

STRATEGIES, POLICIES AND INITIATIVES TO SUPPORT AND DEVELOP THE ACTIVITY OF SMES IN ORDER TO IMPROVE REGIONAL COMPETITIVENESS

Lucian CHIRIAC

chiriacruzian@yahoo.com

Liviu MARIAN

liviu.marian@yahoo.com

Zsuzsanna SZABO

Szabo.zs.katalin@gmail.com

„Petru Maior” University of Tirgu Mureş
Faculty of Economics, Law and Administrative Sciences
ROMANIA

Abstract

It is widely recognized that a strong SME sector could provide further employment opportunities and contribute to economic growth as well as the development of a competitive market system.

European bodies have developed an encouraging and supporting policy in order to set up SMEs, to promote trade and its dynamic development, to increase the employment level and last but not least to assure the legal framework of competition in a market economy.

In this paper will be analyzed the connections between the entrepreneurial intensity by region and the SME activity, the effects of the knowledge level of Romanian entrepreneurs on the competitiveness. This paper presents a comparative study of the development regions of Romania, too. It will be presented strategies, initiatives also the impact of the promotion policies on economic growth.

Keywords: *SMEs, regional competitiveness, policy, entrepreneurship*

INTRODUCTION

According to the Lisbon Agenda it's the aim of the EU "to become the most competitive and dynamic knowledge based economy in the world", most importantly, "capable of sustainable economic growth with more and better jobs and greater social cohesion". In general, the European bodies have developed an encouraging and supporting policy in order to set up SMEs, to promote trade and its dynamic

STRATEGIES, POLICIES AND INITIATIVES TO SUPPORT AND DEVELOP THE ACTIVITY OF SMES IN ORDER TO IMPROVE REGIONAL COMPETITIVENESS

development, to increase the employment level and last but not least to assure the legal framework of competition in a market economy.

Within the reunion from Lisbon in 2000, the Council of Europe set the objectives in the field of the economic reform and social cohesion increase, and established that by 2010 the European Union should have a competitive, dynamic economy capable to face the challenges in the long run.

On 13th June 2000 the General Affairs Council adopted the European Charter for Small Enterprises¹, which was approved by the Council of Europe during its reunion in Santa Maria da Feira between 19 and 20 June 2000². The Charter acknowledges the fundamental position of small enterprises for the future of the European economy, based on actions that stimulate the entrepreneurial phenomenon. By creating an optimum environment for SMEs and the entrepreneurial initiatives, the Charter, recognized through legal acts in the member states, has established at least ten major courses of action, mandatory for the national legislations.

It's known and widely recognized that SME development is a key to economic growth, innovations and market competition in most advanced western economies (Acs and Andretsch, 1990).

A strong SME sector could provide further employment opportunities and contribute to economic growth as well as the development of a competitive market system. SMEs practice creates more jobs than larger enterprises, while they are more flexible and innovative.

On 25 October 2007 the European Economic and Social Committee adopted that “entrepreneurship in its broadest sense, which can stimulate and encourage innovative and creative mindsets, should be highlighted in the Lisbon Agenda *as one of the key tools to generate more growth and better jobs*”; “public and private actors should be mobilized to develop the entrepreneurial mindset in its broadest sense”

The research papers show connection between the entrepreneurial activity and its positive impact on employment generation (CEBR Working paper Series, 2007; Storey, 1997; Birley, 1987; Kirchhoff and Phillips, 1992; White and Reynolds, 1996) and on economic growth (Kent, 1982; Dubini, 1989; EESC SOC/242, 6 July 2006).

GEM (Global Entrepreneurship Monitor) reports show that the education and experience matter significantly for entrepreneurs. The measured TEA (Total Entrepreneurship Activity) index with skills can be more than 10 times higher than the TEA index measured in environment without skills.

¹ Adopted in Romania through Government Decision no. 656/20th June 2002, for the acceptance of the European Charter for Small Enterprises, published in the Official Journal no. 496/10th July 2002.

² Within the meeting held on 23rd April 2002 at Maribor (Slovenia) the candidate states accepted the Charter; Romania adopted the Charter's provisions through Government Decision no. 656 on 20th June 2002 for the acceptance of the European Charter Small Enterprises, adopted on 13th June 2000, published in the Official Journal of Romania no. 496 on 10th July 2002, reason for which it also set up the Work Group for the implementation coordination of the measures stipulated in the European Charter for Small Enterprises.

COMPETITIVENESS

The concept of the competitiveness has been analyzed by Tyson, G. Jhonson and K. Scholes (1993), Krugman (1994), OECD (1998), Chikan (2001), Dănăiață, Bibu, Predișcan (2006) and is presented as:

- the competitiveness is the ability to produce goods and services that meet the test of international competition, while citizens enjoy a standard of living that is both rising and sustainable;
- the competitive position depends on many factors: market share, the quality of used resources, answers flexibility to market pressure, financial performances;
- competitiveness is a different way of saying productivity, taking into account the rate of growth of one enterprise relative to others;
- competitiveness is the ability of companies, industries, regions, nations to generate while being and remaining exposed to internal competition, relatively high factor income and employment on a sustainable basis;
- competitiveness is the basic capability of perceiving changes in both external and internal environment and the capability of adapting to these changes in a way that the profit flow generated guarantees the long term operation of the enterprise;
- the competitive firms knows how to use its strengths to exploit environmental opportunities and to reduce the negative influences of some external environment factors.

As key factors of competitiveness, by Dr. Antal Szabó, can be considered: the quality, consumerism, delivery time – speed, product image, after sale service.

Bibu N. and al. (2008) identified indicators to measure the competitiveness performances as: market share, the rate of the sale growth, the export rate, the number of the introduction of new products.

By Dr. Sailendra Narain from India the competitiveness is interrelated as: first among equals, face challenges and fluctuations, sustain development, R&D, mindset, technology, integration into regional/global value chain and can be achieved through: *innovative finance*: equity, venture capital, risk capital, R&D support, micro finance; *business development services*: capacity building, cluster development, technology upgrading, market development.

Competitiveness-region differences can be measured by Dorin Jula, Nicoleta Jula, 2004 through: the structure of economy activity (represented by the distribution of employee in sectors), the extent of the innovative activity, regional accessibility, the skills of the work force.

STRATEGIES, POLICIES AND INITIATIVES TO SUPPORT AND DEVELOP THE ACTIVITY OF SMES IN ORDER TO IMPROVE REGIONAL COMPETITIVENESS

A COMPARATIVE STUDY OF THE DEVELOPMENT REGIONS OF ROMANIA

The development regions of Romania refer to the regional divisions created in Romania in 1998 in order to better co-ordinate regional development as Romania progressed towards accession to the EU. They correspond to NUTS II, NUTS I-level divisions in European Union member states. Romania's development regions do not actually have an administrative status and do not have a legislative or executive council or government. Rather, they serve a function for allocating EU funds for regional development, as well as for collection of regional statistics.

Macro regions of Romania: *Macro region 1* ([North-West](#) (6 counties), Center (6 counties)), *Macro region 2* ([North-East](#) (6 counties), [South-East](#) (6 counties)), *Macro region 3* ([South-Muntenia](#) (7 counties), [Bucharest-Ilfov](#) (1 county and Bucharest)), *Macro region 4* ([South-West Oltenia](#) (5 counties), [West](#) (4 counties)). (see figure 1)

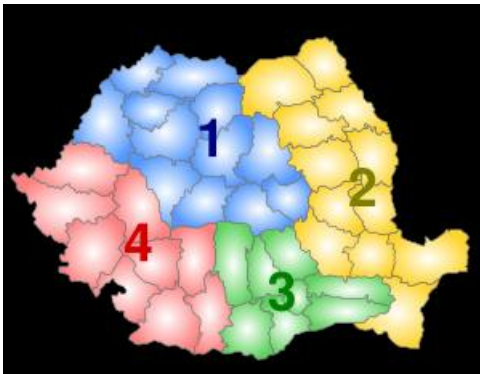


Figure 1

To make a general overview about the SME on national level it is necessary to present a comparative analysis on development region level. In Romania are big differences, gaps between different regions. (See enterprise number –table 1; turnover of active enterprises –table 2; the number of SMEs/1000 inhabitant in each development region-figure 2; unemployment rate –figure 3; university degree population share in the total occupied population-figure 4).

NATIONAL AND REGIONAL ECONOMICS VIII

Table 1

Enterprise number Development region	TOTAL	MICRO	SMALL	MEDIUM	LARGE
BUCHAREST-ILFOV	103134	91864	8745	2099	426
NORTH-WEST	61073	53623	5913	1293	244
CENTER	54854	47555	5619	1365	315
SOUTH-EAST	53255	46987	4856	1178	234
NORTH-EAST	49325	43021	4950	1107	247
SOUTH-MUNTENIA	46234	40500	4328	1136	270
WEST	41818	36223	4294	1077	224
SOUTH-WEST OLTENIA	33175	29568	2756	657	194

Table 2

TURNOVER OF ACTIVE ENTERP. RON MIL. Development region	TOTAL	MICRO	SMALL	MEDIUM	LARGE
BUCHAREST-ILFOV	166338	30153	40993	51420	43772
NORTH-WEST	52434	11184	14908	13775	12567
CENTER	53884	9759	12876	13071	18178
SOUTH-EAST	58264	9940	11723	10634	25967
NORTH-EAST	42795	8665	10861	9840	13429
SOUTH-MUNTENIA	63654	9773	12119	10590	31172
WEST	43462	7994	10477	10798	14213
SOUTH-WEST OLTENIA	33239	5705	6383	5602	15549

STRATEGIES, POLICIES AND INITIATIVES TO SUPPORT AND DEVELOP THE ACTIVITY OF SMES IN ORDER TO IMPROVE REGIONAL COMPETITIVENESS

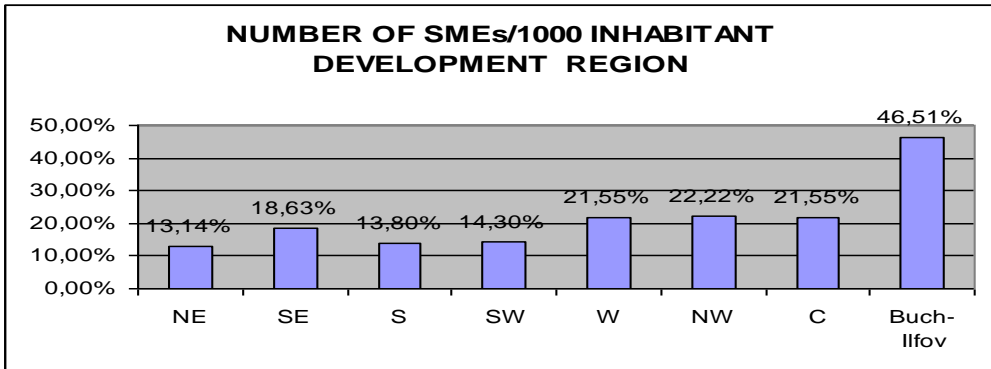


Figure 2

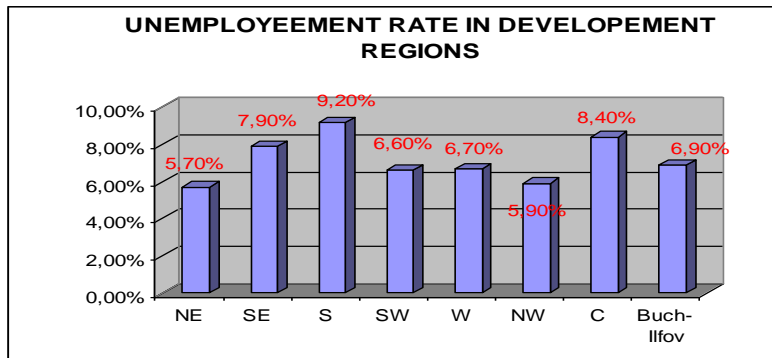


Figure 3

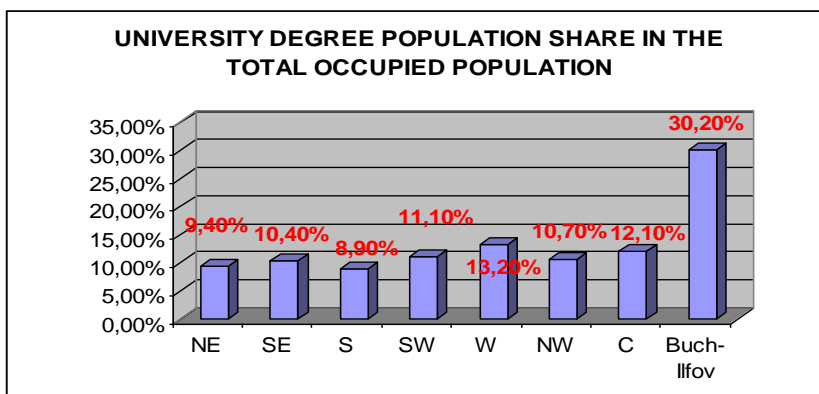


Figure 4

NATIONAL AND REGIONAL ECONOMICS VIII

Based on the data from the White book of SMEs, Romania, 2009, 71,35 % of the Romanian entrepreneurs have university or postuniversity studies, 26,3% are high school graduates, and only 2,4% with elementary school studies.

The 6,19% of the entrepreneurs participated on training programs from abroad. The enterprise exit rate in Romania has decreased from 6% in 2002 to 2,33% in 2005. In Bucharest are the 20% of the total active enterprises.

The business creation was more dynamic in Bucharest, in West and North-West region. After the Eurostat Yearbook 2009, the enterprise birth rates (% of enterprise births among active enterprises) in 2005 was 18,3% (U.K 13,7%), the enterprise death rates was 9,6% (UK 10,9%) and the enterprise survival 78,6% (Sweden 85,8%, UK 81,2%).

Table 3 shows the GDP in development regions. We can remark that Romania's GDP is 36% of EU27 and 42% of the EU average. Some of the regions: S, NW, NE, SE, SW are under the EU27 average. (Source Eurostat 2008).

Table 3

REGION	GDP in 2005 Mil. EUR	GDP in 2005 EUR/inhab.
NORD EST	9404.7	2519.1
SUD EST	9136.1	3210.8
SUD	10077.6	3028.0
SUD VEST	6735.2	2919.8
VEST	7989.1	4136.9
NORD VEST	9568.6	3499.1
CENTRU	9478.1	3742.3
BUCUREȘTI-ILFOV	17197.5	7775.9
ROMANIA	79586.9	3680.5

(Source: EUROSTAT 2008)

We can observe a positive correlation between the number of SMEs/1000 inhabitants and the level of GDP/ inhabitant in each region.

Where the number of SMEs /1000 inhabitants is higher there the GDP/inhabitant is also higher than in other region.

Thus a favorable economic environment encourages the SME development.

In the regions with high number of SMEs the entrepreneurial intensity (2007/2001) is also higher than in other regions (181,5 % in Bucuresti-Ilfov, 176,5% in Vest , 163,4% in Center and the lowest is 131,3% in South-Est region).

The Levels of urbanization in each region we can see in table 4.

STRATEGIES, POLICIES AND INITIATIVES TO SUPPORT AND DEVELOP THE
ACTIVITY OF SMES IN ORDER TO IMPROVE REGIONAL COMPETITIVENESS

Table 4

REGION	TOTAL POPULATION	URBAN POPULATION	PERCENTAGE OF URBAN POPULATION
NORD EST	3.732.583	1.629.250	43,6%
SUD EST	2.837.834	1.573.520	55,4%
SUD	3.312.342	1.379.073	41,6%
SUD VEST	2.293.895	1.092.922	47,6%
VEST	1.927.229	1.223.730	63,5%
NORD VEST	2.730.132	1.449.635	53,1%
CENTRU	2.530.818	1.513.670	59,8%
BUCUREȘTI- ILFOV	2.219.532	2.052.138	92,5%
ROMÂNIA	21.584.365	11.913.938	55,2%

(Source: Romanian Statistical Yearbook 2007)

The paper by C. Banica and others presents an instrument and make a ranking of the development regions (see table 5).

Table 5

DEVELOPMENT REGION	RANK
Bucharest-Ilfov	1
West	2
Centre	3
North-West	4
South-East	5
South-West	6
North-East	7
South	8

The SME Promotion Policy and Practice

SME policy is part of the overall economic policy. Objectives of The New Policy For 2006-2010 are: speeding up the adjustment of industry to structural changes; encouraging an environment favorable to initiative and to the development of enterprises, SMEs; encouraging an environment favorable to cooperation between

NATIONAL AND REGIONAL ECONOMICS VIII

enterprises; fostering better exploitation of the policies of innovation, research and technological development.

In Romania the Government through the Ministry of SMEs, Commerce, Tourism and Liberal Profession continuous to improve the access of SMEs to financing, financial support of investments in equipment, new technologies and products, ensuring the access to the results of research and development activities, facilitating cross-border co-operation, promoting Romanian products to export, and developing an appropriate business infrastructure.

In Romania the regional policies concern the following main areas: development of enterprises, the labor market, attracting investments, development of the SME sector, improvement of infrastructure, the quality of the environment, rural development, health, education, culture. Legal and Administrative Environment for Supporting the Development of the SME were fully treat by L. Chiriac. (*see Chiriac*) The Romanian law was adapted to the requirements of the European Community law. The set up of an entrepreneurial activity implies establishing the organizing legal types of a business, according to the Romanian legislation.

Business development intended Romania's alignment with the European legislation, reason for which it has assimilated as overriding objectives the ten courses of action set by the European Charter for Small Enterprises, the coordination and implementation strategy being entrusted to the National Agency for Small and Medium-Sized Enterprises and Co-operatives. *The Romanian legislation has been oriented towards education and entrepreneurial training, among others* (the National Agency for Partnership between Universities and Economic and Social Environments has been set up), fast and cheap set up of new enterprises (the organization and restructuring of the Unique Office³; through OGU no. 27/2003 regarding the tacit approval procedure, the measure according to which in case of administrative silence the permit is considered as approved was set up), better laws and regulations (Law no. 300 dated 28th June 2004 regarding the authorization of natural persons and family associations to perform independently economic activities, Law no. 52/2003 concerning decision-making transparency in public administration, Law no. 85 on 5th April 2006 regarding insolvency), fiscal facilities (article 107 in the Fiscal Code sets the taxation quota on the micro-enterprises income to 3% in 2009. Fiscal and legal measures, which were adopted to ensure the implementation of the Community policy regarding SMEs are: the Recommendation no.94/390/EC regarding taxation for SMEs (refers to the improvement tax in what concerns the reinvested profit); the Decision no.94/1069/EC regarding transfer of SMEs (offered a legislative tax environment favorable for job preservation); the Decision no.97/761/EC to approve the support mechanism in view of creation of transnational joint ventures on SME level (by this decision there was launched the project "European Joint Venture – JEV), the

³ Law no. 359/2004 on the formalities simplification when registering at the Trade Register Office of natural persons, family associations and legal persons, their fiscal registration as well as when authorizing the functioning of legal persons, modified by Government Emergency Ordinance no. 75 on 30 September 2004.

STRATEGIES, POLICIES AND INITIATIVES TO SUPPORT AND DEVELOP THE ACTIVITY OF SMES IN ORDER TO IMPROVE REGIONAL COMPETITIVENESS

Recommendation no.90/246/EC regarding the implementation of administrative simplifying policies favorable to SMEs; the Recommendation no.97/334/EC regarding the improvement and simplification of the business environment for the establishment of new SMEs.

Institutional Framework

In order to support and develop the activity of SMEs in our country, also by law, bodies, public and private institutions, non-governmental organizations and business and consulting centres have been created. Thus, some of them are: the National Agency for Small and Medium-Sized Enterprises and Co-operatives subordinated to the Government, its major task being the issue and implementation of programmes for the development of this category of enterprises (consultancy, informing, providing financial support); the Chamber of Commerce and Industry of Romania, a non-governmental organization with subsidiaries in all country's counties, aims to promote economic activities for entrepreneurs, to represent and protect their interests, etc., National Confederations and Patronage Associations that gather enterprisers from different professional categories aiming to protect their members' interests (the National Council of Small and Medium-Sized Enterprises in Romania, the Romanian Association of Businessmen, the Romanian Patronage, the Alliance of Romanian Patronage Confederation, Business and consultancy centres; Institutions for financial support).

The National Institute for SMEs (Institutul National pentru IMM) - was founded in 1998 and promotes SMEs interests at national level, supports technology transfer activities for SMEs, supplies low price consultancy services to SMEs, present studies regarding the SME sector. (www.inimm.ro)

The Chamber Of Commerce and Industry of Romania (Camera de comert si industrie) – was founded in 1990 is the coordinator and national representative of the business in Romania. Is member of Eurochambres. (www.ccir.ro) Is the most powerful association representing the Romanian business environment that holds together bilateral chambers of commerce, business associations and the entire network of 42 territorial chambers of commerce and industry.

Is a non-governmental self-sustaining organization which supports the business community's interests and mostly of its members in the dialogue with the national authorities and international organizations. Acts to create a steady coherent business environment favorable to the development of the private sector in Romania, as well as to create a real market economy open towards the foreign markets and companies. Support the business community by providing business services, organizing economic missions, training programs, detecting business opportunities.

Collaborating with the Chamber of Commerce and Industry of Romania, can be

NATIONAL AND REGIONAL ECONOMICS VIII

a benefit for any Romanian or foreign company who want to develop a business either on domestic or foreign markets, as well as to improve the skills of the staff or to get economical information from various sectors.

National Council of SMEs in Romania (Consiliul National al Intreprinderilor Private Mici si Mijlocii din Romania) was set up in 1992. (<http://www.cnipmmr.ro/engl/>) The mission - promoting and protecting the economic, production, commercial, financial, juridical and any other nature interests of small and medium private enterprises. Is member of the most important international organizations and co-operates with similar associations from abroad. Has 73 branches all over the country (in all 41 counties), which represent over 55, 000 SMEs.

Craft Foundation Romania (Fundatia pentru Mestesuguri) was established in 1997 and represents particularly craft enterprises., promote public recognition of Romanian crafts on national and international level. The foundation cooperate with other public and private organizations related this field. (www.crafts.ro)

Business organizations for social enterprises in Romania are:

National Union of Consumption Cooperatives (Uniunea Nationala a cooperatiei de consum) – incorporates business organizations, enterprises, entrepreneurs. (www.centrocoop.com)

National Union of Handicraft and Production Cooperatives of Romania (Uniunea Nationala a cooperatiei mestesugaresti). (www.ucecom.ro)

Is the representative of the whole system of handicraft cooperatives organizations in relation to Romanian authorities, other internal or international bodies. *Production* and export (textile products, ready made clothes and knitwear, handmade carpets, knotted and woven, leather footwear and other leather goods, furniture and other wooden products, metal products, handicraft articles. *Services* provided to population and companies: body care; motor vehicle repairs; training, advertising and organizing of trade fairs and exhibitions, tourism and medical treatment. *Commercial activities*: sales, import - export, through the specialized companies.

National Association of Romanian Credit Unions (Uniunea Nationala a Caselor de Ajutor Reciproc ale salariatilor din Romania).

The employers' organization- **Alianta Confederatiilor Patronale din Romania** (ACPR)- was founded in 2004 and represents the collective interests of the business community. (www.confederatii.ro)

Organizations which represent enterprises run by women entrepreneurs – **Association For Women Entrepreneurship Development-ADAF** was founded in 2001 (www.cdep.ro); **Coalition of Women Business Associations-CAFA**-was founded in 2004 (www.cafa.ro).

Organizations which represent enterprises run by young entrepreneurs- **The International Junior Chamber of Romania** –was founded in 2002 in Romania in Timisoara, Constanta, Brasov, Cluj-Napoca, Iasi and in future in Tirgu Mures (<http://bne.jci.ro>); **Young Entrepreneurs Associations of Romania** (Patronatul tinerilor Intreprinzatori din Romania) (<http://ptir.ro>)

STRATEGIES, POLICIES AND INITIATIVES TO SUPPORT AND DEVELOP THE ACTIVITY OF SMES IN ORDER TO IMPROVE REGIONAL COMPETITIVENESS

The **Young Entrepreneurs Association from Romania (YEAR)** is the only employer organization in Romania that represents at national level the interests of Romanian young entrepreneurs aged between 18 and 40. At national level YEAR is member of (CNIPMMR) and at European level - of JEUNE – European Organization of Young Entrepreneurs. Has 6 regional structures: The Young Entrepreneurs Association from South West Oltenia region, from West region, from South-East, from South-Muntenia, from Centre Region and from North – West region. The main activities are: to represent the young entrepreneur's interests in relation with national authorities, to provide consultancy and assistance to young entrepreneurs from Romania, to elaborate and implement specific programs, to develop working reports and set-up networks between young Romanian entrepreneurs, to organize entrepreneurial training programs.

Individual Strategies or Distinct Initiatives/Measures

„**Agriculture:** Romania has a larger share of the population in agriculture than any other European country. Large re-allocation of resources (labor, capital, land) within as well as away from agriculture will be necessary or this sector will continue to exert a powerful drag on per capita income growth. Despite significant potential, productivity remains low and a large number of small and medium-sized farms struggle to survive competition. I suspect that addressing these challenges in agriculture will require well coordinated agricultural and non-agricultural strategies and vision.

Labor market: Romania suffers already from shortages of labor in segments of the market. At the same time, labor participation, especially among some groups (young, women, older workers) is too low and acts as a drag on income convergence and growth potential, in particular when taking into account the declining and ageing population.

Labor participation needs to increase, as well as internal mobility. Flexibility of the labor market needs to be therefore enhanced.

Education: Investment in human capital is needed to sustain productivity enhancements. The evidence of skills mismatches in a general environment of labor shortages points to challenges regarding the relevance and flexibility of the education system for the labor market, including the quality of education and the access to education, especially in rural areas.

Infrastructure: Substantial infrastructure investments are required both to meet the demands of the European law, but also to secure economic competitiveness and productivity growth. Investment in infrastructure also has important fiscal implications, and enhancing the capacity to absorb Structural and Cohesion Funds should be a clear priority.

Energy: Investments in energy, both new capacity and refurbishment, necessary to sustain economic growth, meet at the same time the environmental and climate change imperatives, and ensure the security of supply, will be large and involve complex decisions.

NATIONAL AND REGIONAL ECONOMICS VIII

This the time to think more deeply about energy efficiency and alternative sources of energy, and understand better the contribution they can make, within a regional framework, to meet the energy challenges".(see *Remarks of World Bank Country Manager in Romania, Mr. Benoit Blarel, at the Romania Conference on Growth, Competitiveness and Real Income Convergence, April 21, 2008* www.worldbank.org.ro)

Conclusions, recommendations

The main competitive advantages considered by the entrepreneurs towards the competitors are: the quality of products/services offered (64, 70%); price-quality relation (41, 31%); low price of the products/services offered (34, 03%); company's reputation (10, 28%); the quality of employees (8, 28%); the distribution channels used (6, 64%); post-sales services rendered to clients (6, 01%); the innovation capacity (4.55%); the quality of the management (3%); the relationships with political/economic environment (2.82%).(See "*White Charta of Romanian SMEs, "2009*")

To increase economic competitiveness will be encouraged the development of the innovation infrastructure and the dissemination methods of research results for industrial and commercial applications. The national R&D and Innovation Plan for 2007-2013 shall encourage companies to take part in corporations, to initiate innovation projects. Shall be verified that research projects be compatible with industrial policy.

To increase the competitiveness of human resources employed in SMEs, financial measures shall be instituted to support researchers' mobility to investments in the business environment.

A special attention shall be paid to the increase of competitiveness of production and services from the agricultural and forestry sector. The poor infrastructure is considered to be a biggest barrier in the building of cluster policy.

Conclusions regarding the causes of differences between regions:

- The situation on regional labour markets is the result of the economy restructuring process and the employment opportunities offered by SMEs from different regions;
- SW, NE, S, SE regions' dependency on agricultural activities is still very high
- High unemployment rates are focused in the regions characterised by traditional underdevelopment and by economical restructuring, especially mono industrial regions: South-East, Centre, South;
- The relative reduced weight of university degree persons in regional employment (except Bucharest-Ilfov region) causes a higher risk for the employed persons to become and remain unemployed and, as a consequence, makes it more difficult to conceive and implement human resources training;

STRATEGIES, POLICIES AND INITIATIVES TO SUPPORT AND DEVELOP THE ACTIVITY OF SMES IN ORDER TO IMPROVE REGIONAL COMPETITIVENESS

- Most of the Romanian regions (except the capital) record a high rate of employment in primary sector, and not in superior added value generating activities.
- In underdeveloped regions the entrepreneurial activity missing. No persons who can recognize opportunities (see table 6).

Table 6

Entrepreneurial intensity by regions (%)			
Region of development	Year		Dynamics 2007/2001 (%)
	2001	2007	
1. North-East	12,4	18,03	145,4
2. South-East	18,4	25,24	137,2
3. South	13,5	19,65	145,6
4. South-West	15,3	20,09	131,3
5. West	17,3	30,45	176
6. North-West	19,5	32,35	165,9
7. Center	18,5	30,25	163,5
8. Bucharest-Ilfov	35,5	64,28	181,1

Reducing regional employment disparities is one of the most important EU objectives and can be achieved by following a certain policy that must include: improving human resources skills and knowledge, especially starting with education; continuous learning process developed at every professional level; helping local and regional firms in offering new work places and train unqualified people. (see The State Of Romanian Labour Force Regional Market, Gina Cristina BĂNICĂ, Mihai DIMIAN, Cornelia PÂRLOG)

Friendly legislation, easiness in starting a company, access to capital, and little bureaucracy is just some of the conditions that help to foster entrepreneurship. Still, if this "normal" level is pushed too far, just to increase entrepreneurship, then the market may become distorted. Legislation and fiscal stimuli must be fair and consistent.

Otherwise, they would lead to worsened efficiency, incompetence, and decreased competitiveness. (*Camelia Bulat, program director, Centre for International Private Enterprise, Romania*)

REFERENCES

- [1] Chiriac L, Moldovan X., (2009), Revista „Curentul Juridic”, Observations on the unconstitutionality of GEO, no. 34/2009 regarding the 2009 budget rectification and the regulation of some financial-fiscal measures and the negative influences on small and medium-sized enterprises (SMES), ISSN 1224 – 9173, no. 3 (38), pp. 59-70
- [2] Chiriac L., (2009), Business Planning, European Entrepreneurship Education, Vol. 4, ISBN 978-3-924100-39-1, p. 249
- [3] Doing Business 2010, (2009), available at http://publications.worldbank.org/e-commerce/catalog/product?item_id=9305853
- [4] Hodorogel, R. M., (2009), The Economic Crisis and its Effects on SMEs, Economie teoretica si aplicata, ISSN 1844-0029, available at <http://www.ectap.ro/articol.php?id=389&rid=49&pag=0>
- [5] Study on representativeness of business organization for SMEs in the European Union, (2009), EIM Business & Policy Research, available at http://ec.europa.eu/enterprise/newsroom/cf/document.cfm?action=display&doc_id=3042&userservice_id=1
- [6] Evaluarea situatiei de ansamblu a IMM-urilor din Romania in semestrul I din 2007, (2009), National Council of Small and Medium Sized Private Enterprises in Romania (CNIPMMR), available at <http://www.cnipmmr.ro/statistica/statistica.htm>
- [7] Evaluarea situatiei de ansamblu a IMM-urilor din Romania in semestrul II din 2007, (2009), National Council of Small and Medium Sized Private Enterprises in Romania (CNIPMMR), available at <http://www.cnipmmr.ro/statistica/statistica.htm>
- [8] Evaluarea situatiei de ansamblu a IMM-urilor din Romania in semestrul I din 2008, (2009), National Council of Small and Medium Sized Private Enterprises in Romania (CNIPMMR) available at <http://www.cnipmmr.ro/statistica/statistica.htm>
- [9] Evaluarea situatiei de ansamblu a IMM-urilor din Romania in semestrul II din 2008, (2009), National Council of Small and Medium Sized Private Enterprises in Romania (CNIPMMR) available at <http://www.cnipmmr.ro/statistica/statistica.htm>
- [10] Raport Anual IMM 2008, (2009), National Agency for Small and Medium Sized Enterprises and Co-operatives, available at http://www.animmc.ro/files/Raport_Anual_IMM_2008

STRATEGIES, POLICIES AND INITIATIVES TO SUPPORT AND DEVELOP THE
ACTIVITY OF SMES IN ORDER TO IMPROVE REGIONAL COMPETITIVENESS

- [11] Raport BNR asupra stabilitatii financiare 2009 (2009), National Bank of Romania, ISSN 1843 – 3235, available at www.bnro.ro/DocumentInformation.aspx?idDocument=6250
- [12] Raport BNR 2008(2009), National Bank of Romania, ISSN 1453 – 3936, available at www.bnro.ro/DocumentInformation.aspx?idDocument=6290...3043
Romania in cifre 2009, (2009), available at <http://www.insse.ro/cms/rw/pages/romania%20in%20cifre.ro.do>
- [13] Carta alba a IMM-urilor, (2006, 2008, 2009), National Council of Small and Medium Sized Private Enterprises in Romania
- [14] Eurostat, 2008
- [15] [Http://Www.Mimmc.Ro/Raport.Anuar](http://Www.Mimmc.Ro/Raport.Anuar)
- [16] [Http://Www.Insse.Ro](http://Www.Insse.Ro)
- [17] Business Demography In Romania: A Summary Of Business Trends (1999-2005), Cebr Working Paper Series, 01-2008 March, 2008
- [18] Roland, G. Transition And Economics, Politics Markets And Firms, Cambridge, Ma:Mit Press 2000
- [19] Hutchinson J., Xavier A. Comparing The Impact Of Credit Constraints On The Growth Of Smes In A Transition Country With An Established Market Economy, Small Business Economics (2006) 27:169-179
- [20] Gina Cristina BĂNICĂ, Mihai DIMIAN, Cornelia PÂRLOG: The State of Romanian Labour Force Regional Market , ASE, Bucharest
- [21] Raluca Martin, Romania: The Situation Of The Smes In Romania
- [22] Gabriela C. Stanculescu: Information selection and structure, according to the main activities of SMEs in Romania, ASE, Bucharest, 2009
- [23] Szabo Zs., Szabo A., Comparative Study on Entrepreneurship Education, 2009 Kosice, ISBN 978-80-553-0332-1
<http://europa.eu.int/comm/enterprise/networks/eic/eic.html>
<http://europa.eu.int/comm/enterprise/smie/index.htm>
<http://europa.eu.int/comm/enterprise>