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THE SMALL-MEDIUM ENTERPRISES ROLE IN THE ROMANIAN ECONOMY

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Abstract. This paper presents the role that it plays in the economy of Romanian SMEs. Their role is vital both for the development and maintenance of Romania's economic performance. SMEs represent and lead player of supply on the labor market.

Keywords: SME; economic environment; management; development; human resources.

1. Introduction

Globalization is the process of denationalization of markets, policies and legal systems, as well as the growth of the global economy. The consequences of these political and economic restructurings on people, local economies and the environment are subjects of open discussion at the level of international organizations, governments or the academic world.

The international interdependence of markets is reflected in the fact that an economic event located in one country can affect other economies, mainly through trade and financial flows. International integration of economies has been strengthened, channels of transmission of shocks have been diversified,

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imposing on States to adapt their economic action and increasingly raising the problem of international cooperation. The era of mass production is at the end of his life. Companies that are not interested in customer needs are starting to decline. It is that decline is the engine of the changes that will be made.

The response to this situation sees the emergence of new concepts in the company with the introduction of project management and total quality control. Training employees in these new techniques is a key motivator for employers. The concentration of functions in departments leads to a separation between projects, waterproof structures where there is no communication. The new technological solutions implemented help to increase the flow of information. Local networks, general relational database systems, increasingly powerful workstations, computers using operating systems lead to a real liberalization of IT tools. They find their place perfectly in the organization of the company, but the management of the equipment becomes more difficult to control.

2. The Role of SMEs in the Romanian Society

Small and medium enterprises represent a very important factor in development in every nation's economy. Their benefits consist of labor flexibility in their close relationship with the local environment. In a post-industrial global economy, consumers are oriented towards standard products, but at the same time, we can observe a marked inclination towards consumption of customized products and services and the growing requirement for appearance and product quality. This trend, albeit still limited, appears in poorer countries and in traditional activities sectors. It can be said that there is opportunity for innovative activities and the international specialization of SMEs in Romania can be identified more in the traditional sectors than in cutting-edge industries.

With their small size, SMEs atomicity enhances the character of the market, reducing power of influence of the large enterprises. In addition, their large numbers stimulates competition by limiting the monopoly positions of large enterprises and thus decreasing their ability to raise prices. Their ability to respond promptly to local needs, thanks to the flexibility exhibited by, SMEs often end up acting in local markets more effectively than larger operators (Archibugi and Lundvall, 2001).

The importance and topicality of the research, results from the position of SMEs in the private sector of developed countries and those in developing countries.

Improving access to finance the SMEs play a crucial role in promoting entrepreneurship and enhance competition in the Member States of the European Union (Parrott *et al.*, 2010). Access to sufficient and adequate capital to grow and develop is one of the main obstacles facing most European SMEs. This situation is compounded by the difficulties faced by SMEs in relation to

financial intermediaries who consider their funding as an activity with a high risk and low profitability.

3. The Overall Evolution of the SME Sector in 2004-2009

In Table 1 we summarized the evolution of main macroeconomic indicators, in order to outline the economic and social sector in which SMEs operate.

The main factors influencing this growth continued to increase domestic consumption of goods and services and increasing investment flows to Romania, especially in the first half of 2007, as shown in the Annual Report BNR mentioned as the main source of macroeconomic data.

Table 1

*The Evolution of Main Macroeconomic Indicators in Romania, in 2004-2009 * **

Indicators	2004	2005	2006	2007	2008	2009
Total GDP (mil lei)	246469	288176	344536	404709	503958	467673
GDP annual growth rate (%)	8.5	4.4	7.9	6	7.1	-7.2
GDP/capita (lei/inhabitant)	11018	13327	15962	18791	23440	21752
Inflation rate (%)	11.9	9	6.6	4.9	6.3	4.74
Employed persons (thousands)	9158	9147	9313	9353	-	-
Average number of employees (thousands)	4469	4559	4667	4720	4806	4594
Employees in the private sector (thousand)	2259	2575	2726	-	-	-
Total unemployed (thousand)	558	523	460	368	403	709
Unemployment rate (%)	6.3	5.9	5.2	4.1	4.4	7.8
Foreign Trade balance (millions Euro)	-5323	-7806	-11759	-17586	-18372	-6754
External Debt (million)	18298	24641	28628	36728	51761	64207
Surplus/Deficit Budget (million)	-3693	-2268	-5099	-9448	-24654	-36400

Macroeconomic indicators whose evolution I caught her in Table 1 outlines two major economic phenomena in the period under review: on the one hand economic and social context were favorable, timely creation of SMEs, on the other hand the momentum and development of these types of businesses have generated significant economic benefits for the entire economy.

Despite the difficulties, Romania has experienced a significant process of economic growth, as reflected in GDP growth in the period under review. Thus, in absolute GDP increased from 246.469 million lei in 2004 to about 503.959 million lei at the end of 2008. The real GDP growth was permanently located above the EU average, but had fluctuated, with a peak growth in 2004 (8.4%) and a minimum one year later (4, 4%) in 2005. For 2008, the growth rate of GDP was 7.1%.

4. Conclusions

Interaction with others, active participation in resource development and recognition of individual human performance by others, may be grounds to study and acquire professional development. Improve individual performances are by extension, organizational results favorable. The ability to generate and use knowledge and innovation are the main sources of growth and competitive advantage.

The increased flexibility of SMEs, the entrepreneur permanent contact with the organization the ability to produce goods and services to satisfy different needs and demands, organizational environment favorable to change and innovation are elements that explain the increased performance of the SME sector.

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(Rezumat)

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