

# Evolutionary Trends of Romania's Small and Medium-Sized Enterprises in the Present Context of the European Economy

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**Abstract** – The main objective of the hereby scientific approach represents the carrying out of an evaluation of the present condition of Romania's small and medium - sized enterprises in the context of the economic terms imposed by the European environment that is strongly affected by the worldwide economic crisis. Accordingly, we have briefly analyzed the main demographic and economic indices that characterize the activity of small and medium - sizes enterprises; such indices may become the most important devices of the process of evaluating and founding the policies and programs of financial support targeting exactly such companies. The analysis displayed by the hereby research is grounded upon a series of official statistic data belonging to specialized institutions in our country.

**Keywords** – small and medium - sized enterprises, dynamics, economic fields, financial result, employees, financial crisis

## I. INTRODUCTION

Small and medium - sized enterprises (SMEs) represent for the Romanian economy witnessing a whole process of restructuring and re-launching a key field capable of providing a durable economic growth; such companies play an important part in revitalizing those demographic areas affected by the decline of local industries, in the development of foreign trade, and in stimulating innovation activities and technical progress.

The evolution of SMEs during the last years has been influenced by the country's integration within the European Union and by the financial and economic crisis that affected the whole world beginning with 2007. The integration within the European Union has mainly meant technical and financial support from the European Commission. Non-refundable funds at the disposal of Romania during the period 2007-2013 represent about 800 billion EURO. Besides the access to structural funds, SMEs also have other benefits from integration: a better access on external markets; opportunity to attract potential better quality suppliers who are less expensive; an improved legislation; an easier access to new technologies and cooperation with a view to carry out innovations. [11] Nevertheless, integration does not only provide advantages for Romanian companies; it also brings an increased competition between Romanian SMEs and those

belonging to the other member states, this being an issue requiring the improvement of the activity of Romanian companies due to the fact that competition, efficiency, and labour productivity are much behind the European average. The financial crisis that outburst in 2007 strongly affected SMEs too. Contrary to the large companies that significantly finance their activity from the capital market, small and medium - size enterprises depend on banks in the case they do not resort to getting financial resources from associates or do not self-finance. Credits crisis has changed the crediting policies of the banks, including those regarding the SMEs, and significantly hardened the terms of having access to credits. Such circumstances, correlated with the wasted resources including high levels of expenditures (for instance, salaries expenditures), poor capitalization, poor entrepreneurial knowledge, and the decrease of internal demand, represent causes of the worsening of SMEs' condition. The solutions capable of terminating the crisis are easy to be enumerated, at least at a theoretical level; yet, it is much harder to implement them, especially in our country, as they require: the unblocking of crediting, the decrease of fiscality (decrease of taxes and fees; gas, electrical energy, and fuel fees; VAT payment at the moment invoices are cashed), the taking over of certain SMEs by strategic investors or investment funds (through fusions and buying that are not enough explored on the Romanian SMEs market), the facilitation of the access to European funds, improvement of expenditures, a better administration of liquidities and of the money received. [5]

Part of the SMEs has, nevertheless, taken profit from crisis due to the fact that they face a poorer competition (for instance, bankruptcy or termination of the companies that did not survive crisis), benefit from smaller prices in case of raw materials and equipments or target other market segments that have meanwhile become more attractive. Owing to their reduced size, SMEs are very flexible and may better adapt to the new circumstances through implementing new services or launching new products. [4,6,7]

In our opinion, the distinctive characteristics of the SMEs belonging to Romanian economy and influencing their existence and activity are determined by their reduced size that

attracts a decreased development potential, by restrictions on their market share, their decreased capacity of controlling unitary costs, limited specialization, and difficulties in market entering and withdrawing. [1]

During the process of adapting to and integrating within the structures of the European Union, Romania's economy has displayed important changes between 2004 and 2010 which are obvious both at the macroeconomic level and at the level of the SMEs. All political, economic, and social reforms that accompanied the process of Romania's pre-integration within the European Union have been followed by new challenges specific to the consolidation within the structures of the European Union. [12] Such efforts of adapting to the community *acquis* have determined Romania's participation in the process of improving the strategies, policies, and functioning mechanisms of the European Union with a view of attaining the assumed goals.

## II. METHODOLOGY

In order to carry out the envisaged approach, we have employed a series of research methods such as: analysis, synthesis, historical method, and statistic method which all belong to the numberless devices and techniques employed by scientific researches in general and by economic and social researches, in particular. As scientific research methods applied to the field of economic sciences, they display a complex structure that includes the manners of gathering data and items of information as well as specific devices of analysis. Starting from such evidence, the range of companies that represent the object of our research is that of the small and medium - sized enterprises which are active in the non-financial branch, namely: industry and energy, constructions, trade and services as well as agriculture. Although the companies belonging to the field of agriculture are not exhibited by the structural statistics of the National Statistics Institute, we have considered their display as necessary and relevant due to the fact that the development of entrepreneurial initiative in the rural field is shown by the positive dynamics and the increased economic potential of agriculture small enterprises.

As far as the researches carried out by the specialists in the field of small and medium - sized enterprises are regarded, we have targeted the elaboration of a synthetic analysis of their economic activities which is grounded upon the data provided by the official statistics of the National Statistics Institute, the National Trade Register as well as by other institutions specialized in such a domain.

## III. DYNAMIC ANALYSIS OF ROMANIA'S SMEs

We are going to further display a dynamic analysis of the SMEs field which focuses upon several criteria: the data regarding the demographic dynamics of the SMEs and their economic activity.

Economic recession affected Romania beginning with the fourth trimester of 2008 and had a significant influence on SMEs' activity. The evolution of SMEs during the period 2009 – 2011 as regards the number of registrations, terminations, and suspensions is displayed by Table no. 1.

TABLE NO. 1. EVOLUTION OF SMEs BETWEEN 2009 AND 2011

	2009	2010	2011
Registrations	116.022	119.048	130.162
Terminations	43.615	186.144	56.245
Suspensions	133.362	66.420	21.221

Source: ONRC statistics

The conclusions that come out of the analysis of the figures displayed by the previous table are the following ones:

- In 2011, over 21,000 SMEs suspended their activity as compared with about 66,000 in 2010, 133,000 in 2009; over 56,000 were terminated in 2011 as compared with about 186,000 in 2010, and 43,000 in 2007; all such differences are the result of the effects of the financial crisis which has also been witnessed in Romania since 2009 ;
- At the same time, let's notice that 130,000 SMEs were registered in 2011 (more than the 117,000 mean of 2009 and 2010), as a result of a slight diminution of the effects of the financial crisis.

As compared with the previously mentioned condition, the statistic display of the registering of individuals and legal persons made by the National Trade Register (ONRC) shows a 9% increase of the total number of registrations in 2011 in opposition with those in 2010. [11] The total number of companies registered in 2011 is distributed as follows: 48.2 represent Limited Liability Companies (LLC), 33.2 represent Authorized Persons (AP), and 17.0% represent individual enterprises while 2% represent other juridical forms. All these elements are displayed by Table no. 2.

TABLE NO. 2. NUMBER OF ECONOMIC ENTITIES REGISTERED

BY THE NATIONAL TRADE REGISTER (ONRC)

Juridical form	2010		2011	
	Number	Percent	Number	Percent
Limited Liability Companies (LLC)	48,102	40.4%	62,735	48.2%
Authorized Persons (AP)	43,956	36.9%	43,269	33.2%
Individual enterprises	23,958	20.1%	22,033	17.0%
Other juridical forms	3,032	2.5%	2,125	1.6%

Source: ONRC statistics, 2010-2011

The conclusions that can be drawn out of the analysis of the figures contained by the previous table are the following ones:

- More than 98% of the individuals and legal persons registered by the National Trade Register (ONRC) in 2011 belong to the category of SMEs, individual enterprises, and Authorized Persons (AP);
- The highest percent is displayed by companies belonging to the SMEs category that represent almost a half of the total amount, namely 62,735;

- Compared with the previous year, in 2011 the registrations made by the National Trade Register (ONRC) increased by 9%, as a whole, while SMEs registrations increased by 30%.

An analysis of new companies' registrations is carried out through considering the fields of activity they belong to. Details are displayed by Table no. 3.

TABLE NO. 3. NUMBER OF SMEs REGISTERED ACCORDING TO FIELDS OF ACTIVITY

Economic field	2010		2011	
	Number	Percent	Number	Percent
Agriculture	20,444	17.2%	20,432	15.7%
Industry	7,328	6.3%	8,761	6.7%
Energy	1,291	1.1%	1,854	1.4%
Constructions	8,346	7.1%	12,059	9.2%
Trade	35,320	29.7%	37,336	28.7%
Transports	5,836	4.9%	7,317	5.6%
Hotels and restaurants	5,581	4.7%	6,179	4.7%
Data and communications	5,670	4.8%	5,950	4.5%
Other services	29,232	24.6%	30,274	23.3%
<b>Total</b>	<b>119,048</b>	<b>100.00%</b>	<b>130,162</b>	<b>100.00%</b>

Source: ONRC statistics, 2010-2011

The conclusions coming out of the analysis of the figures contained by the previous table are the following ones:

- Both in 2010 and in 2011, most of the companies registered Trade activities as their main activity (30.2%, namely 28.4%), followed by those deploying their activity in other services (23.3%, namely 23.9%) and agriculture (17.5%, namely 15.6%);
- In 2011, one may notice an increase of the number of companies registered in Industry and Trade while the number of those deploying Trade activities witnessed a slight decrease as compared with 2010, the crisis year.

The statistic display of the demands of temporal suspension of activity, of companies' liquidations, and voluntary terminations registered by the National Trade Register (ONRC) in 2010 and 2011 is exhibited by Table no. 4.

TABLE NO. 4. NUMBER OF SUSPENDED, LIQUIDATED, AND TERMINATED SMEs

Juridical form	2010	2011	Variation 2010 - 2011
Activity suspension	66,420	21,221	- 68.1%
Liquidations	7,508	4,001	- 46.7%
Terminations	186,144	56,245	- 69.8%

Source: ONRC statistics, 2010 and 2011

The conclusions that come out of the analysis of the figures displayed by the previous table are the following ones:

- The comparative data afferent to the two years express the difficult condition of the business environment in 2010 determined by the following factors: economic crisis context; fiscal settlements; consequences of OUG 44/2008 (lack of exerting the right of opting for one of the juridical forms stipulated, punished with Trade Register termination) which improved in 2011;
- The total number of companies that temporarily suspended their activity in 2010 represented 66,420 and decreased in 2011 to only 21,221; accordingly, there were 68,1% less companies suspended in 2011 as compared with the previous year;
- In 2011, 4,001 voluntary liquidations were registered at a national level as compared with 7,508 in 2010, showing a decrease of about 46.7%;
- As compared with 2010 when 186,144 voluntary liquidations of companies were registered at the level of the whole country, in 2011 only 56,245 voluntary liquidations were registered, representing a decrease of about 69.8%.

In 2010, according to the National Statistics Institute (INS), a total number of 482,512 active SMEs were registered; their distribution depending on their size is displayed by the data contained by Table no. 5 while their distribution according to the activity fields of national economy is shown by Table no. 6.

TABLE NO. 5. STRUCTURE OF SMEs ACCORDING TO THEIR SIZE (YEAR 2010)

Size	Number of SMEs
Micro	430,993
Small	43,489
Medium	8,030
<b>Total</b>	<b>482,512</b>

Source: INS, ONRC statistics 2010

TABLE NO. 6. DISPLAY OF SMEs ACCORDING TO FIELDS OF ACTIVITY (YEAR 2010)

Field	Number of SMEs
Agriculture, forestry, fish industry	13,960
Industry	52,588
Constructions	49,221
Trade	181,753
Services	184,990
<b>Total</b>	<b>482,512</b>

Source: INS, ONRC statistics 2010

The conclusions that come out of the analysis of the figures displayed by the previous tables are the following ones:

- The number of SMEs belonging to the fields of agriculture, forestry, and fish industry is the smallest and represents 2.9% of the total number of SMEs. Most

companies in these fields are micro-enterprises and deploy their activity in agriculture (10,264) while forestry activities are specific for only 3,178 companies in 2010;

- The number of SMEs belonging to the Industry field represents 10.9% of the population of economically active SMEs. According to the national sub-branches, the first five positions are detained by: Food industry – 7,800 companies; Metal constructions industry – 5,800 companies; Wood processing – 5,700 companies; Clothes manufacturing - 4,400 companies; Furniture manufacturing – 3,700 companies; [14,15]
- The SMEs belonging to the Constructions field were mostly affected by crisis in 2009 when, due to the lack of financial resources, several projects of real estate development were ceased. Under such circumstances a large number of active companies were eliminated from the economic environment within a short period of time (2008 and 2009); in 2010, there were 10.2% active companies in this field;
- The number of SMEs belonging to the Trade field is still significant, although, after the 2008 and 2009 decreasing, in 2010 they represented a percent of almost 30%. An analysis according to the size range and field of activity shows that about half of the companied in this field are micro-companies and one third are small companies ;
- Most SMEs (38.5%) are active in the field of Services. A more detailed analysis shows that the most important services regard: real estate transactions, transport and storage, hotels and restaurants, information and communication, professional activities, administrative services, and support activities.

There are important development differences among Romania's regions as regards the SMEs that are economically active. Table no. 7 displays the number of SMEs according to their size range and development areas.

TABLE NO. 7. NUMBER OF SMEs ACCORDING TO THEIR SIZE RANGE AND DEVELOPMENT AREAS

Region	Total	Micro-enterprises	Small enterprises	Medium - sized enterprises
North-Eastern	50,394	45,061	4,581	752
South-Eastern	54,545	49,188	4,509	848
South-Walachia	50,166	44,809	4,486	871
South-Western - Oltenia	34,021	30,714	2,835	472
Western	43,418	38,764	3,863	791
North-Western	65,009	57,885	3,171	953

Region	Total	Micro-enterprises	Small enterprises	Medium - sized enterprises
Central	56,431	49,945	5,426	1,060
Bucharest-Ilfov	114,568	102,622	9,878	2,068

Source: INS statistics 2011; it does not evaluate Agriculture field

As compared with the share of the number of SMEs located within their geographic boundaries, the eight development areas may be grouped along the following categories:

- Bucharest – Ilfov region is the most developed and exhibits the most important share of SMEs (24%);
- The North-Western, Central, South-Eastern, South-Walachia, and North-Eastern areas exhibit an average level, where SMEs share ranges between 14% and 11%. A detailed display [9] of the SMEs share in the case of Dambovit County shows that it detains 1.37% out of the total number of SMEs at a national level;
- The Western (9%), South – Western and Oltenia (7%) regions are the less developed ones and display the lowest shares.

After having undergone the analysis of the number of economically active SMEs, we are going to further display various statistic analyses that regard the number of employees. A general statistics of the number of SMEs' employees is shown by Table no. 8.

TABLE NO. 8. NUMBER OF SMEs' EMPLOYEES ACCORDING TO THEIR SIZE RANGE

Size range	Number of employees
Micro-companies	871,153
Small companies	851,211
Medium sized companies	812,984

Source: The White Chart of Romania's SMEs 2011, Sigma Publishing House, Bucharest

The conclusions that come out of the analysis of the figures displayed by the previous table are the following ones:

- The percent distribution of the employees according to the three size range of SMEs is as follows: 34.3% are employed by micro-enterprises, 33.6% are employed by small enterprises, and 32.1% are employed by medium - sized enterprises;
- Although they prevail as number of units (89.3%), micro-enterprises detain, within the total amount of labour, a share that resembles the other two size ranges of the SMEs. This feature emphasizes the vulnerability of micro-enterprises detaining a decreased number of employees per entity (an average of 2 employees per company).

The distribution of the number of the SMEs employees according to fields of economic activity is correlated with the distribution of the number of companies and shows the prevalence of the fields of Services, Trade, and Industry in

creating jobs. [13] The distribution of the number of the SMEs employees according to fields of activity is displayed by Table no. 9.

TABLE NO. 9. NUMBER OF SMEs EMPLOYEES ACCORDING TO FIELDS OF ACTIVITY

Field of activity	Number of SMEs
Agriculture, Forestry, Fish industry	82,356
Industry	674,926
Constructions	307,253
Trade	704,878
Services	765,935
<b>Total</b>	<b>2,535,348</b>

Source: INS, ONRC statistics, 2011

The conclusions that come out of the analysis of the figures displayed by the previous table are the following ones:

- The highest number of employees in the SMEs field belongs to the Services field and represents 30.2% out of the total number;
- The Trade field is the second supplier of jobs exhibiting a share of 27.8%;
- Although they represent only 10.9% of the total number of companies, the SMEs belonging to the field of Industry provide 26.6% of the total number of employees. Within this field, medium sized companies represent the main source of jobs, displaying a share of 52%;
- At a national level, the SMEs belonging to the field of Constructions detain a share of 12.1%. Within this field, small enterprises detain 38% while the medium - sized ones 34% of the total number of employees;
- The SMEs in the field of Agriculture display the smallest number of employees, namely 3.2% out of the total number.

Having already analyzed the issue of the number of SMEs and of the number of employees belonging to such companies, we are going to further approach the results of the activity deployed owing to the index of financial result. [15] A first analysis targets the distribution of the financial result according to size ranges. The data afferent to this analysis are displayed by Table no. 10.

TABLE NO. 10. DISTRIBUTION OF FINANCIAL RESULT ACCORDING TO SIZE RANGES

Size range	Financial report (million Lei)	Percent within total number of SMEs
Micro-enterprises	172,400	31.1%
Small enterprises	181,065	32.6%
Medium - sized enterprises	201,088	36.3%

<b>Total</b>	<b>554,553</b>	<b>100%</b>
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Source: INS statistics 2010

The conclusions that come out of the analysis of the previous table are the following ones:

- In 2010, the Financial Result achieved by the SMEs, at a national level, was distributed along three size ranges: 31.1% micro-enterprises, 32.6% small enterprises, and 36.3% medium - sized enterprises;
- Medium - sized enterprises bring the most important contribution in attaining the financial result;
- Micro-enterprises display the lowest economic efficiency despite the high number of economic entities and employees.

An analysis of the economic entities according to the criteria defined in concordance with Law 346/2004 shows the following range intervals depending on the financial result: Group 1, under 2 million Euro; Group 2, between 2 and 10 million Euro; Group 3, between 10 and 50 million Euro; Group 4, over 50 million Euro. SMEs distribution [13,15] according to the ranges of their financial result is displayed by Table no. 11.

TABLE NO. 11. DISTRIBUTION OF SMEs ACCORDING TO THEIR FINANCIAL REPORT

Range	Number of companies	Structure (%)	Dynamics (%)
1	601,418	98.41	92.7
2	8,280	1.35	75.7
3	1,329	0.22	72.5
4	115	0.019	65.7
<b>Total</b>	<b>611.142</b>	<b>100.00</b>	<b>92.32</b>

Source: White Chart of Romania's SMEs, 2011, Sigma Publishing House, Bucharest

According to the data given by the previous table, one may state the following: having as a background a 7.67% decrease of the number of SMEs in 2009 as compared with 2008, different dynamics are registered; consequently, the most important decrease belongs to the fourth range displaying a financial result of over 50 million Euro while the less significant decrease belongs to the first range (7.3%) displaying a financial result of 98.4% of the total number of SMEs. [13]

A detailed analysis of the financial result according to its share along development areas is further carried out. The data of the analysis are shown by Table no. 12.

TABLE NO. 12. SHARE OF SMEs' FINANCIAL RESULT AT A REGIONAL LEVEL

Region	Total number of SMEs	Micro enterprises	Small enterprises	Medium - sized enterprises
North-Eastern	39.0%	31.3%	37.8%	44.5%
South-Eastern	10.95	10.4%	11.6%	9.9%

South-Walachia	10.6%	12.1%	10.1%	9.8%
South-Western Oltenia	10.25	10.5%	10.9%	8.8%
Western	10.0%	10.2%	9.4%	9.7%
North-Western	7.3%	7.5%	8.2%	6.0%
Central	7.0%	6.8%	7.3%	6.6%
Bucharest-Ilfov	5.0%	5.0%	4.8%	4.8%

Source: INS statistics, 2011

The conclusions coming out of the analysis of the figures belonging to the previous table are the following ones:

- The manner of distributing the financial result at the level of the region shows that there are development differences among the various regions of Romania; the same condition is encountered in the case of the distribution of the number of employees belonging to the SMEs;
- The region Bucharest-Ilfov displays a higher level of economic development, providing 39% of the national amount of the financial result. The figures exhibited by this region are at their maximum in the case of each SMEs size range, reaching almost half (44.5%) of the national financial result when speaking about medium sized companies;
- The North-Western, Centre, South-Eastern, and South Walachia range within a medium level of performance, displaying financial results ranging between 10.0% and 10.9%;
- The Western region displays a lower financial result (7.0%) correlated with a decreased share of the number of SMEs (9.0%);
- The poorest economic performance is registered by the SMEs belonging to the North-Eastern region which contribute to the cumulated financial result of Romania's SMEs with 7.3% and the South-Western region whose contribution to the financial result represents 5%.

Another type of analysis is approached through detailing the financial result according to size range and fields of activity. The synthesis of such an analysis is shown by Table no. 13.

TABLE NO. 13. REPORT OF THE FINANCIAL RESULT ACCORDING TO SIZE SHARE AND FIELDS OF ACTIVITY

Field of activity	Total no. of SMEs	Micro-enterprises (million Lei)	Small enterprises (million Lei)	Medium - sized enterprises (million Lei)
Agriculture, Forestry, Fish industry	16,950.6	5,994.4	6,837.2	4,118.9

Industry	113,750.9	170,778.7	33,514.6	63,158.5
Constructions	54,635.8	18,201.5	17,012.4	19,421.8
Trade	265,396.3	89,223.9	89,069.8	87,102.6
Services	103,820.4	41,902.0	34,631.2	27,286.3
<b>Total</b>	<b>554,553.9</b>	<b>172,400.6</b>	<b>181,065.2</b>	<b>201,088.0</b>

Source: INS, ONRC statistics, 2011

The conclusions that come out of the analysis of the figures contained by Table no.13 are the following ones:

- Within the Trade field, the SMEs achieve the highest financial result, namely 265,396 million Lei;
- Within the Industry field, the SMEs have achieved the second financial result in terms of absolute share, namely 21.2% within the total number of SMEs. A deeper analysis shows the fact that micro-enterprises register the highest shares of financial result in the sub-fields of machines and equipments and wood processing industry while small and medium - sized enterprises are best represented by food industry in the case of which they register shares of 30.9% (small enterprises) and 60.9% (medium - sized enterprises);
- Within the Services field, the SMEs contribute with a share of 19.35% to the total amount of the financial result. Within this field, one may notice the SMEs belonging to the area of Data and Communications which has witnessed the best evolution during the crisis period;
- The field of Constructions has registered the most significant losses as an effect of the economic crisis, both regarding the number of companies and the number of employees, reaching about 10% in 2010;
- Although they display only 3.1% out of the total amount of the financial result, the SMEs belonging to Agriculture gradually increased their share within the global amount at a national level. The economic potential of the SMEs belonging to agriculture support the development of the processing networks with a high added value in food industry which still is the best represented industrial field in economy from the point of view of its financial result.

The SMEs contribute with 40% to the total financial result of Romanian industry, their share compared with that of the large companies maintaining its level even during the period of economic recession. The SMEs represent a factor of industrial competition being the main supplier in food industry, wood processing industry, the industry of rubber and plastic, paper and printing industry or the industry of metal buildings [2, 8, 10].

## CONCLUSIONS

The analysis hereby approached sets forth the idea that the rapid and ample development of the SMEs represents the condition of concluding the restructuring of privatization and complete de-monopolization of Romanian economy. The SMEs represent the single field capable of creating jobs in

order to absorb the unemployed persons coming from the State and public field as a result of restructuring and modernizing.

Under the present day circumstances, SMEs represent a vulnerable field. The economic crisis has determined firings in the private field where the most affected companies were the SMEs which have announced such firings and have also put their employees in the so-called "technical unemployment" due to the economic crisis. Besides, the companies belonging to the private environment have announced the adjustment of salaries policies after they envisaged an increase of over 10%. Accordingly, more companies are going to face a stagnation of salaries which either means that they are not going to increase them at all or they will only adjust salaries with a quite small percent. [3, 4]

The elaboration and implementation of the strategy and policies for SMEs should apply the stipulations of the recommendations made by OECD, BERD, and the European Chart of SMEs signed by the Romanian government; the foundation of a field of SMEs similar from a structural, size, functional, contextual, and performance point of view with that of the EU represents the guarantee of Romania's real and efficient integration within the European Union.

Taking into account the main solutions envisaged by our approach and the anticipated impact upon SMEs' activity, economy, and population, we have set forth a series of recommendations that regard SMEs activity, such as:

- Credits un-blocking; the National Bank of Romania should be the one that implements the measures required in order to resume the crediting process in the Romanian banking system which is essential in the process of recovery of the national economy;
- The increase of the SMEs' access to financing;
- Simplifying and improving the legislative and administrative framework;
- Decreasing bureaucracy and fiscality. At present, Romania has the highest labour fiscality in Europe and a profit and assets fiscality much over the European average. It is most important to decrease direct and indirect taxes and fees on labour and profit which represents an essential condition in diminishing economic motivation of underground labour and economy.
- Stimulating the coming out of new jobs and introducing performing technologies. The implementation of such recommendations should consist in enlarging direct and indirect benefits through subsidies, taxes and fees diminution, fiscal exemptions during limited periods of time, partial and integral consultancy financing, training, etc.;
- Encouraging a competition, stimulating business environment that mainly stimulates exports.

Consequently, it is also necessary to stimulate the productive investments of the SMEs which although increasing are nevertheless highly inferior when compared with those at the level of the European Union. Starting from such circumstances and considering the criteria that regard Romania's integration within the European Union, it is

important to stimulate the companies in order to use profit, amortizations, and credits in order to invest in their own development according to the requirements determined by the present economic circumstances.

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