

THE ROLE OF SMALL AND MEDIUM ENTERPRISES IN SUSTAINABLE DEVELOPMENT

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Abstract

The concept of sustainable development start from the fact that human civilization is a subsystem of the ecosphere that depends on material and energy flows, on its stability and its ability to self-regulation. By sustainable development aims to restore and maintain a rational balance, for long-term between economic development and integrity of the natural environment in forms understood and accepted by the whole society.

SMEs are becoming more presently in countries that apply the principles of sustainable development, they are increasingly applying new models of management, personalized, that addressing consumer segments, reduced in number, but demanding in their behaviors.

Keywords: *sustainable development, environment, equity, economic prosperity*

JEL classifications: *M40, M41*

1. Introduction

Society gradually developed from a traditional society to a modern society based on consumption. Promoting economic growth has led to a differentiated economic development with negative environmental impacts.

Government in partnership with the Ministry of Environment and Sustainable Development and the National Centre for Sustainable Development, in 2008, developed the National Strategy for Sustainable Development of Romania 2013-2020-2030. This strategy sets out the main directions of action for learning and applying the principles of sustainable development for the next period as [4]:

- correlating the objectives of inter - sectorial and regional development with potential and support capacity of natural capital;
- modernization of education and training systems, public health, taking into account the unfavorable demographic trends and their impact on the labor market;
- use of best available technologies, economically and environmentally;
- the introduction of eco - efficiency in all production activities or services;
- anticipation of climate change effects and developing long-term solutions;
- ensuring food security and safety by harnessing the benefits the development of agricultural production with increasing soil fertility, biodiversity and environmental protection;
- identify additional sources of funding in terms of sustainability for the development of large projects especially in the fields: infrastructure, energy, environment, food security, education, health, social services, protection and enhancement of the national heritage: cultural and natural.

2. SMEs and their importance

Small and medium enterprises (SMES) form the basis of the Romanian economy [5].

Small and medium enterprises are those enterprises which satisfy the following conditions: have an annual average number of employees less than 250, make an annual turnover equivalent to 50 million or annual balance sheet results not exceeding RON equivalent of EUR 43 million and respect the criterion of independence as defined in the law.

Small and medium enterprises are classified according to Law 346 updated according to the average annual number of employees and net annual turnover or total assets held by them in the following categories [1]:

- micro enterprises - have up to 9 employees and an annual net turnover or total assets of up to 2 million euros, equivalent in lei;
- small enterprises - were between 10 and 49 employees and an annual net turnover or total assets up to 10 million euros, equivalent in lei;
- medium-sized enterprises - have between 50 and 249 employees and an annual net turnover of up to EUR 50 million, equivalent in lei, or total assets not exceeding the equivalent in RON of 43 million EUR.

Highlighting the importance of SMEs in the XXI century economy does not mean underestimating the role of large enterprises. Economic reality, „demonstrate the existence of strong complementary relationship between large firms, on the one hand and SMEs on the other. An economy is more "healthy" and competitive, as it is present a equilibrate structure not only sectorial but also dimensional, obtaining the superior synergy effects" [2].

3. Sustainable development

"Sustainable development is: developments that satisfy the needs of the present, without compromising the possibility of future generations, to satisfy their own needs" [3].

Known three aspects of sustainable development:

- *economic* - a sustainable system, economically speaking, it must constantly produce goods and services, avoid extreme imbalances that affect agriculture or industry;
- *environment* - a sustainable environment system, maintain a stable level of resources, avoiding excessive exploitation of resources and with investment in adequate substitutes. It supports the conservation of biodiversity, atmospheric stability and keeping of ecosystem functions;
- *social* - a socially sustainable system should ensure an equitable distribution, adequate of social services: health, education etc., gender equality and accountability of them [3].

True sustainability, for every human intervention area is shown below.

Intervention in agriculture comes from the need to feed a growing continues population, and has high levels of consumption, depleting global reserves of the soil and the water. Current modalities of intensive exploitation, causes soil degradation, water pollution. They could be replaced by measures of soil regeneration, pest and efficient irrigation systems.

Energy production using fossil fuels has a negative impact on the environment, causing the greenhouse effect. Sustainable development requires investing the resources in the development and implementation of a non - fossil energy system, using wind, solar and biomass.

Because the global industry will grow in the future, it is necessary to the proper functioning of pollution control systems. All industrial sectors must be restructured, with reducing emissions and reuse of materials on all phases of the production cycle, so that we can speak of „industrial ecology" [3].

"There are necessary multilateral agreements and global finance for conservation of cross-border resources; management systems of national resource have to change their operating objectives from exploitation to conservation and obtaining of sustainable harvests" [3].

The main objectives of sustainable development according to the policies formulated at the European level are the following [3]:

- a. *environment protection*: protecting the earth's capacity to favor life in all its diversity, with taking into account the fact that natural resources are limited and ensuring a high level of protection and of improvement of the environment;
- b. *equity and social cohesion*: the promotion of a democratic society, social, of cohesion in safely conditions with respect for fundamental rights and cultural diversity, to equal opportunities and anti-discrimination;
- c. *the economic prosperity*: promoting a prosperous economy, competitive and economically efficient, offering a high standard of living standards and high-quality workforce;
- d. *international responsibilities*: encouraging the establishment and stability of democratic institution by protecting their, with an emphasis on peace, security and freedom.

Sustainable development means balanced and equitable economic development, social cohesion and inclusion, high environmental protection, a great responsibility towards nature.

4. The role of SMEs in sustainable development

The concept of sustainable development is based on three pillars: economic, social and environmental. In the process of sustainable development is necessary of balanced use of three types of capital: economic, social and natural. In this context appears the role of SMEs, they can be considered as generators and beneficiaries of sustainable development.

To identify the role of SMEs in the process of sustainable development we have taken several steps that lead us to what sustainability means. These stages are as follows [3]:

- identifying SMEs vision about sustainable development;
- develop business strategies with the inclusion of the essential aspects of sustainable development;
- internal communication on sustainable development issues;
- external communication with customers, suppliers, distributors, business partners, etc.;
- existence of codes of rules to be respected;
- the existence of partnerships for sustainable development;
- identify difficulties that may arise and knowledge of best practices on sustainable development.

Supporting SME development is a strategic decision that leads to encouraging sustainable development. Thus, the development of small and medium enterprises (SMEs) in manufacturing sectors to achieve higher quality products and with lower costs, according to market requirements, is a way to influence the development of industries.

Sustainable development through the involvement of SMEs can be achieved by supporting SMEs in the efficient use of resources and energy.

Respect for the environment, have the aim to help SMEs to minimize the impact their activities have on the environment, and facilitate compliance actually legislation.

In 2008, the Ministry for Small and Medium Enterprises, Trade, Tourism and Liberal Professions (MIMMCTPL) released Guidelines for Investment and Consulting - the main tools of entrepreneurs to access EU funds for SMEs [3].

This grant for sustainable entrepreneurship finances: productive investments and preparation for market competition of enterprises, especially SMEs. SMEs require projects for: the creation of new factories, and expansion of existing enterprises to increase production capacity, diversification, and acquisition of intangible assets. Intangible assets relates: software, patents, licenses, know-how, but also consulting and specialized training.

Also in 2008, the Ministry of Development, Public Works and Housing launched open call for projects "Regional Operational Program (ROP)" - "Sustainable development and tourism promotion," the intervention area "Creation, development, modernization of tourism infrastructure for exploitation of natural resources and improve the quality of tourism services". This intervention area target: developing natural landmarks, capitalization of mountain tourism potential by building the necessary infrastructure, developing health tourism; rehabilitation, modernization and expansion of accommodation structures and a related utilities; creation, rehabilitation and expansion of recreational infrastructure, including related utilities [3].

Rural Development Fund aimed at improving the competitiveness of agriculture and forestry, environmental protection and the rural areas, improving quality of life and diversification of the rural economy.

Sustainable development requires and rural development involving:

- improving the competitiveness of agriculture and forestry;
- improving the quality of life in rural areas;
- building local units to create jobs.

Sustainable development requires the existence of economies based on purpose instead of economies based size.

For as society to be able to have a sustainable development is necessary as all its components to contribute to it. Ensuring sustainable business requires a restructuring of them to new criteria. Should be developed and implemented strategies focused on human resource, which must be placed at the heart of enterprise.

Conclusions

Sustainable development aims to remedy social inequities and environmental damage while maintaining a solid economic base.

SMEs play an important role in supporting sustainable development through their ability to create and maintain many jobs.

SME development is directly related to the ensemble of all a country's economy, the development of enterprises in general. Their future, sustainable development depends on connections that SMEs can initiate and maintain with various stakeholders: providers, consumers, schools and research, banks, government agencies and non-governmental organizations.

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