

## Swot analysis in establishing the competitive advantage of the regions and promoting entrepreneurial activities

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### Abstract

The balanced development of Romanian regions implies, first of all, the knowledge of those regional possibilities whose capitalization leads to a decrease in the intra and inter-regional disparities. Both the economic and the social analyses, together with the SWOT analyses, reveal the regional development problems Romania is dealing with, and allow for the substantiation and implementation of a regional development strategy whose main goal shall be achieved by a differentiated fund allowance for each region, according to the its development level, and by a tight collaboration with the actions performed under the other Operational Programmes. The regional strategy shall give precedence to the regions which are left behind and to those less developed regions which are part of more prosperous regions. The aim is to grant funds to those fields of intervention, measures and projects having a direct and strong influence on regional and local development, in order to: - improve the regions' general degree of attractiveness and accessibility; - develop the infrastructure of the regional/local economies; - increase the competitiveness of the regions as business locations and to develop the entrepreneurial spirit; - capitalize the touristic, historical and cultural potential of the regions and to increase the contribution of these fields of activity to the development of the regions; - increase the economic and social role of urban centres; - rehabilitate the urban centres having an economic growth potential. The implementation of this priority shall ultimately lead to the decrease of the inter-regional disparities as well as of the disparities found within the regions, between the urban and the rural environment, between the urban centres and the adjacent areas, and in the cities, between the attractive and the unattractive areas for investors, by a better use of the regional synergies.

**Keywords:** regional balanced development; regional synergies; SWOT analyses; decrease intra and inter-regional disparities; regional strategy.

## 1 The competitiveness – European and Romanian dimensions

In the last two decades, the growth of national economies competitiveness has especially based upon regional development and the growth of competitiveness. Generally, a region will have success where the regional environment supports performing of an adequate strategy for certain fields and where these have a competitive advantage. The strategy will have success where the implementing environment is in the same time dynamic and provocative and where the environment stimulates and encourages the investment and extending of advantages.

EU offers a great importance to the growth of economical competitiveness and within this context, accelerating of economical growth within the most underprivileged regions represents an essential condition for the accomplishment and the support of certain high life standards within the entire Union. The regional convergence from the Union has an essential importance if the Union wants to be globally competitive and powerful within short run. The specific needs of the poorest regions have to be identified and adequate means have to be found with a view to stimulate the development, by using the natural resources, the cultural values and the environment, giving simultaneously importance to their protection and development. The fundamental requirement consists on establishing the main needs of each region and on concentrating the financing upon objectives adequate established.

The economical progress is bound up with the innovation, considered as key factor on regional development. The EU's cohesion policy has to be oriented towards the growth of innovation capacity of EU by reason of Strategy of Lisbon and thus it is important that the poorest regions have not to be forgotten within the efforts of reaching this objective.

The Lisbon Agenda suggests that the investment upon education, upon human capital, upon infrastructures and upon the managing capacity represents the key of success within a country that wishes to become more prosperous and more competitive.

Only through a more ample and persevering investment within research-development and within companies having innovative capacity from Romania, the present paradigm will be able to change, in which the main factor of competitiveness is represented by the inexpensive labor force. Romania does not afford for the years and the next decades to be based upon the same comparative advantage, which anyway will be reduced during the growth of wages. It will become compulsorily that this change of economical structure has to be based upon the research-development and innovative capacity.

The European Union offers us a reasonable and relatively liberal context with a view to compete on the unique market, but does not offer strategies of fast development already performed, that have to promote our competitiveness. It depends on us how fast we will be able to run this long way with a view to catch up with Europe.

The priorities of Romanian strategy of growing the competitiveness especially follow the recovery of discrepancies. There are five fields where discrepancies are registered towards the rest of EU: *the competition, the sustainability of fiscal policy, the rural development, the sustainability of social politics and the competitiveness*. Having a IGP (internal gross product)/habitant found to just 27% from the European Union average, Romania needs an economical growth supported to a rhythm of 9% per year, time of 20 consecutive years, with a view to recover the development discrepancies. Therefore, there is a need of growing the Romanian economical productivity for each employee with a yearly average of 5.5%. Taking into consideration the growing speed of work productivity in EU, of 1% yearly until 2013, this objective will allow Romania to reach in the next seven years a level of 55% from EU productivity. Romania will pass from an economy of development in progress to one of environment – developed within 2015-2020, when the competitiveness will be able to be compared with that of extended European Union. The process of reducing the discrepancies

represents for Romania the maintenance of certain growing rhythms supported within 2007-2013, where the macro-economical balances will be kept at the best steady level.

The efforts as concerns the competitiveness will focus over five foreground axes that are foreseen within the sector's operational Programme, "The growth of economical competitiveness" (SOP GEC).

The sector's operational programme named "The growth of economical competitiveness" (SOP GEC) represents one of the seven sector's operational programmes (SOPs), tools for accomplishing the priorities assigned through the National Strategic Frame of Reference (NSFR) and through the National Development Plan (NDP) 2007-2013. These strategic documents from the national level aim towards consolidating and applying in Romania the politics of social, economic cohesion and of those of regional development; by their adequate adapting to the European politics and Strategy of Lisbon, especially directed towards the economical growing and of creating the work positions.

SOP GEC responds on the one hand to the first priority of NDP 2007-2013: "The growth of economical competitiveness and the development of economy based upon knowledge" and on the other hand responds to the second priority of NSFR, respectively: "The growth of economical competitiveness on long term", thus contributing to the implementation of all the other priorities of NSFR.

The general objective of the SOP GEC consists on growing the Romanian enterprises' productivity with a view to reduce the discrepancies towards the mean productivity on EU level.

The specific objectives are:

- Consolidation and development of the productive sector;
- Creating an environment helpful to enterprises development;
- Growing the R&D capacity and stimulating the cooperation between institutions of RDI and the productive sector;
- Capitalization of TIC potential and its applying within the public sector (administration) and that private (citizens, enterprises);
- The growth of energetic efficiency and steadfast development of the energetic system, by promoting the regenerative sources of energy;
- Promoting the Romanian tourism potential.

The foreground axes to which SOP GEC refers are:

Foreground axis 1: An innovative production system;

Foreground axis 2: Research, technological development and innovation for competitiveness;

Foreground axis 3: Information and communications technology for the private and public areas;

Foreground axis 4: The growth of energetic efficiency and steadfast development of the energetic system;

Foreground axis 5: Romania, attractive destination towards tourism and business;

Foreground axis 6: Technical assistance.

The last one, named Technical Assistance (TA), will support implementing and monitoring of the programme, also contributing unto significant way on carrying out the general objective and of those specific.

The foreground Romanian axes of the competitiveness are in absolute accordance with the lines of action included within the Committee Communication, as concerns the frame for competitiveness and innovation 2007-2013, also taken into consideration the directing lines of EC with a view to cohesion policy of the same period of time.

## 2 The regional development – Romanian marks

The law no. 151/1998 modified and completed with the Law no. 58/2005 as concerns the approval of Government Urgency Decree no. 11/2004 for modifying and completing the Law no. 315/2004 related to Romanian regional development establishes the objectives, the institutional frame, competences and specific tools necessary for promoting the regional development policy.

Upon this law basis, at the end of 1998 and by the free-consented association of counties and Bucharest Municipal, 8 Regions of Development (North-East, North-West, South-East, South-West, South, West, Centre, Bucharest and Ilfov) were established, in accordance to the statistic level NUTS II (French abbreviation of Nomenclature des Unités Territoriales Statistiques) within EUROSTAT nomenclature for the analysis and monitoring the disparities on the regional development, being in complete process of improvement. Being established upon a voluntary basis, they do not have the status of managing units.

These Regions represents territorial units enough great with a view to establish a good basis for the elaboration and implementation of regional development strategies, allowing enough utilization of financial and human resources.

Within an EU report project, as concerns the role and efficiency of cohesion policy on reducing the development disparities in the poorest EU regions (2006/2176(INI)), prepared by the Committee of regional development, it stands that the cohesion policy of EU enters within a new period of planning; the year 2007 being considered the first year on financial expectation period 2007-2013, in which the new regulations of cohesion policy are applied. The report's authors ascertain that most of the poorest regions are situated in the new member states, which usually run lack of managing ability, attainments and experience necessary with a view to use the available financing.

This report contains few recommendations and observations directed towards the improvement of achieving and using the structural funds and thus towards performing the lasting development on the poorest regions. The disparities between the regions on terms of IGP per capita are significant and are greater in EU 27 than of EU 15. these disparities are illustrated on Table 1 hereunder.

**Table 1. Regional IGP per capita in UE 27 – data since 2004 (in PPS, UE 27 = 100)**

<b>The 15 regions with the greatest GDP</b>	<b>The 15 regions with the least GDP</b>
1 Inner London (UK) 303	1 North-East (RO) 24
2 Luxemburg (LU) 251	2 Severozapaden (BG) 26
3 Bruxelles-Cap./Brussels Hfdst (BE) 248	3 Yuzhen tsentralen (BG) 26
4 Hamburg (DE) 195	4 Severen tsentralen (BG) 26
5 Wien (AT) 180	5 South-Muntenia (RO) 28
6 Ile de France (FR) 175	6 South-West Oltenia (RO) 29
7 Berkshire, Buckinghamshire&Oxfordshire (UK) 174	7 Severoiztochen (BG) 29
8 Oberbayern (DE) 169	8 Yugoiztochen (BG) 30
9 Stockholm (SE) 166	9 South-West (RO) 31
10 Utrecht (NL) 158	10 North-West (RO) 33
11 Darmstadt (DE) 157	11 Lubelskie (PL) 35
12 Praga (CZ) 157	12 Podkarpackie (PL) 35
13 Southern & Eastern (IE) 157	13 Centre (RO) 35
14 Bremen (DE) 156	14 Podlaskie (PL) 38
15 North Eastern Scotland (UK) 154	15 West (RO) 39

Source: Handout of 23/2007 – 19<sup>th</sup> of February 2007

The data presented above and published by Eurostat shows that there are huge development differences between the poorest and richest regions of EU, most of the poorest regions being situated within the member states from Central and East Europe, which adhered to Union, on occasion of the last two extensions (2004 and 2007). This situation needs serious measures for reducing the disparities between the richest and poorest regions. With a view to allow assuring of a balanced development, the regions left behind as concerns the development and which pass through restructuring or suffer of geographical, economical or social handicaps, should benefit, besides the available financing, of an assistance that has to allow them to manage the procedural issues related to applying the EU policy of cohesion.

With a view to solve the problems wherewith the poorest regions of EU are confronted with, a balanced programme adapted to their particularities becomes necessary. The authorities responsible of creating the multi-yearly plans have to give firstly and above all a lot of attention towards the lastingness of performed projects and towards their impact over the regional development. They have to offer priority to those projects related to regional accessibility and therefore to transportation infrastructure, IT and telecommunications. Creating a platform based upon adequate economical stimulations will increase the attractiveness of a region for investors and will bring a lasting economical development, which will further help upon reducing the development disparities.

So as to develop the regions of Romania, a Regional Operational Programme (ROP) was created.

The Regional Operational Programme (ROP) represents a programme that implements significant elements of the National Strategy of Regional Development for the National Development Plan (NDP), thus contributing, beside the others Sector's Operational Programmes (SOP), on carrying out the general objective of the Regional-National Strategy, meaning the diminution of disparities between the Development Regions of Romania. This programme contains a comparative analysis of the Development Regions, detailed analysis over the economical and social development of Regions, as well as a regional SWOT analysis, with a view to emphasize both the evolution and present situation of the Regions.

The regional programme will be financed during 2007-2013 by the State Budget and co-financed from the European Fund of Regional Development – one of the Structural Funds of the European Union.

The structure of the Regional Operational Programme

**Priority 1:** Improving the regional and local public infrastructure

1.1 Improving and developing the transport network

1.2 Developing and modernizing the health and social assistance infrastructure

1.3 Developing and rehabilitating the educational infrastructure

**Priority 2:** Consolidating the regional and local business environment

2.1 Developing the structures of supporting the business environment

2.2 Entrepreneurial initiatives: start-ups and micro-enterprises; services of supporting the business

**Priority 3:** Developing the regional and local tourism

3.1 Rehabilitating and developing the infrastructure of tourist's areas

3.2 Restoration and capitalization of historical and cultural patrimony

3.3 Capitalization of natural patrimony

**Priority 4:** Lasting urban development

4.1 Supporting the urban regeneration

4.2 Developing the lasting urban transport and of public utilities

**Priority 5:** Technical assistance

5.1 Supporting the implementation, the management and evaluation of Regional Operational Programme

### 5.2 Implementing the plan of programme communication.

All the priorities proposed within the ROP respect the regulations of Strategy of Lisbon and of the European Committee policy of cohesion, including certain activities that promote the economical growth, competitiveness and occupying the labor force. The document was issued in accordance to the objectives' principles of The Structural Funds Convergence.

The Community's Strategic Directing Lines, as well as the component of regional development towards the National Strategic Frame of Reference, included within the National Development Plan 2007-2013 are also respected.

The specific objectives of the diminution strategy for the regional disparities are:

- The improvement of the general degree of regions' attractiveness and accessibility by constructing and/or rehabilitating, until 2015, of almost 4000km of roads, of 1500 school units and 150 hospital units;
- The growth of regions' competitiveness as locations for business by developing and improving, until 2015, of almost 200 infrastructures of supporting the business and supporting up to 1500 micro-enterprises;
- Capitalization of touristic and cultural potential of the regions and the growth of these fields contribution over regions' development by rehabilitation until 2015 of 200 touristic and cultural sites, as well as the tourism incomes' growth until 2015;
- The growth of economical and social role of the urban centres by building/rehabilitating 400.000ha/km of public spaces and by implementing at least 20 urban development projects integrated over regions until 2015.

The chapters 2 and 3 of this document minutely present the strategic objectives of regional development, which constitutes the basis of development principles of ROP, as well as an analysis of foreground axes and ROP operations.

## 3 The economical performances and the growing potential of the regions

The statistic data show that Romania is confronted with regional development problems, such as:

- unbalanced development between the East and West of the Country, respectively between the Regions of North-East, South-East, South, South-West (less developed) and West Regions, North-West, Centre (having economical positive evolutions and a growing level of numerous indicators for the economical and social development);
- the chronic under-development is focused upon the Region of North-East, at the border with Moldova and in Region of South, lengthways the Danube;
- the existence of certain important intra-regional disparities, that reflect the mosaic structure of the economical development: within the Regions, under-development areas with relatively developed areas co-exist. This is the situation of West region, where Timis represents a county having a IGP much greater than that of Hunedoara. Moreover, on the counties territory, underprivileged areas being at low ebb industries were declared (for instance, the mining regions of Gorj, Suceava or Hunedoara counties). Considering the geographical level, there are high and high problems, because the economical development aims to concentrate over the Bucharest area, and the inequalities of urban areas are ever-growing.
- the massive decline of small and middle cities, especially of the mono-industrial cities, generated by the industrial restructuring;
- the low level of attractiveness for the most of Regions;
- the social-economical decline of numerous big urban centres and diminishing their role on developing the adjacent habitats. [2] The inter-regional disparities on absolute

terms are relatively small by comparing to the European Union. On relatively short terms these have reached levels comparative to those of Portugal and Holland. [3]

The under-development shows as being greatly correlated with the rural activities, with the inability of attracting the direct foreign investments and with a decreased rate of the entrepreneurial initiatives. The hereunder table comprises the key information over the regions development.

**Table 2. Key indicators of the regional development in Romania**

- % -

Region	IGP/habitant		Rate of unemployment (ANOFM)		ISD/habitant		SME/habitant		Rural people	
	1998	2002	1998	2003	1998	2003	1998	2003	1998	2003
North-East	79,8	71,5	133,6	121,6	15,3	23,7	71,3	65,9	123,9	127
South-East	100,1	85,9	112,5	109,5	42,7	87,2	101,4	94,2	94,7	96,1
South	85,8	80	97,1	112,2	65,5	66,6	77	70,5	129	127,3
South-West	90	79,9	104,8	123	11,9	28,4	85,9	73,8	120,8	117,4
West	100,9	108,3	101,9	94,6	99,1	59,2	91,2	101,9	83,8	82,2
North-West	95,5	94,1	84,6	73	41,9	53,3	106,5	111	104,9	104,7
Centre	105,9	108	98,1	112,2	87,7	50,7	101,1	104,6	87,1	87,6
Bucharest-Ilfov	162,2	208,2	47,1	37,8	598,3	430,8	194,1	217	24,8	24

Source: Calculation performed upon the basis of Statistic Year-Book of Romania 1999, 2004

We forwards present the SWOT analysis for the regions of extreme development levels: the most developed (West) and the weakest developed (North-East) (we have excluded the centre region, which includes the capital and which, thanks to this thing, has an especial developing regime), for the criteria: economical situation, entrepreneurial environment and research-development.

### The SWOT analysis of the West Region – the economical situation and the entrepreneurial environment

STRONG POINTS	WEAK POINTS	OPPORTUNITIES	THREATENING
<ul style="list-style-type: none"> <li>- attractive business environment</li> <li>- developed and dynamic entrepreneurial environment</li> <li>- situating the region on the west extremity of Romania and the main road and rail routes of entering from West in Romania, as well as on the routes between the West of Europe and Balkan, respectively Asia Minor</li> <li>- the IGP per habitant in region is superior towards the national average, on the second place in the country, after the Bucharest-ilfov region;</li> <li>- the IGP and IGP/habitant have an increasing trend</li> <li>- the industrial tradition of the West Region</li> <li>- the diversity of the activity</li> </ul>	<ul style="list-style-type: none"> <li>- strong disparities between the level of economical development of the Caras-Severin and Hunedoara counties, which have an IGP/habitant inferior towards national average</li> <li>- IGP of regions are situated below the EU average</li> <li>- the existence of mono-industrial areas, in progress of restructuring, which confronts with critical social problems</li> <li>- the preponderance of industrial structures characterized by an excessive using of the labor force and of raw materials</li> <li>- a reduced number of SMEs within the isolated areas and rural environment</li> <li>- the inefficiency of mining</li> </ul>	<ul style="list-style-type: none"> <li>- the growth of investors number on Caras-Severin and Hunedoara counties</li> <li>- the growth of services sector's weight within the frame of Regional Gross Added Value</li> <li>- the transfer of technology and know-how towards the companies that work on Lohn regime</li> <li>- bringing into attention the region's business opportunities, including those of less developed areas</li> <li>- building the Nădlac-Arad-Tișoara-Deva-Sibiu highway would have a significant impact both over developing the companies that might offer products/services both on the phase of highway</li> </ul>	<ul style="list-style-type: none"> <li>- the growth of life level, respectively the growth of wages, that will lead on moving towards other regions those companies, which operate on Lohn regime</li> <li>- hide-bound specialization over the mono-industrial areas and the lack of coherent professional redirecting programmes, which will reduce these areas attractiveness for the investors</li> <li>- the possibility of non-adapting of the local economical agents, to the quality requirements imposed by the EU</li> <li>- overriding of the market with import products</li> <li>- the risk of non-correlating</li> </ul>

<p>fields in Arad and Timis counties</p> <ul style="list-style-type: none"> <li>- developed sector of exploiting and processing the wood, on Caras-Severin and Hunedoara counties</li> <li>- active sector of the textile, leather goods and footwear confection</li> <li>- the powerful development of the private sector within commerce and services</li> <li>- the existence of high education units with tradition on the economical field</li> <li>- diversified industrial structures that facilitate the economical inter and intra-branches cooperation, as well as purchasing on local level of a wide area of intermediary products</li> <li>- existence of a wide scale of raw materials necessary to industry</li> <li>- localization within the region of certain important multi-national companies on the IT and automotive fields</li> <li>- a great number of foreign investors that activate on the West Region</li> <li>- a high number of Greenfield investments within the region</li> <li>- the external positive commerce balance</li> <li>- high weight of the trade external exchanges within West Region over the entire external trade of the country</li> <li>- the density of region's enterprises is over the national average</li> <li>- the West Region is the most developed from the country, as concerns the use of information technology within the enterprises</li> <li>- the efforts of innovating of region's SME are superior as related to the country average.</li> </ul>	<p>exploitations</p> <ul style="list-style-type: none"> <li>- the high unemployment level on Caras-Severin and Hunedoara counties</li> <li>- the insufficient cooperation between industry and research</li> <li>- the regress of internal traditional market</li> <li>- the lack of an informational system adequate to support the activities from all economy's branches, with a view to diversify the services range and productive activities</li> <li>- the non-uniform business infrastructure, assigned in the region</li> <li>- the business infrastructure not registered at Ministry of Administration and State and in many situations not adequate carrying out the production activity</li> <li>- the lack of efficient partnerships between the business environment and school</li> <li>- a reduced number of companies that have implemented the management systems in accordance to the international standards</li> <li>- the decline of mining and iron industry</li> <li>- not enough business incubators and not-uniform assigned on the region and inadequate performance of those existing</li> <li>- the existence within the urban environment of the abandoned industrial sites</li> <li>- the work productivity in enterprises under the national average.</li> </ul>	<p>construction and over growing the region's attractiveness for the potential investors</p> <ul style="list-style-type: none"> <li>- redirecting the banks with a view to support the establishment and development of SME's sector</li> <li>- strengthening/specializing the institutions that offer consultancy services</li> <li>- the growth of SMEs number, which are generators of new work positions</li> <li>- the existence of a Regional Association of Enterprisers that has to allow the representation of enterprisers' interests towards the local and central authorities and the recognition of employers' association such as discussions' partners by the government</li> <li>- the favorable environment for the innovative actions</li> <li>- the existence of certain production spaces and unused production capacities</li> <li>- the access to The Structural and Cohesion Funds of EU</li> <li>- specializing of industrial parks on activity fields depending on the area's specific and potential, as well as capitalization of free areas</li> <li>- localization of SMEs within the business structures</li> <li>- the growth of enterprises competitiveness by investments over research-development-innovation projects</li> <li>- making efficient and developing the structures of supporting the regions' business</li> <li>- attracting the new direct investments over the region</li> <li>- the development of e-economy within the region.</li> </ul>	<p>between the programmes of infrastructure development and the needs of endowment the areas having SMEs development potential</p> <ul style="list-style-type: none"> <li>- the arbitrary establishment of public services' prices/taxes thanks to their monopoly position</li> <li>- the labor force employed on the black market</li> <li>- the unfaithful competition due to black market</li> <li>- the companies that do not have the certifying of a management system in accordance to international standards (ISO 9000, ISO 14000, HACCP, OHASAS 18000, ISO 17799/BS 7799 and/or ISO 17025) risks their existence on a market of European competitive market</li> <li>- the fiscal policy in continuous changing makes very difficult the efficient planning of a business</li> <li>- deepening of economical development disparities on the region and of under-developing certain isolated areas.</li> </ul>
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**SWOT analysis of the West Region on research-development-innovation**

<b>STRONG POINTS</b>	<b>WEAK POINTS</b>	<b>OPPORTUNITIES</b>	<b>THREATENING</b>
<ul style="list-style-type: none"> <li>- university tradition of over 80 years and research preoccupations confirmed by public papers in country and abroad as far back as the inter-war period</li> <li>- the steadfast existence on research of the staff from institutes and universities</li> <li>- scientific and cultural diversity, research institutes operating upon very diversified fields of science</li> <li>- establishing new research units accredited by CNCSIS and excellence units without juridical character</li> <li>- constituting the Tchimpuls Association and of certain similar structures.</li> </ul>	<ul style="list-style-type: none"> <li>- some institutes did not adapted the research activity to the present economy needs</li> <li>- the drastic decreasing of the staff that works on research</li> <li>- backward technical endowment within research institutes</li> <li>- non-correlation of request with the existing offer on research-development</li> <li>- inefficient involving of the universities on activities of research-innovation, without concrete results for the business environment</li> <li>- weakly remarked field</li> <li>- weak cooperation of managing authorities with the RDI structures</li> <li>- disestablishment of certain research institutes with tradition from the area.</li> </ul>	<ul style="list-style-type: none"> <li>- the offer of scholarships/fellowships for the youth, that can be used on their stimulating over occupying position on the research institutes</li> <li>- the law of research and the research status ordinates the academic environment of Romania</li> <li>- the existence of local development strategies offers the possibility of stimulating and developing the research of the region</li> <li>- financing opportunities of the projects from the field through Community's funds</li> <li>- free access for all the researchers on Frame Programme of the European Union</li> <li>- the existence of the Association for the Multidisciplinary Research from the West Area of Romania</li> <li>- the existence of the inventions patents, being awarded on international workshops of Vienna and Brussels</li> <li>- involvement of great foreign investors within technological innovation activities or even of establishing the innovation units within the economical units of the region</li> <li>- equalization of university studies of Romania by the universities from abroad.</li> </ul>	<ul style="list-style-type: none"> <li>- the risk of which the research products cannot be capitalized within the region, on the benefit of region</li> <li>- unknowing the foreign languages limits the access over the European programmes</li> <li>- the lack of a policy for the endowment with new devices of the research institutes risks upon taking off from the national and international competition</li> <li>- a yet reduced number of home users connected to the Internet</li> <li>- transmigration of researchers from the research institutes towards the business environment from the country or abroad</li> <li>- the inexistence of a performing research infrastructure decreases the possibilities and the wish of valuable young researchers of staying in Romania.</li> </ul>

**The SWOT analysis of East Region – the economical situation and the entrepreneurial environment**

<b>STRONG POINTS</b>	<b>WEAK POINTS</b>	<b>OPPORTUNITIES</b>	<b>THREATENING</b>
<ul style="list-style-type: none"> <li>- the high weight of employers that carry out on SMEs and micro-enterprises</li> <li>- the high and uniform distribution of the micro-enterprises in all the sectors, excepting the energetic sector</li> <li>- weights of 100% of the</li> </ul>	<ul style="list-style-type: none"> <li>- the number of SMEs reported to 1000 habitants is the most reduced if is compared with the other regions during 2000-2002</li> <li>- the contribution on the business turnover over the field of processing industry carried out by the SMEs is</li> </ul>	<ul style="list-style-type: none"> <li>- the possibility of developing the business environment as a result of building the industrial parks and business incubators</li> <li>- directing the SMEs towards new services and products</li> <li>- the possibility of attracting</li> </ul>	<ul style="list-style-type: none"> <li>- the frequent modifications of the legislation within the fiscal field</li> <li>- the physical infrastructure on the rural and urban environment, developed considering the quantitative and qualitative point of view</li> <li>- the weak competitiveness</li> </ul>

gross investments carried out by the SMEs within the hotels' and immovables transactions field (year 2002) - the business turnover within the hotels' and restaurants field is accomplished in a proportion of 100% by the micro-enterprises and SMEs (year 2002).	insufficient - the insufficient cooperation between the universities/research institutions and SMEs with a view to assure the technological transfer and of innovation development - the insufficient participation of micro-enterprises and SMEs to export - the reduced maturity of the consultancy services' sector - the lack of certain workshop units at big cities - the public-private partnership is weakly developed.	the foreign investors by improving the cities' image - existence of raw materials: building and wood materials, able to attract foreign investors - the possibility that those three airports of the region, by modernizing, of becoming the connection bridge between the North-East region and the countries from which the main investors of area come - the existence of certain associative structures that come on supporting the business environment: AOA Iasi 2003, Employers' Association of Botosani, branches of SMEs Employers; UGIR branches etc.	of the profile companies of the region with those of member states, after the adhesion of Romania to EU - the lack of the liquidities, the financial blocking - a reduced level of associating the SMEs from the region - reduced managerial training.
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#### SWOT analysis of East Region on research-development-innovation

STRONG POINTS	WEAK POINTS	OPPORTUNITIES	THREATENING
<ul style="list-style-type: none"> <li>- the existence of three university units that have among the main preoccupations: scientific research, inventing science, technological innovation, informational science and promoting the informational society</li> <li>- the existence in North-East Region of 73 units that activate on scientific research, technological development and innovation</li> <li>- the existence on region of 15.3% of enterprises having innovation activity existing on national level</li> <li>- existence of certain specialized companies in the region with a view of producing software and on providing IT services</li> <li>- the experience and expertise of Agency of Regional Development North-East on carrying out community's projects on innovative field.</li> </ul>	<ul style="list-style-type: none"> <li>- the insufficient financing of the research-innovation sector (60% of the sources coming from state budget)</li> <li>-the research-development expenditure on the regional level during 1998-2002 are included upon the level of 5% of all the expenses amount on national level and 0.07% from the regional business turnover</li> <li>- the insufficient co-working between the academic environment, the specialized institutes on research and the economical agents as regards the use of research activity results and upon the technological transfer of innovating towards economy.</li> </ul>	<ul style="list-style-type: none"> <li>- the development of the transfer through technology</li> <li>- by the technological parks and of soft build within the PHARE programme.</li> <li>- the existence of INFRATECH National Programme for supporting the creation and development of the institutions specialized over the innovation and technological transfer infrastructure.</li> <li>- the possibility of financing the RDI projects through FP6/7 Programme</li> <li>- more and more fast developing of electronic trade and of e-business market</li> <li>- the financial assistance for the SMEs as concerns the e-commerce projects, assistance for the companies that develop e-commerce applications</li> <li>- developing the informational society through the convergence of communications channels</li> <li>- the presence on the market of certain IT companies from Europe and USA, which promote the most advanced technologies</li> <li>- significant requirement of broad-band services.</li> </ul>	<ul style="list-style-type: none"> <li>- the inadequate legislative frame and/or unstable as concerns the telecommunications and informational technology field</li> <li>- the transmigration of qualified and specialized labor force over research-innovation towards other regions and countries that offer a more stimulating wage</li> <li>- the high level of IT piracy that endangers this sector's development</li> <li>- the high price of the access towards technology on world wide level, which might generate new discrepancies between the North-East Region and another countries.</li> </ul>

#### 4 The entrepreneurial development

The specific problems over the small and middle enterprises was widely debated by the European Committee during 2000-2003, thus being trained all the interested parts: governmental decision factors, business people and their representative organizations, specialists of the academic environment, journalists and physical persons. As a result of this activity, *The Green Book of Entrepreneurship in Europe*, upon the idea that the entrepreneurship stimulates the economical growth, develops the competitiveness, creates new labor positions and conditions of personal development. But the most important thing accomplished by the Green Book is that it analyses the entrepreneurial policy, endeavoring on identifying on the one hand the causes for which the number of persons that begin a business is much less than of those which expresses the interest towards the entrepreneurship and on the other hand, the causes that produce the slow rhythm of developing the small and middle enterprises.

Within this context, the European Union proposes on identifying the priorities that have to lead on a climate, where the economical activities and entrepreneurial initiative have to carry out.

The document published on 2005.11.11, named *“Implementing the Community Lisbon Programme, the Modern Politics on Developing and Employment” COM (2005) 551* creates the frame of SME policy, thus integrating the tools for the policy of existing enterprise, and especially the European Cart of Small Enterprises and the Activities Plan for the entrepreneurship, concomitantly assuring the transparency of European policy within the SME, as well as the synergy with the other Community’s politics.

The measures foreseen are complementary to support services promoted by EC through the Community’s programmes and structural funds, which will ensure the entrepreneur’s activity development and enterprises competitiveness.

The specific activities had in view are:

1. Promoting the entrepreneur’s activity and of professional abilities.
2. Improving the access to the markets.
3. Reducing the bureaucracy.
4. Encouraging the potential of growing the SME.
5. Strengthening the dialogue and consultation with SMEs’ partners.

As concerns the aspects related to entrepreneurship and developing/promoting of it, EC started from the thoughts that entrepreneurial abilities are not enough exploited and the new-established enterprises are not stimulated (start-up). The main foreseen activities are:

- *exploiting the entrepreneurial potential* (developing a positive image of the entrepreneur in society and promoting the success models);

- *reducing the business risk* (improving the diagrams of social security and of bankruptcy procedures, assuming the risk on starting the business, reducing the costs on the companies establishment);

- *promoting the business transfer* (promoting and implementing the best practices);

- *reducing the discrepancies on abilities development* (involving all the factors on elaborating and defining the courses and implementing methods. During year 2005, the national strategies of learning during all lifetime in accordance to frame programme “Education and Training 2010” were established. Reducing the discrepancies will be sustainable financed through the Economical and social Fund);

- *promoting the entrepreneur women and of enterprising youth* (these are approached through the access on financing and the supporting networks of the entrepreneur’s activity).

Activities foreseen for the following period of time:

- Promoting the guiding lines for the structural funds, thus significantly contributing upon the development of business networks;
- Encouraging the networks existence between the responsible institutions with the creation of politics, in the view of identifying and promoting the best practices.

In Romania, the discrepancies on the entrepreneurial development of different country's Regions measured by the enterprises number related to 1000 habitants have been deepened in the last years. As comparing to EU countries, the enterprises reported to 1000 habitants of Romania are of 2.5 times less, having an unequal distribution within the eight Developing Regions. With a number of 24.34 enterprises/1000 habitants, Bucharest-Ilfov has over 3 times more enterprises as comparing to the North-East Region, the weakest developed region of the country. The most spectacular positive evolutions, as considering the point of view of entrepreneurial development, have characterized in the last years the West, North-West and Centre Regions, while the Regions of South-West, South and South-West were been constantly damaged after 1997. In situation of North-East, South-East, South and South-West Regions, the weak entrepreneurial development is correlated with a low level of training the people and a low level of urbanization. This situation makes that the four regions to be less attractive for the investors.

As concerns the density of SMEs (the number of SMEs/1000 habitants), there is a great discrepancy between the regions of the country, especially between Bucharest-Ilfov Region – 35.8 SMEs/1000 habitants and region of North/east – 10.9 SMEs/1000 habitants, on 2003 year's level.

The economical activities within the rural environment are weakly developed and diversified: below 3% of the total of SMEs activated on rural environment, most of those being represented by micro-enterprises, involved within handicraft activities. An enterprise of six, specialized on non-agricultural activities, carries out the activity within the rural environment, but their productiveness is much more decreased than of the urban environment.

Considering the infrastructure point of view, for supporting the business, this isn't enough developed, and a great part is non-operative. The most industrial parks (18), from the 28 registered on national level on 2004 and having a total area of 1174. 8 ha, are concentrated upon the Regions of South and Centre (each having 9 industrial parks).

The entrepreneurial activities of Romania will be evaluated through an international research programme, named GEM- Global Entrepreneurship Monitor, declaration made on April of 2007 by the representative persons of National Authority for Small and Middle Enterprises and cooperation (NASMEC). "The goal of the project consists on observing the effect of entrepreneurship over the country's economical growth, as well as the governmental possibilities of encouraging the entrepreneurial activity". The experts in field will research the means of financing the new-established SMEs, the involvement of women within the field, financing the projects, as well as the legal conditions of entrepreneurial activity.

The results of the programme will be made published on March of 2008. [5]

## 5 Conclusions

It is expected that simultaneously with Romania's adhesion to European Union, the regional policy to be greatly changed toward the past situation. The decisions over the manner in which this will become will significantly depend upon the results and evaluation of last enlargement impact. It is possible that the reform will be made in the view of reducing the financial volume of funds, as a consequence of non-satisfying the great contributors on community's budget, or of slowing the growth rhythm of European economy, in accordance to reduce the value of assigned financing for each member country, due to their more and more great number. Whichever the sense of these modifications will be, there have to be issued much better strategies in Romania, that will especially aim towards stimulating the

areas and sectors with the best growing and competing potential; therefore, the capacity of absorption the funds, of managing, of conceiving and financing certain local viable projects becomes crucial. Within the Union's inward, the competition is made between all the state members, and as a result, it will become significantly bound up. [6]

## References

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