DEVELOPMENT STRATEGY FOR THE ECONOMICAL ACTIVITY OF SMEs DURING CRISSES SITUATION

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Abstract:
The Small and medium enterprises bring a significant contribution in what concerns competitiveness, research, innovation, employment as well as the solution to particular problems. We should strive to develop a dynamic and competitive SME sector, which will contribute to economic growth, employment and reduction of poverty.

Strategy is the direction and scope of the organisation over the long term, which achieves advantage in a changing environment through its configuration of resources with the aim of fulfilling stakeholder expectations. Strategic decisions are made under conditions of complexity and uncertainty; they have wide impact on the organisation and often lead major change. There are several reasons why a business should give serious consideration to establishing a clear concept of its corporate mission and values.

Actually, the crisis accompanied permanently the Romanian economy during the past half of the century. Currently again a period of crisis has fallen over the Romanian economy. Every time the causes have been analyzed by the economists yet the necessary actions were never taken or finalized, which is even more serious due to the fact that any change triggers investments.

Keywords: SMEs, strategy, the crisis, causes

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1. Introducerea și contextul studiului

An organization's work environment and culture are elements that tend to interpenetrate and influence each other. Specifically, we know from practice that they are organizations, although companies seemingly identical, in terms of the organization system and the services they offer, have completely different attitudes towards their own employees, towards customers and to their own suppliers of goods and services. All these differentiations that exist between two relatively identical companies are what we could call the organizational culture of these organizations. Organizational culture is basically that set of defining elements that outline the difference between one organization and another and that gives them a personal personality. There are those elements that make a particular employee choose between themselves, opt for a particular organization.

The economic crisis is a period of economic decline, it can have many causes, as such it appears in the world time of capitalist crisis due to overproduction., which within 1929-1933 was characterised by a dramatic drop in the entire words economical activity. But these crises appeared even in socialist countries, the main cause is probably polarization of a small group of those who have money, the rest of the population especialy those from the third world being poor, thus reducing the product market.

2. Development strategy for SMEs

One of the matters that make the subject for the actual debates is referring to the future of the national economy, in a world which is in an accelerate process of globalization. Actually it is about the transit from the national economy to the global economy, as a homogenous world space, where the national economies are dissolved and the fundament of which incorporates a diversity of
positions because on the global plan the firms and not the states enter in the competition, and the organization of the global economy is determined by the “industries” dynamics and by the companies’ effort to create themselves competitive advantages.

The businesses’ internationalization and mostly, the internationalization of the small– and medium size enterprises, arouses a big interest in the academic and businesses environments from Europe and on world plan, when the transformations from the economy of the beginning of the XXI century tend to bring the small– and medium size enterprises in the close-up view of the economical development, conferring them a new status.

There is a variety of factors that impels the creation, development and inclusively the internationalization of the small– and medium size enterprises, considered to be or not specific for the economy based on knowledge. Between these, at least the followings should be taken into consideration:

- The small number of components, the tangible dimensions of the tangible assets, the smaller complexity of the activities, the flexible structure makes easier the situation in the close-up view of the preoccupations, decisions and actions of the knowledge’s resource;

- The entrepreneur spirit, the elevated degree of cohesion, the flexibility and the organizational dynamism are to be found traditionally in the small– and medium size enterprises, being in the same time characteristic for the economy and the firm based on knowledge;

- The increase of the preparation level of the population and his new economical-social structure, with the development of the entrepreneur spirit, so the increase of the population’s proportion that can initiate and develop entrepreneurial activities, will determine the interest’s amplification and the real preoccupation of the population in this direction.

- The technical and technological changes, such the diminution of the equipments and technologies complexity, the increase of their performances, the modularization of the technical activities, the technical standardization, the proliferation of the telecommunications, etc., determine the diminution of the investment, technical and human efforts, necessary to develop a small – or a medium size enterprise. From the category of technical and technological changes, the most remarkable is the informatization of economy, with a special impact over the small– and medium size enterprises developments, if the access to information increases substantially, with reduced costs, then the communications with the business environment are facilitated and amplified, the informational decalages between the small - and large-scale enterprises are considerably diminished;

- We have to mention, as factor that manifests in a special manner in the countries of the European Union, the outlining of the approaches and politics of regional and local development, for the elimination of the decalages between the regions of a country or between countries. The regional and local developments are especially centered on the support of the small – and medium size enterprises.

Regarding the motivations of the internationalization of the small– and medium size enterprises, the specialty literature associates them the two big categories of devoted motivations, the reactive type and proactive type:

- The reactive motivations are those that response to the pressures from the businesses environment, such as: concurrence pressure, the diminution of sales on internal plan, the capacity excess in rapport with the sales possibilities on internal plan, the supra production determined by the conjectural factors, the accessibility of some foreign markets, etc.;

- The second category of motivations grounds the voluntary engagement of the firm on international plan for the capitalization of some competitive advantages, such as: the access to the material and financial resources abroad, the reduction of costs by capitalization of the economical advantages or of commercial policy from the foreign countries or by the increase of the production scale, the capitalization of the technological progress hold by some domains, the orientation to the external market of the management, etc.
For the small- and medium size enterprises, the accent is on the motivation of type proactive, and especially on the managerial implication.

It is signaled a series of special modifications in the typology and the sector’s structure of the small – and medium size enterprises, that have a stronger international dimension – it is about enterprises from rush sectors of the economy, virtual enterprises, the enterprises integrated in the chain of added value of some large-scale enterprises, in networks of enterprises or clusters that arouse a rising interest in the specialty literature.

In the case of the European Union, a special attention was conferred to the following types of small- and medium size enterprises: small – and medium size enterprises from the rush and medium technical sectors that have affinities by the nature of the businesses deployed with Internet and the new evolutions of the market; the small- and medium size enterprises that exploit the opportunities offered by the electronic commerce, especially in the services sector – sometimes named cyber-firms; the small- and medium size enterprises integrated in the chains of added value of the big companies which are forced to innovate under the pressure of the main clients.

Thereby, concerning the internationalization strategies that should be implemented also by the Romanian small- and medium size enterprises, it is traditionally recognized the influence of some factors as: firm’s characteristics, businesses environment or the way they conceive the development on international level:
- Concerning the firm’s specific, traditionally it is considered that the medium size enterprises internationalize easier than the small firms and the firms with longer experience in business are able to promote an internationalization strategy towards the firms new founded.
- Strategies associated especially to the small – and medium size enterprises related to the environment characteristics, when an accentuate competition on the internal market and a rapid change rhythm in their activity domain can be associated with the orientation to the international market- between them it should be mentioned the niche’s strategy, which presupposes their concentration on the products and services for which it is disposed competitive advantages as a result of their capacity of innovation, adaptability and personalization of the production in connection with the request exigencies;
- A significant delimitation in comparison with the new evolutions is that relating to the firms’ action way, strategies of competitive type, independent or cooperative being pointed out, in collaboration with other firms. Traditionally, it is recommended that the small – and medium size enterprises to resort to competitive strategies, that can be proved as an efficient way of commercialization of the products from the external markets and of exceeding of the handicap related to the available resources.

The Romanian industry operates already in an open and competitive environment. There is a series of measures that can facilitate the SME’s competitiveness maintenance in order to operate in continuation on the autochthonous market more competitive and more and more important, even sometimes it is unrealistic neglected.

3. The crisis of Romanian Economy

The current situation of the Romanian economy is the result of the combined action of several forces. First of all it is essential to try to situate the worlds economic system, bit also to analyze the recent past and the causes that have placed Romania in stage it is in at the moment.

The origin of this crisis was in the financial sector and quickly contaminated the world economy, being the result of a combination of factors that acted simultaneously, namely: the accumulation of balance of payments imbalances in many countries (chronic deficits / surpluses) and a global volume. excessive credit in relation to the dynamics of the real economy, a phenomenon achieved by massively relaxing the creditworthiness standards of debtors.
Romania's economic growth was achieved on principles that did not ensure further development, such as investments in infrastructure or production bases. All this was compounded by government populism in the 2008 election year, which raised state spending, reaching a record deficit. The 2009 presidential election and a long series of controversial decisions, many of them political, made it impossible to resort to external borrowing or austerity measures, all of which were postponed to 2010.

Romania's economy was severely affected in the difficult years of the crisis, the exit from that shadow cone being found only between 2013-2015. Paradoxically, however, is the fact that in 2015 a GDP was obtained by 200 billion lei higher than in 2008, with the active population by 800,000 people lower, with the number of employees by 2.8 million people less and the currency significantly depreciated against major currencies.

The difference between the 1929 crisis and the 2008 crisis is the Internet, mobile phones and technological systems, in short the acceleration of general development, lifestyle and information transmission, the effects of the crisis spreading much faster. Most people suffer during these periods, but there are also some who benefit from them and "use" them to prosper. People who have resources can achieve in a short time what they cannot do for a long time in a prosperous economy.

The standard of living of about 400,000 Romanians suffered a year after the crisis in the United States, throwing them below the threshold of absolute poverty. In 2016, ie one year after the recovery of the Romanian economy, several hundred thousand Romanians fell into this category. In total, the economic crisis of 2008 threw at least 1,000,000 Romanians into severe poverty. As expected, the most affected by the impoverishment phenomenon were farmers, the unemployed, the maintenance of families with children, especially those with three or more minors, housewives, those living in eastern and southern Romania, especially those in rural areas and from small towns.

One of the biggest disadvantages felt in Romania is the “braindrain” effect, which means the migration of young schoolchildren and intellectually developed in Romanian education systems, in other countries, due to low salaries and lack of jobs related to their training.

The financial crisis that began in the fall of 2008 would bring Romania a brutal economic downturn, of 5.5% in 2009 (from an increase of 9.1% a year earlier) and 3.9% in 2010. In order to be able to estimate the economic evolution after the end of the Coronavirus pandemic, we must analyze the changes that will take place in society. Without pretending to exhaust them we try to identify the most predictable:

**Health and consumption**

Social distancing measures, absolutely necessary, have a negative impact on the economy - production capacities are closed, value chains are interrupted, people no longer go to work, etc. so in the first phase we were talking about a massive reduction in supply.

In the second phase, there is an effect of reducing demand due to the reduction of the population's income but also due to the increase in savings due to precautionary conditions in conditions of uncertainty. [2]

It thus enters a vicious circle in which the initial contraction of supply leads to the contraction of demand which again leads to a shock of supply reduction. What governs supply and demand is fear, dread. Both consumers and businesses are marked in their actions by fear. The global recession is inevitable.

At this stage, measures are needed to limit the spread of the virus, which leads to a massive contraction of supply and demand and finally economic activity. So the measures taken by governments should not stimulate economic activity but be focused on job retention.

However, it is obvious that not all companies are affected equally and therefore the measures must be oriented on areas of activity and the size of the company. We must point out that the measures must be thought of in the light of the way in which the request is made.

Thus part of the demand is not affected or even increases:
- Demand for food and basic goods, because people make supplies;
- Demand for communication services;
- Public sector employees whose income is not affected.

For these companies there is no need for financial aid but only for the fluidization of the supply at logistical level.

Another part of the demand is probably just postponed - we are talking about the purchase of durable goods, furniture, cars, appliances, and companies in the field will gradually recover from the resumption of activity. These companies need loans to ensure cash flow during closing periods. However, another part of the demand is lost during the economic downturn and even for a while after that. These are transport services, tourism, hotels, restaurants, cafes that require state aid to allow them to survive to a minimum necessary during the downturn.

To these support measures is added the pressure on the budget attracted by the return to the country of millions of migrants who have lost their jobs or worked illegally and do not benefit from the support measures in the host countries. They need to be integrated into income-generating activities that can take place during this period, such as agriculture, construction or the support provided by the authorities to high-risk categories - the elderly, single-parent families, people with disabilities.

In stage one, the fiscal-budgetary policy is the one that should be used mainly because the priority is to keep jobs and ensure a minimum income so that the effects of the pandemic do not add to an escalation of crime. This can be done through state aid, subsidies, state guarantees, tax and tax deductions, support with public resources for technical unemployment.

Conclusion

At a general level, the passage from the internationalization to economical life globalization – one of the defining characteristics of the evolution of the businesses environment at world scale in the second half of the XX century – has a great influence over the small– and medium size enterprises and over their internationalization. The influence is mixed, both negative, by the superior concurrence, the increase of the turbulence of the businesses environment, and positive, facilitating the access at new markets of provision and sale, the acceleration of the know-how transfer, the access at new technologies, partnerships and strategic alliances at international level, etc.

Let's see now what could be the risk factors that could hinder their effectiveness.

1. Budget deficit

Economists forecast, in the case of Romania, a steep economic downturn in 2020 (not the size of 2009, however - but we are only at the beginning), of 0.9%, from an increase of 4.1% in 2019, and a budget deficit of over 5% of GDP.

Romania’s targets, before the sudden onset of this crisis, were economic growth for 2020 of 4.1% and a budget deficit declining from 4.6% of GDP in 2019 to 3.6% of GDP this year.

Reductions in terms of economic growth and increasing budget deficits are foreseen for all Central and Eastern European countries. But the peculiarities of each country will require different responses to the crisis.

For example, Poland, which had a deficit of less than 1% of GDP in 2019 and planned a zero deficit for 2020, will have no problem moving to a deficit of 4% of GDP. Romania, with a deficit of 4.6% in 2019, has in this case a narrow fiscal space. [3,4]

2. The waiting time from the end of the pandemic to the resumption of activity at levels comparable to the beginning of 2020.
This time is primarily due to the fact that a crisis was preparing and it also exploded with the coronavirus epidemic but last but not least to the dysfunctions of the global economy model that cause more and more inequalities.

3. The situation of the Romanian business environment that makes it fragile and vulnerable to change.

The European Commission on Friday adopted a temporary framework to allow Member States to use all the flexibility provided by state aid rules to support the economy in the context of the COVID-19 epidemic. Together with many other support measures that Member States can use in accordance with existing State aid rules, the temporary framework allows Member States to ensure that enterprises of all types continue to have sufficient liquidity and to maintain the continuity of economic activity, both during and after the COVID-19 epidemic. [3,4,5]

- direct grants, selective tax advantages and advance payments: Member States will be able to set up schemes to provide funding of up to EUR 800 000 to a company to meet its urgent liquidity needs;
- State guarantees for business loans from banks: Member States will be able to provide state guarantees to ensure that banks continue to provide loans to customers who need them;
- subsidized public loans for enterprises: Member States will be able to grant loans at favorable interest rates to enterprises. These loans can help businesses cover the immediate needs of both working capital and investment;
- guarantees for banks directing state aid to the real economy: some Member States intend to build on banks’ existing lending capacity and use them as a support channel for enterprises, especially small and medium-sized enterprises.
- short-term export credit insurance: the framework introduces additional flexibility on how to demonstrate that certain countries present uninsurable risks on the private market, thus allowing the state to provide, when necessary, export credit insurance. short term.

Given the limited size of the EU budget, the main answer will come from the national budgets of the Member States. More than ever it takes a STRATEGY to get Romania out of the seemingly perpetual crisis it is in.

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