small enterprises undergoing a period of economic and commercial decline;
 - microenterprises and small enterprises created following a decision of externalization, and which have become aware of and moved away from their old activity status or some structural components of some medium or large enterprises.
- Model 2 – The existence of some strategic components, without being articulated in a realistic global strategy (medium strategic dimension); it includes:
 - small and medium enterprises with a modest potential, in which the management did not get separated from the property (the manager is at the same time owner-patron and enterpriser);
 - enterprises with state capital, lead and managed by incompetent managers or by managers with poor managerial skills;
 - enterprises interested only in obtaining immediate gains, which “force” the law and behave on the verge of the economic and fiscal normality; usually, such enterprises have a short life in a healthy economic, political and managerial environment.
- Model 3 - The existence of some realistic global and partial strategies, namely a true strategic management (a strong strategic dimension); it includes:
 - mature enterprises, with a solid managerial, economic and commercial experience;
 - enterprises with visible managerial and economic performances, recorded in a sufficiently consistent period of time;
 - innovative enterprises, with a marked entrepreneurial spirit;
 - enterprises with an aggressive management, in full economic and commercial expansion.

This research, just like others, confirms the fact that most of the SMEs manifest only a marginal interest for strategic planning.

Author details

Delia Mioara Popescu, Constanta Popescu, Ana Lucia Ristea and Daniel Dumitru Stan
University Valahia of Targoviste, Romania

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