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*Starting from the role of small-and medium-sized enterprises (SMEs) sector that is widely recognized at European level in the generation of economic growth, regional development and work places, the present paper aims to investigate the evolution and density of SMEs sector from 6 counties (Maramureş, Satu Mare, Bihor, Arad, Caraş-Severin, Timiş) from Western part of Romania, regarding the quantitative evolution, structural, and demographical particularities comparative to the rest of Romania, in order to detect an eventual specialization of those. Also, in order to orient the SMEs sector from the investigated counties to these initiatives that correspond to their nature, exploiting the possibilities offered by local and regional potential, the paper determines and analyzes the localization (specialization) coefficient, as the ratio between the share of employment in a sector in total employment of a region and share of employment in that sector in total employment in the country, for investigated counties. The work represents preliminary research results from the project called "The Entrepreneurship and the Equality of Chances. An Inter-Regional Model of Entrepreneurial School for Women" financed through the European Social Fund, "Be enterprising!". The statistical data used have been offered by virtue of accords of collaboration in the mentioned project from the Maramureş, Satu Mare, Bihor, Arad, Caraş-Severin, Timiş County Directorates of Statistics.*

*Key words: SMEs sector, SMEs density, specialization coefficient, regional development*

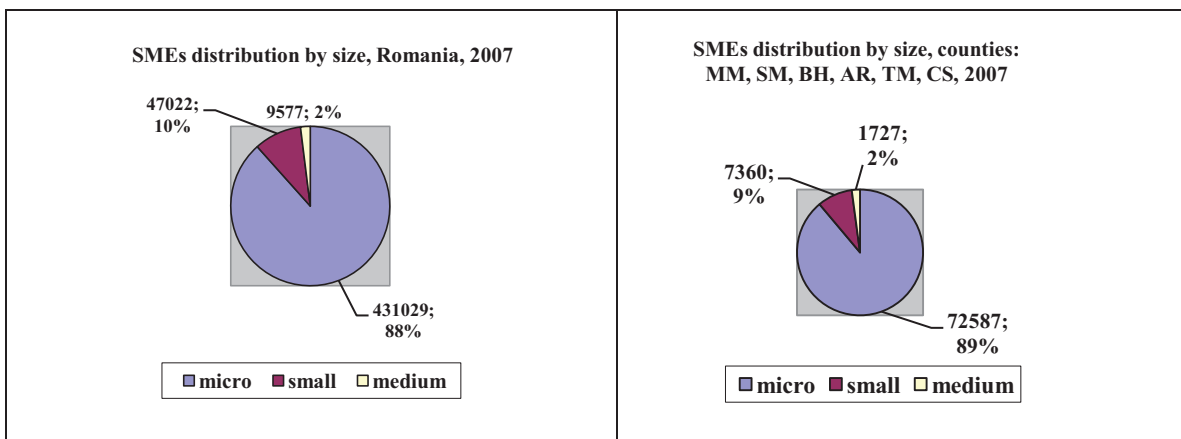
**Introduction**

The present paper is the result of the first research stage developed by a inter-regional team of researchers in the field of the particularities of the small-and medium-sized enterprises (SMEs) sector from the Western part of Romania, more exactly in the next 6 counties: Maramureş, Satu Mare, Bihor, Arad, Caraş-Severin, Timiş, on the purpose of evaluating, as well at national, regional and inter-regional level, the integration chances of the SMEs sector from the Western part of Romania in the European competition process. The paper represents preliminary research results from the project called "The Entrepreneurship and the Equality of Chances. An Inter-Regional Model of Entrepreneurial School for Women (AntrES)" financed through the European Social Fund. The statistical data used have been offered by virtue of accords of collaboration in the mentioned project from the Maramureş, Satu Mare, Bihor, Arad, Caraş-Severin, Timiş County Directorates of Statistics. What we intend through this article it is a concise "radiography" of the SMEs sector from the six counties, in the perspective of the quantitative evolution and of the density evolution, as well as to identify some specialization perspectives of those, that could lead, after that, towards political recommendations and national strategies recommendations for increasing the integration chances of SMEs from the West of Romania in the competition European process.

**Quantitative evolutions of the SMEs in the Western Part of Romania**

The SMEs sector represents, as well at European and national level, an extremely dynamic and flexible one, the spearhead of the economic growth and development, and the most important job supplier. More exactly, 99% of the European Union businesses are SMEs, providing 2/3 of the workplaces in the private sector. We speak about 23 million enterprises and over 100 million jobs: 99% of the European Union's enterprises, 67% of the number of the workplaces (and even over 75% of the workplaces in certain industrial sectors, such as the textile industry, building

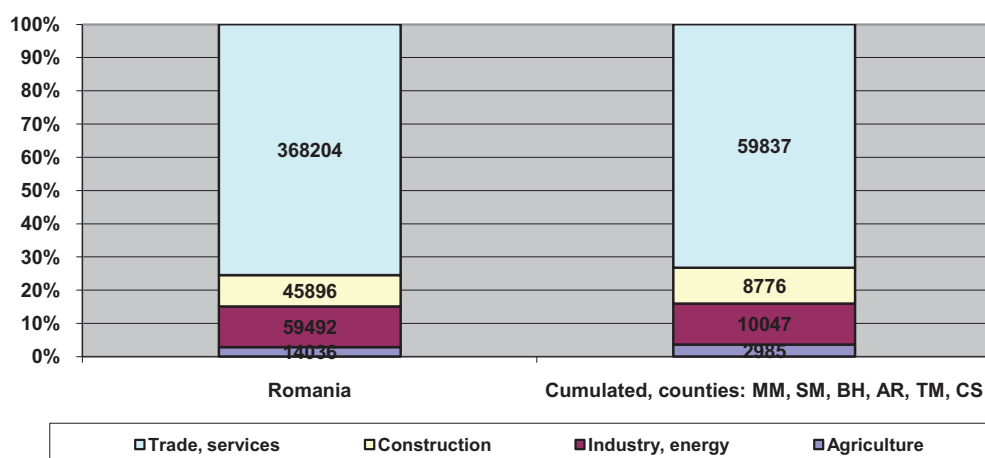
industry and furniture industry), respective 58% from the turnover (*Eurostat and the European Observatory for SMEs*). The importance of the SMEs sector and of the role of the entrepreneur in the economy based on knowledge, is that the essential mechanisms for creating workplaces and the economic growth, are very clearly debated from a theoretical point of view as well (Hashi, Iraj and Krasniqi, Wennekers and Thurik, 1999; Schmitz, 1989; Nooteboom, 1994; Audretsch and Thurik, 2001; Pagano and Schivardi, 2003; Schuh and Triest, 2000). Behind the theoretical polemics, there is a large common consensus between the specialists in the field; they all recognise the importance of impulsion the dynamism of the SMEs sector. An important cause of the SMEs dynamism is developing some new activities in the sector of services, suitable for companies of this dimension, processing information and the elaboration of informatics programmes, market researches, juridical services, banking and insurance activities, of distribution and promotion of the selling-off, recreational and sport activities and so on (M. Dinu, 2002). Regarding the emergent economies, the role of those is bigger when we consider their flexibility and the capacity of fast reaction and adaptation, as well the capacity of absorption the workforce reduced from the big companies. SMEs played a crucial role in the development of the private sector in these economies, and represented an active vector of technological and organisational innovation. In the same time, systemic changes from these economies meant opportunities for the entrepreneurs to get on the market. In Romania, one of the most important characteristics of the structural change with impact over the entrepreneurship and over the liberalisation of the economy it was the apparition of SMEs. As a result of the Law no. 31/1990 and of the Law-Decrets no. 66 and 67/1990, there has been a veritable “explosion” of new enterprises, because of the reduced role of SMEs during the transitional period of time, result of the over industrialisation and discouragement of the private initiative (M. Dinu, 2002). As a result of those initial impulses and afterwards development, SMEs sector grew permanently in Romania, during 2000-2007, reaching at the beginning of 2008 almost 500.000 enterprises. As the following figures show, in 2007, the same ascendant dynamic of SMEs was registered at the level of the six counties from the West of Romania and were the subject of analyse. At the end of the year 2007, the number of active SMEs from the six counties was up to about 82.000, representing 16.75% of the total number of active SMEs at national level. The majority is hold by microenterprises (88% at national level, 89% at the level of the counties analysed). It is interesting to notice that, because of the fiscal incentives practiced in Romania in the case of microenterprises on one side and, on the other side, because of the implementation stage of entrepreneurship and also because of the increasing number of enterprises, the percentage of microenterprises in the total number of SMEs is much higher in Romania than the European average, about 50%.



Source: Statistical Yearbook Romania, 2007 and authors' calculations, based on statistical data, Maramureş, Satu Mare, Bihor, Arad, Caraş-Severin, Timiș County Directorates of Statistics, 2007

The structure of SMEs sector reflects a series of interesting data. As the following figure shows, in 2007, at national level, 75.57% of the active SMEs operate in commerce and services, 12.2% in industry and energy, 9.41% in construction and only 2.88% in agriculture and forestry. However, in the last few years, we can observe significant growths in the agriculture and construction sectors. Regarding the six counties from the West of Romania that are subject of the present analyse, we can observe the same general tendencies, with some variations: commerce and service sector integrates 73.29% of the total number of active SMEs, industry and energy - 12.31%, construction sector - 10.75% and agriculture sector - 3.66%. Their geographical range, generally in the plain field, explains the higher average of agriculture. We can therefore speak of some specialisation tendencies at the level of the region analysed, services and commerce remain the major sector; this sector integrates, in case of some counties, even over 75% (Timiș, Bihor), while construction are better represented in Maramureş and Satu Mare counties, and the industry sector is better represented in Caraş-Severin.

Active SMEs's distribution, by sector, Romania / West of Romania, 2007



Source: Statistical Yearbook Romania, 2007 and authors' calculations, based on statistical data, Maramureş, Satu Mare, Bihor, Arad, Caraş-Severin, Timiș County Directorates of Statistics, 2007

### The density of SMEs from the Western Part of Romania

The most suggestive and wide indicator regarding the entrepreneurial dynamic is the density of SMEs at 1000 inhabitants. In the year 2006, before EU accession, the density of SMEs in Romania was up to 26 SMEs/1000 inhabitants, under the EU average that is over 50 SMEs/1000 inhabitants. The SMEs density analysed at one thousand inhabitants on development regions shows that the highest values, after Bucureşti-Ilfov (with a density of 48.56 SMEs/1000 inhabitants, comparable with the EU countries), are registered in the North – West and West regions, subject of our analyse. At the opposite poll, with very low density - fewer than 18 SMEs/1000 inhabitants are the North – East and South – East regions. As the following table shows, in 2007, towards the national average of 22.6 SMEs/1000 inhabitants, entrepreneurial spirit is more developed in the six counties from West and North/West regions, subject of our analyse, that register an average of 27.9 SMEs/1000 inhabitants, with higher values for the

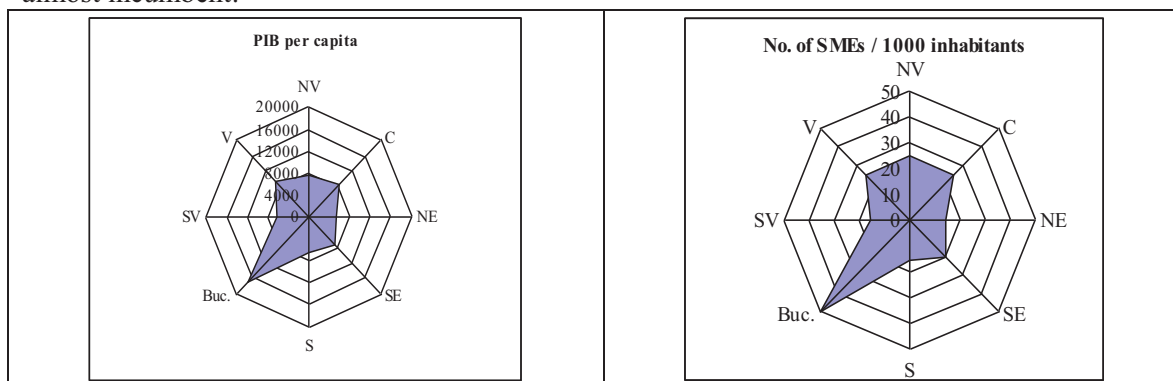
counties: Timiș (33.9%) and Bihor (30.3%) more attractive for investors, while counties like Arad (26.8%), Caraș-Severin (24.9%), Maramureș (24.5%), Satu Mare (22.1%) present comparative lower investing interest. Satu Mare County registered, as it can be noticed, the lowest density of SMEs at one thousand inhabitants. Remarkable, besides, is that the density of SMEs, both at national level and at the level of the analysed counties, is situated much under the European average which is 40 SMEs at one thousand inhabitants.

### Density of SMEs – Western Part of Romania, 2007

	No. of SMEs. (2007)	No. of inhabitants (1st July, 2006)	Density: no. of SMEs to 1000 inhabitants
MM	12628	515313	24.5
SM	8129	367677	22.1
BH	18010	594982	30.3
AR	12274	458487	26.8
TM	22394	660966	33.9
CS	8239	330517	24.9
Overall 6 counties	81674	2927942	27.9
Romania	487628	21584365	22.6

Source: Statistical Yearbook Romania, 2007 and authors' calculations, based on statistical data, Maramureș, Satu Mare, Bihor, Arad, Caraș-Severin, Timiș County Directorates of Statistics, 2007

As it is unanimous accepted, data prove at European level that there is a clear correlation between the density of SMEs and the level of economic growth reflected through GDP per capita. Analysing the development regions of Romania, this correlation can be enhanced like this: for Bucharest region, the emphasised entrepreneurial dynamic (49.9 SMEs at one thousand inhabitants) is correlated with a high level of GDP per capita (16760 euro), while for the North – West region the corresponsive values are 25.3 density SMEs at one thousand inhabitants and 7542 euros - GDP per capita, and for the West region : 24 density SMEs at one thousand inhabitants and 8917 euros GDP per capita. Practically, “the maps” of the two indicators are almost incumbent:



Source: Statistical Yearbook Romania, 2007

### Specialisation perspectives of the SME sector from the Western Part of Romania

In order to determinate the tendencies or the perspectives of specialisation in the six counties analysed, we calculated, for each county and then as a whole for the six counties cumulated, the coefficient of localisation (specialisation), as ratio between the percentage of the employed population in a specific area in the total of the employed population at the country's level. A value of the ratio bigger than 1 indicates the fact that the respective industry exports production outside the region; like this, an industry with a coefficient of localisation equal to 2 in case of a

particular region, it is estimated to retain half of its production for internal consumption of the region and to export the remained half.

### Primary data on employed population, absolute and per cent values – Western Part of Romania, 2007

Employed population 2007	Employed population in Romania		Employed population in Arad		Employed population in Bihor		Employed population in Caraş-Severin		Employed population in Maramures		Employed population in Satu Mare		Employed population in Timis		Employed population in the six counties	
	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)
Agriculture, forestry	2466	28,26	47,5	22,45	87	31,28	42	34,26	73,8	37,16	56,1	37,25	74,1	22,09	381	29,34
Industry, energy	1958	22,44	68,6	32,42	71,6	25,75	27,4	22,35	46,2	23,26	38,6	25,63	92,8	27,66	345	26,62
Construction	594,5	6,81	10	4,73	14,5	5,21	7,1	5,79	8,5	4,28	7,9	5,25	20,9	6,23	68,9	5,31
Commerce	1200	13,75	32,4	15,31	37,6	13,52	12,5	10,2	22,5	11,33	16,5	10,96	47,5	14,16	169	13,03
Hotels - restaurants	155,5	1,78	2,7	1,28	5,4	1,94	2,6	2,12	2,7	1,36	1,6	1,06	6,4	1,91	21,4	1,65
Other services	2352	26,95	50,4	23,82	62	22,29	31	25,29	44,9	22,61	29,9	19,85	93,8	27,96	312	24,06
TOTAL	8726	100	212	100	278	100	123	100	199	100	151	100	336	100	1297	100

Source: Statistical Yearbook Romania, 2007 and authors' calculations, based on statistical data, Maramureş, Satu Mare, Bihor, Arad, Caraş-Severin, Timiş County Directorates of Statistics, 2007

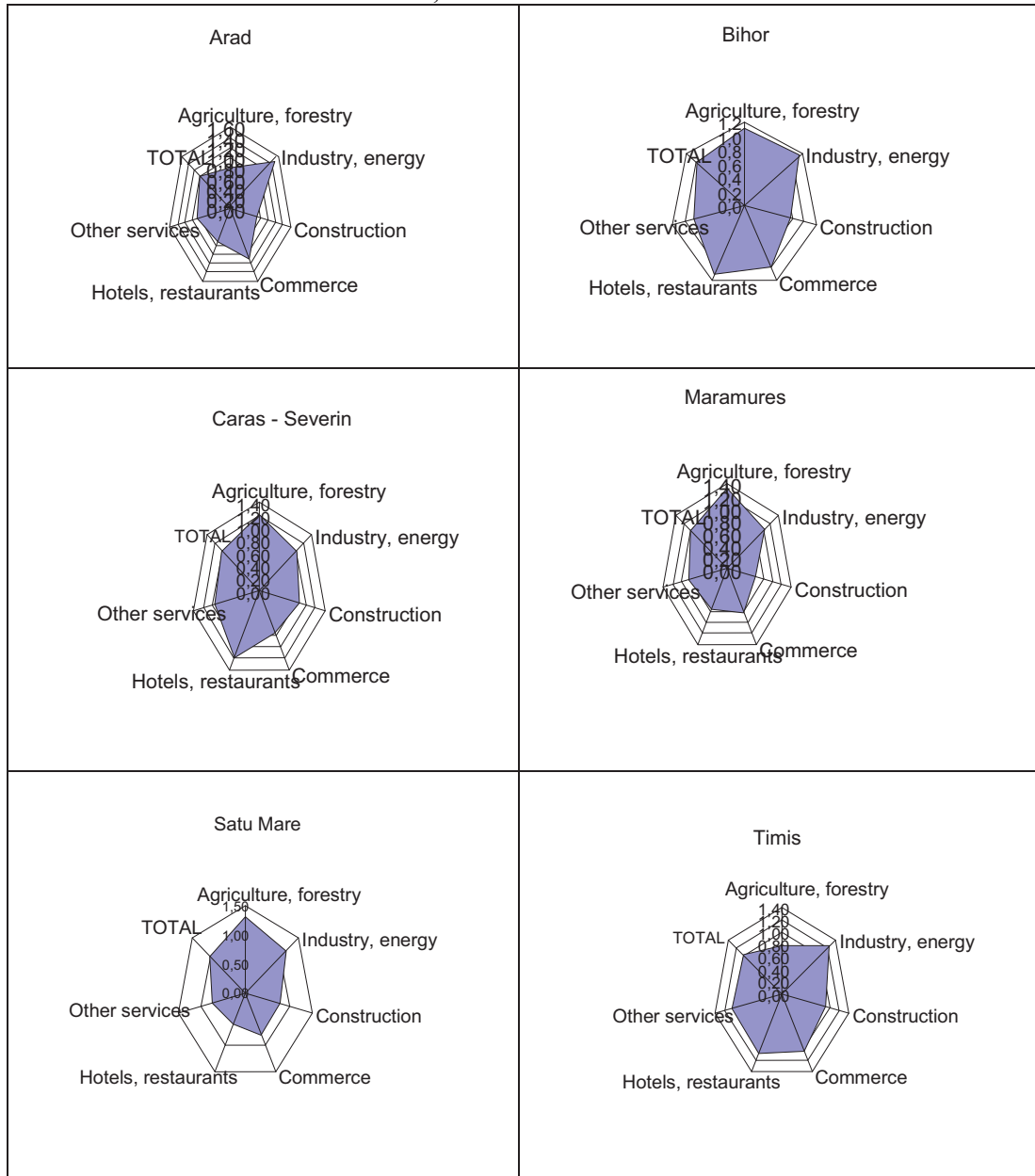
### Specialisation coefficients for the six counties analysed, separate and cumulated – Western Part of Romania, 2007

Specialisation coefficients for the six counties, separate and cumulated 2007	AR/RO	BH/RO	CS/RO	MM/RO	SM/RO	TM/RO	6 COUNTIES/RO
	Percentage (%)	Percentage (%)	Percentage (%)	Percentage (%)	Percentage (%)	Percentage (%)	Percentage (%)
Agriculture, forestry	0,79	1,11	1,21	1,32	1,32	0,78	1,04
Industry, energy	1,44	1,15	1	1,04	1,14	1,23	1,19
Construction	0,69	0,77	0,85	0,63	0,77	0,91	0,78
Commerce	1,11	0,98	0,74	0,82	0,8	1,03	0,95
Hotels - restaurants	0,72	1,09	1,19	0,76	0,6	1,07	0,93
Other services	0,88	0,83	0,94	0,84	0,74	1,04	0,89
TOTAL	1	1	1	1	1	1	1

Source: authors' calculations, based on statistical data, Maramureş, Satu Mare, Bihor, Arad, Caraş-Severin, Timiş County Directorates of Statistics, 2007

“The maps” of the coefficient of localisation (specialisation), as ratio between the percentage of the employed population in a specific area in the total of the employed population at the country’s level, for the six counties analysed from the Western Part of Romania, look as we can see below:

**“The maps” of the coefficient of localisation (specialisation), for the six counties analysed from the Western Part of Romania, 2007**



As it can be easily noticed, the specialisation tendencies enhanced by the over unitary specialisation coefficients, indicate the following situation on counties: Arad: industry-energy (1.44), commerce (1.11); Bihor: industry-energy (1.15), agriculture-forestry (1.11), hotels-restaurants (1.09); Caraş-Severin: agriculture -forestry (1.21), hotels - restaurants (1.19); Maramureş: agriculture – forestry (1.32), industry-energy (1.04); Satu Mare: agriculture -



forestry (1.32), industry-energy (1.14); Timiș: industry-energy (1.23), hotels-restaurants (1.07), commerce (1.04), other services (1.94); cumulated the 6 counties: industry-energy (1.19), agriculture-forestry (1.04). The great majority of the specialisation coefficients above are closer to value 1 than to value 2, with one exception: other services (1.94) for Timiș County, indicating that Timiș County exports services outside the county. Values slightly higher than 1 – for Arad - industry-energy (1.44), Satu Mare and Maramureș: agriculture-forestry (1.32), Timiș: industry-energy (1.23), Caraș-Severin: agriculture-forestry (1.21) show too, clear specialisation tendencies that must be known and stimulated. The lowest values of this indicator are met for Bihor county, fact that reveals an unsatisfying exploitation of this county's potential, and the necessity of stimulation a specialisation tendency here, by empowering the agriculture – forestry sector, respective hotels-restaurants sector.

***Which are the particularities of the SMEs sector from the Western Part of Romania concerning the evolution, density and specialisation tendencies?***

The above concise “*radiography*” of the SMEs sector from the six counties analysed from the West of Romania, leads us to the forthcoming preliminary conclusions:

1. From the quantitative perspective, ***the SMEs sector from the Western Part of Romania register the same general tendencies as the rest of Romania, with slight variations, in the good direction – of developing the sector, from a structural point of view.*** More exactly, in the West of Romania, it is registered an ascendant evolution between 2000 and 2007, according with the general evolution of the SMEs sector in Romania , the number of active SMEs from the 6 counties is up to 82,000. Among those, at the end of the year 2007, 89% are microenterprises 1% greater than the percentage of the microenterprises in the total number of SMEs at national level, alarmingly much, but over the percentage given at European level, of about 50%. Some variations towards the general existing tendencies at national level are registered at the structure of SMEs sector, with a slight percentage, but happily bigger, of agriculture-forestry – 3.66%, towards the national level – 2.88%, a sensitive predilection, but happily lower for commerce – services - 73.29%, towards 75.57% the national average, while construction sector is slightly better represented - 10.75% towards 9.41%, the same - industry and energy 12.31%, towards 12.2%.

2. ***From the perspective of SMEs density,*** at the end of the year 2007, towards the national average of 22.6 SMEs at 1000 inhabitants, the average density of the six counties analysed is with 5.3 SMEs at 1000 inhabitants bigger, the only county beyond the national average is Satu Mare, while Timiș and Bihor register values over 30, a ***positive signal concerning the entrepreneurial spirit that is more developed in the Western Part of Romania.***

3. ***From the perspective of the specialisation of the SMEs sector from the Western Part of Romania,*** the values of the coefficients of specialisation cumulated on the six counties are: industry-energy (1.19), agriculture-forestry (1.04) lead us to the happy conclusion that we do not find the commerce sector with a coefficient over 1 and therefore we conclude that there are ***shy specialisation tendencies of the SMEs sector from the Western Part of Romania in industry-energy and agriculture-forestry,*** trends that must be encouraged/increased through policies and specific national strategies at regional level, including the field of women entrepreneurship, regarding whom we will try to bring our contribution in our future researches.

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