

**SMALL AND MEDIUM-SIZED ENTERPRISES IN ROMANIA ON  
SOUTHEAST AND SOUTHWEST DEVELOPMENT REGIONS**

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**Abstract:**

*The economies of countries considered separate, or in their interaction, represent an extremely different reality, which in its movement forms an economic system of capitalist nature.*

*From this crowd of economic actors, our concerns go only to a certain category, namely, small and medium-sized enterprises.*

*It is considered broad enough that the study of the enterprise from an economic point of view finds its place in the management sciences and especially in the enterprise economy.*

*In today's Romania, everything that is an economic unit of a commercial character is a business in the market language. The business, through express delineations, brings together commercial economic units.*

*In European countries, the term enterprise is often used.*

*Those who act in the economy and are concerned with the management of economic units generally use the term enterprise, and those outside the economic field form the crowd that uses the term business.*

**Key words:** active enterprises, financial status, competitiveness, innovation.

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***Introduction***

The present study looks at the situation of the Romanian enterprises, in the two development regions of our country, the South-eastern part of the counties: Constanta, Tulcea, Galati, Vrancea, Brăila, Buzău and southwest: Mehedinți, Gorj, Olt, Vâlcea, Dolj .

The role of small and medium-sized enterprises in ensuring the growth of the economy remains a highly debated issue in the specialized literature. These represent the most numerous business line, fulfilling economic, technical and social functions.

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The small and medium-sized enterprises market plays a key role in shaping and developing the global, European and local economy, which is why small and medium-sized enterprises can be considered the engine of the economy. For the support and economic development of SMEs, the state and the banking system must give great importance to these enterprises, supporting them in increasing productivity and helping them to overcome the challenges existing in the current economic context.

Small and medium-sized enterprises have become the only economic or social organizations in recent years that are constantly creating new jobs, often for qualified persons and with a good specialization.

**Table no. 1. Turnover on national economy activities, for medium-sized enterprises, on development regions in the period 2014-2015**

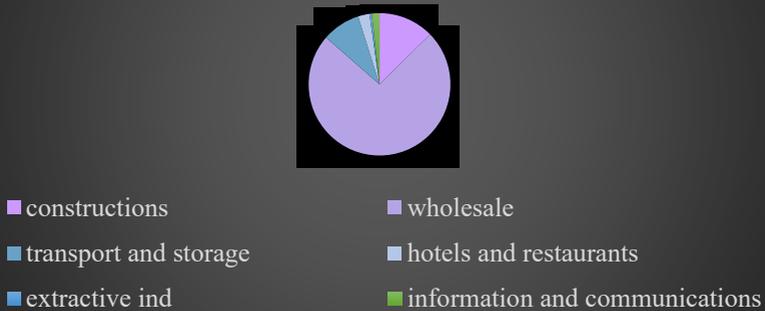
No.	Field of activity	South-East region		South-West region	
		2014 –Mil. lei	2015–Mil. lei	2014–Mil. lei	2015–Mil. Lei
1.	Construction	2203	2376	1416	1789
2.	Wholesale and retail trade	12855	13444	4857	5025
3.	Transport and storage	1518	1310	298	311
4.	Hotels and Restaurants	451	507	116	128
5.	Extractive industry	92	96	22	13
6.	Information and communications	308	298	321	282

Source: National Institute of Statistics

In table no. 1. we depicted the turnover in important Romanian activity sectors from the period 2014-2015. Compared to 2014, the turnover has been positive in 2015, through an increase of about 1.10% in activities such as construction, wholesale, transport and storage - only in the SW, hotels and restaurants and the extractive industry - only in the SE.

The medium-sized enterprises in the year 2015 were presented in 8583 enterprises and were located in about 60 fields of activity according to the NACE classification code.

**Figure 2.1.1. Turnover in the South-East region of Romania on fields of activity in the period 2014-2015**



**Figure 2.1.2. Turnover in the South-West region of Romania on fields of activity in the period 2014-2015**



**Table no. 2. Turnover on national Economy activities, for micro and small enterprises, on development regions in the period 2014-2015**

No	Field of activity	South-East region				South-West region			
		Micro	Small	Micro	Small	Micro	Small	Micro	Small
		2014 –Mil. lei	2014 –Mil. lei	2015– Mil. lei	2015– Mil. lei	2014 –Mil. lei	2014 –Mil. lei	2015– Mil. lei	2015– Mil. lei
1	Construction	1077	1680	1182	2434	566	1141	662	1303
2	Wholesale and retail trade	13011	17139	13944	16721	6904	9915	7341	10734
3	Transport and storage	1785	2308	1825	2164	954	735	1089	744
4	Hotels and Restaurants	471	669	615	940	250	261	294	329
5	Extractive industry	366	206	201	194	829	314	272	300
6	Information and communications	262	309	342	241	148	312	217	293

Source: National Institute of Statistics

Given these figures, we can look at the distribution on regions and areas of activity of the turnover of micro and small enterprises. Value fluctuations in turnover are higher in 2015, both among microenterprises and small enterprises.

The major contribution to these growths is made by the investment in employee training, innovation, but also the development and education of the consumer's good taste in qualitative, useful and efficient goods and services. Increased turnover in trade and transport is a result of increased sales of food, drinks, tobacco and non-food products

**Table no. 3. The importance of the turnover for small and medium enterprises on development regions and activities of the national economy in 2015**

Million lei

No	Field of activity	National turnover of enterprises in the field under review	Turnover for SMEs in the SE on the field under review	Turnover for enterprises in the SE on the field under review	Turnover for SMEs in the SW on the field under review	Turnover for enterprises in the SW on the field under review
1.	Construction	79465	5992	7453	3754	4299
2.	Wholesale and retail trade	468294	44110	45771	23101	24229
3.	Transport and storage	68469	5299	6691	2144	2586
4.	Hotels and Restaurants	15507	2062	2090	752	796
5.	Extractive industry	13409	491	876	586	1044
6.	Information and communications	45432	882	1138	793	914

Source: National Institute of Statistics

In 2015, at national level, the highest turnover is in the "wholesale and retail" sector, followed by a 16.96% difference in "construction".

Analysing the two regions, at the level of small and medium-sized enterprises, the south-eastern part of the country is more competitive than the southwest, in 4 of the 6 analysed sectors.

The differences between the South-eastern turnover, both at the SME level and on total enterprises, and the South-West turnover are on average 50% higher in the Southeast.

**Table no. 4. Share of turnover for small and medium-sized enterprises, on development regions and activities of the national economy, in 2015**

No	Field of activity	Share of turnover for the SMEs in the SE, calculated from the total turnover of the country	Share of turnover for the SMEs in the SE, in relation to the total turnover achieved in the SE	Share of turnover for the SMEs in the SW, calculated from the total turnover of the country	Share of turnover for the SMEs in the SW, in relation to the total turnover achieved in the SW
1.	Construction	7.54 %	80.4 %	4.72 %	87.32 %
2.	Wholesale and retail trade	9.42 %	96.37 %	4.93 %	95.34 %
3.	Transport and storage	7.73 %	79.20 %	3.13 %	82.90 %
4.	Hotels and Restaurants	13.29 %	98.66 %	4.84 %	94.47 %
5.	Extractive industry	3.66 %	8.56 %	4.37 %	56.13 %
6.	Information and communications	1.94 %	77.50 %	1.74 %	86.76 %

Source: National Institute of Statistics, SMEs White Paper of 2015

The share of the turnover in the analysed regions is a major part of the total turnover achieved by the enterprises in the region they operate, namely Southeast and Southwest, in 2015, in the fields of activity: construction, wholesale and retail, transport and storage, hotels and restaurants, information and communications. Studying the country-wide turnover, the Southeast region has a higher contribution than in the southwest in fields such as construction, wholesale and retail, transportation and storage, hotels and restaurants,

**Table no. 5. Number of employees in Romania, in small and medium-sized enterprises, on development regions in 2015**

**Number**

No	Field of activity	Region in Romania					
		SOUTH-EAST			SOUTH-WEST		
		Micro	Small	Medium	Micro	Small	Medium
1.	Construction	9960	12195	12180	6324	9062	8004
2.	Wholesale and retail trade	45072	34575	17199	29415	23379	10343
3.	Transport and storage	10032	9010	8252	7502	4244	2983
4.	Hotels and Restaurants	7626	9726	4351	4551	4114	1357
The number of employees in active enterprises in Romania in the two regions: SE and SW							
5.	Construction	40284			26900		
6.	Wholesale and retail trade	100308			66505		
7.	Transport and storage	43989			25362		
8.	Hotels and Restaurants	21973			10588		
Share of the number of employees in SMEs in the total number of employees in the enterprises of our country							
9.	Construction	24.72%	30.27%	30.56%	23.50%	33.68%	29.75%
10.	Wholesale and retail trade	44.93%	34.46%	17.15%	39.72%	35.15%	15.55%
11.	Transport and storage	22.80%	20.48%	18.75%	29.57%	16.73%	11.76%
12.	Hotels and Restaurants	34.70%	44.26%	19.80%	42.98%	38.85%	12.82%

Source: National Institute of Statistics

From the point of view of the number of employees analysed in the two regions of Romania, SE and SW respectively, the data provided by the National Institute of Statistics and the National Bank of Romania for the four

fields in Table no. 2.1.6, reveal the importance of small and medium-sized enterprises, especially of small enterprises operating in "wholesale and retail". This field provides most jobs in both analysed geographic areas.

At the level of small and medium-sized enterprises, the SE region favours all four fields: construction, wholesale and retail, transport and storage, hotels and restaurants, compared to the SE, in terms of geographical position (opening to the Black Sea).

The difference between SE and SW is of about 42.16% being lower in the SW for small enterprises, 34.19% for micro-enterprises and 51.7% for medium-sized enterprises.

As regards the percentage of employees in small and medium-sized enterprises, calculated from the total number of employees of enterprises in the Southeast and Southwest of Romania, medium-sized enterprises are on the lowest level among SMEs, thus registering a share of 11.76% in the "transport and storage " field in the SW.

**Table. 6. Active enterprises in Romania, by size classes and development regions in 2014-2015**

**Număr**

No	Field of activity	Region			
		SOUTH-EAST		SOUTH-WEST	
		Micro	Small	Micro	Small
		2014/ 2015	2014/ 2015	2014/ 2015	2014/ 2015
1.	Food industry	778/784	259/243	528/515	213/206
2.	Building constructions	1962/ 2041	293/297	1343/ 1360	250/270
3.	Hotels and other accommodation activities	585/647	168/171	269/280	70/70
4.	Furniture production	235/233	60/52	185/184	26/26
5.	Other service activities	52427/ 52548	6039/ 6074	33209/ 33421	3761/ 3728
The total enterprises in Romania on regions and fields of activity in the period 2014-2015					
1.	Food industry	1111/1104		784/763	
2.	Building constructions	2313/2398		1626/1662	
3.	Hotels and other accommodation activities	784/849		350/360	
4.	Furniture production	307/299		218/218	

5.	Other service activities	59660/59845		37708/37903	
Share of microenterprises and medium enterprises in Romanian active enterprises by regions and fields of activity 2014-2015					
1.	Food industry	70/71%	23.31/ 22.2%	67.34/ 67.49%	27.17/ 27%
2.	Building constructions	84.82/ 85.11%	12.66/ 12.38%	82.59/ 81.83%	15.37/ 16.24%
3.	Hotels and other accommodation activities	74.61/ 76.20%	21.42/ 20.14%	76.85/ 77.77%	20/ 19.44%
4.	Furniture production	76.54/ 77.92%	19.54/ 17.39%	84.86/ 84.40%	11.93/ 11.93%
5.	Other service activities	87.88/ 87.80%	10.09/ 10.15%	88.06/ 88.18%	9.97/ 9.84%
Total active enterprises in Romania in 2014/2015 521381/528040					

Source: National Institute of Statistics

In interpreting table no.8 we will present the existing situation in the enterprises of our country, in the two regions (SE, SW), in the five fields presented: food industry, building construction, hotels and other accommodation, furniture manufacturing, other service activities.

The SE region has an important share on size class of the micro-enterprises at the level of the fields in the table, with a minor increase in 2015 from 2014. For small businesses, we are seeing a small decrease from 2014 to 2015, on average by a percentage of 1%. At the level of micro-enterprises, the situation in the SW region is similar to that of the SE area, but if we refer to small enterprises, we notice an improvement in their share of the total number of enterprises in our country in 2015 compared to 2014.

### Conclusions

The phenomenon of improving the financial condition of enterprises must be accessible to all entrepreneurs. Therefore, it is necessary to collect data that will allow the evaluation and verification of the results obtained. The accounting and financial information is recognized as being the basis for all the judgments and decisions of the social actors. It can allow, irrespective of the state of affairs, of the process that can lead, for example, to bankruptcy,

the highlighting of the responsibility of the managers for the difficulties faced by the enterprise.

Competitiveness is one of the major issues of enterprise development. It is based on macroeconomic, political and social circumstances. All of these agents form an efficient social system and a successful economy where enterprises are competitive through the power of innovation.

The success of keeping an enterprise active is the ability, efficiency and effectiveness of the entrepreneur's adjustment to the changing business environment.

Management tools are needed to allow companies to assess the level of business development and to anticipate potential difficulties that may disrupt the company's business.

An impediment to the keeping an enterprise active is the inability of businesses to overcome the economic and social obstacles that arise. It is known that the active life of an enterprise is a succession of circumstances that lead to more or less difficult situations. Some of these are prevented and avoided even before they occur; others, the serious ones, are sometimes hard to bear and become even fatal for the enterprise.

The contribution made by small and medium-sized enterprises to the social stability of the area where they operate is created by the ease of integration of small and medium-sized enterprises into a regional economic network, thus contributing to the region's development through job creation.

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