Romania's integration in the European Union and the absorption of structural funds

Integrarea Romaniei în Uniunea Europeană şi absorbţia fondurilor structurale

Professor Ovidiu NICOLESCU, Ph.D.
The Bucharest Academy of Economic Studies, Romania
e-mail: nicolescuo@gmail.com
Sebastian CEPTUREANU
The Bucharest Academy of Economic Studies, Romania
e-mail: ceptureanu@yahoo.com

Abstract

Romania's integration in European Union brought both advantages and disadvantages for local entrepreneurs. The current paper presents the results of a comprehensive study regarding several thousand Romanian SMEs on an important issue: absorption of structural funds

Keywords: *structural funds, SME, European Union*

Rezumat

Integrarea Romaniei in Uniunea Europeana a adus atat avantaje cat si dezavantaje intreprinzatorilor romani. Prezenta lucrare prezinta rezultatele unui studiu complex efectuat pe cateva mii de IMM-uri autohtone asupra unui aspect important : absorbtia fondurilor structurale

Cuvinte-cheie: *fonduri structurale, IMM, Uniunea Europeană*

JEL Classification: F21, F36, L74, L25, L26

Entrepreneurs' perceptions regarding the implications of Romania's integration in the EU on economy and SMEs

Concerning the implications of Romania's recent integration in the European Union, the results of the research reveal that 46.67% of the SMEs consider that the European integration represents a major opportunity for the undertaken activities, 44.34% of the entrepreneurs appreciate that the accession does not represent a significant influence, and 9.18% of the companies perceive it as a major threat. Thus, one can appreciate that Romania's integration in the EU is generally perceived as positive by SMEs' entrepreneurs/managers, regardless of all the inherent difficulties generated by the rising up to the European standards and requirements. See figure 1.

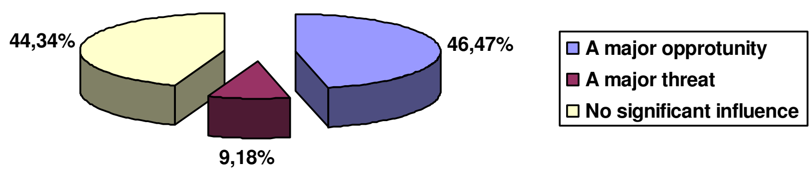

Figure 1. Perception structure of the effects Romania's integration into the EU may cause to SMEs

In terms of the SMEs size (table 1), one can notice that the integration in the EU is considered a major opportunity in the largest proportion by the small companies (51.39%) and in the smallest proportion by the micro enterprises (43.62%). Micro enterprises also hold the highest weights of SMEs considering that Romania's integration has no significant influence on the undertaken activities (45.85%) and considering it a major threat (10,53%). Medium sized enterprises register a lower weight of firms considering the integration a major threat (4.59%), situation explained by their higher economical potential, that gives a greater stability against the exogenous factors.

Differences in perceiving the effects of Romania's integration in the EU by SMEs size classes

Table 1

No.	Integration in EU is considered as:	Size classes		
		Micro enterprises	Small enterprises	Medium enterprises
1	A major opportunity	43.62%	51.39%	51.38%
2	A major threat	10.53%	7.29%	4.59%
3	No significant influence	45.85%	41.32%	44.04%

In terms of the SMEs fields of activity, one can notice the following establishments:

- enterprises in which Romania's integration in the EU is considered as a major opportunity for their activities register the highest proportion in constructions (61.54%) and the lowest in the tourism (39,39%) and transportation (39,23%) ;
- the SMEs that consider the European integration to have no significant impact on the undertaken activity include the largest proportion in the field of trade business (52.94%) and the smallest in constructions (34.62%);
- as for the perception that Romania's integration in the EU is a major threat, the largest weight belongs to SMEs in transportation (12.22%) and tourism (12.12%), and

the lowest one belongs to companies that operate within constructions (3.85%).

See table 2 for further details.

Differences in perceiving the effects of Romania’s integration in the EU by fields of activity

Table 2

No.	Integration in EU is considered as:	Fields of activity					
		Industry	Constructions	Trade	Tourism	Transportation	Services
1	A major opportunity	45.74%	61.54%	41.91%	39.39%	39.23%	53.91%
2	A major threat	10.64%	3.85%	5.15%	12.12%	12.22%	7.55%
3	No significant influence	43.62%	34.62%	52.94%	48.48%	48.55%	38.54%

SMEs information level on the new regulations that have been introduced after Romania’s integration in the European Union

Considering the fact that after Romania’s integration in European Union a few hundreds of legal acts entered into force and that a major part of them regulate entrepreneurs’ obligations (regarding competitiveness, consumers’ protection, work relations, health and security at work, environmental protection, etc.), it is very important to know the level of information inside the Romanian SMEs on the regulations introduced after January 1st 2007. The results of the research show that *76.49% of SMEs level of information* regarding the new regulations *is medium* (partial information) and in only *15.80% of the companies there is a proper level of information* (complete information), which reveals the fact that enforcing the legislation that transposes the "acquis communautaire" poses difficulties to the business environment. See figure 2.

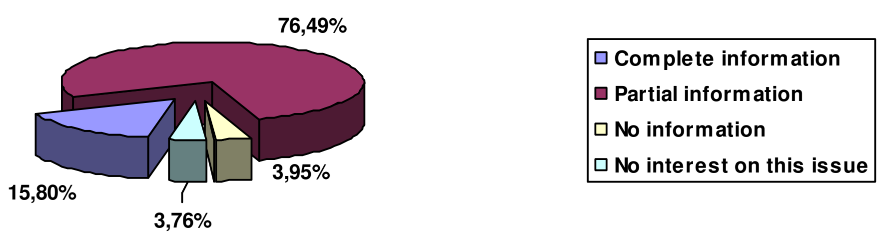

Figure 2. SMEs information level on the new regulations Introduced after Romania’s integration in EU

The analysis of the companies by size (see table 3), shows that: the weight in which the entrepreneurs/decision makers of the SMEs are fully informed regarding the new regulations increases at the same time with the size of the enterprises. Also the weight of SMEs that show no interest or hold no information about the new regulations decreases at the same time with the enterprises' size. As for the companies with a medium level of information, micro enterprises hold the lowest weight (75.54%), while small sized enterprises hold the highest weight (78,47%).

Differences at the information level on the new regulations introduced after Romania's integration to the EU, by SMEs' size classes

Table 3

No.	Level of Information:	Size Classes		
		Micro-enterprises	Small Enterprises	Medium Enterprises
1	Complete information	14.46%	16.79%	20.56%
2	Partial information	75.54%	78.47%	77.57%
3	No information	5.08%	2.55%	0.93%
4	No interest on this issue	4.92%	2.19%	0.93%

The examination of the companies according to *the field of activity* points out the following aspects: the enterprises in services hold the highest weight of companies in which the level of information is very high (20,43%), but register a lower percentage of SMEs in which the level of information is medium (74.19%). The companies in trade business have the highest percentage of partially informed enterprises (81.68%) and not interested on the issue enterprises (6.11%), but also the lowest weight of enterprises with a high level of information (9,92%). The SMEs in constructions register no enterprises in which there is no information or which show no interest on this issue, and the SMEs in tourism register no enterprises with information gaps. See table 4 for further details.

Differences at the information level on the new regulations introduced after Romania's integration to the EU, by SMEs' fields of activity

Table 4

No.	Level of Information:	Fields of activity					
		Industry	Constructions	Trade	Tourism	Transportation	Services
1	Complete information	15.68%	18.52%	9.92%	18.18%	12.07%	20.43%
2	Partial information	76.22%	81.48%	81.68%	78.79%	76.55%	74.19%
3	No information	4.86%	0.00%	2.29%	0.00%	6.21%	2.96%
4	No interest on this issue	3.24%	0.00%	6.11%	3.03%	5.17%	2.42%

The positive impact on SMEs activity due to Romania's integration in the European Union

Besides the difficulties inherent to the lining up to European standards process, Romania's EU integration will have a positive influence in the next few years on the activities of a considerable number of SMEs. The results of the research show that the factors generated by the European integration with the largest positive impact on the SMEs in our country are: better access to markets (pointed out in 43.47% of the firms), the existence of better potential suppliers and/or cheaper suppliers (38,54%), improved legislation and regulations (35.35%), access to structural funds (32.64%), easier access to new technologies (28,34%), correct public acquisition procedures (12.82%) and a better co-operation for innovation (12.02%). See figure 3.

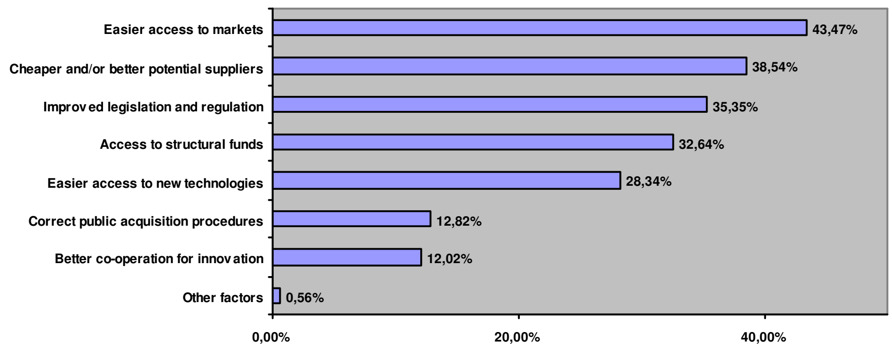

Figure 3. Positive effects of the EU integration on Romanian SMEs

The analysis of the companies by size classes (see table 5), shows the following: the companies' weight that indicates better access to new technologies, better co-operation for innovation, correct public acquisition procedures and access to structural funds increases proportionally to the size of the SMEs. In terms of easier access to new markets and improved legislation the micro enterprises hold a higher weight, while the small enterprises register a lower percentage.

Positive effects of the EU integration on Romanian SMEs by size classes

Table 5

No.	**Positive Effects of the EU Integration on Romania:**	**Size classes**		
		Micro enterprises	**Small enterprises**	**Medium enterprises**
1	Better access to markets	45.13%	39.70%	43.22%
2	Improved legislation and regulations	36.63%	31.21%	36.44%
3	Cheaper and/or better potential suppliers	36.38%	43.03%	39.83%
4	Better co-operation for innovation	11.75%	11.82%	14.41%

No.	Positive Effects of the EU Integration on Romania:	Size classes		
		Micro enterprises	Small enterprises	Medium enterprises
5	Easier access to new technologies	23.13%	34.55%	44.92%
6	Correct public acquisition procedures	10.38%	15.15%	22.88%
7	Access to structural funds	28.88%	37.27%	46.61%

Taking into account the positive effects by the SMEs' fields of activity**,** one can notice that the highest weights are hold by: organizations operating in transportation, regarding the better access to new markets (48,93%), and the existence of cheaper/better suppliers (50,27%); SMEs from tourism, if we refer to improved legislation/regulations (47.37%), the access to structural funds (44.74%) and better co-operation for innovation (23.68%); companies from constructions, if we consider the better access to new technologies (38,71%) and correct public acquisition procedures (35.48%). See table 4.6 for further details.

Positive effects of the EU integration on Romanian SMEs by fields of activity

Table 6

No.	Positive impact:	Fields of activity					
		Industry	Constructions	Trade	Tourism	Transportation	Services
1	Easier access to new markets	43.56%	19.35%	33.75%	28.95%	48.93%	45.33%
2	Improved legislation and regulations	31.56%	38.71%	36.25%	47.37%	27.01%	42.99%
3	Cheaper and/or better potential suppliers	31.11%	41.94%	40.63%	39.47%	50.27%	31.07%
4	Better co-operation for innovation	8.89%	12.90%	13.13%	23.68%	10.70%	13.32%
5	Easier access to new technologies	35.11%	38.71%	23.75%	28.95%	23.80%	29.67%
6	Correct public acquisition procedures	12.44%	35.48%	15.00%	7.89%	9.63%	13.79%
7	Access to structural funds	38.22%	38.71%	30.00%	44.74%	32.09%	29.67%

Conclusions

- Romania's EU integration is perceived as a major opportunity by 46.47% of SMEs, wihout having a significant influence on the undertaken activities by 44.34% of the companies and as a major threat by 9,18%of enterprises
- The SMEs that consider the integration in the European Uniion as a major opportunity for the undertaken activities, register a higher frquency among the companies with less than 5 years of experience (49,25%), companies from South West (68,18%), small enterprises (51.39%), economic agents with other forms of juridical status (60,32%) and enterprises in the constructions sector (61.54%)
- The level of information related to the regulations introduced after Romania's EU integration is high (complete information) in 15.80% of the SMEs and medium (partial information) in 76.49% of the companies
- The economic units with a higher level of information are frequently among SMEs with more than 10-15 years of experience (18,45%), companies from South West (21.88%), medium sized enterprises (20,56%), Joint Stock Companies (22.45%) and firms activating in services (20,43%).

References

Nicolescu O., Maniu A.I., Nicolescu C., Anghel F.,(2008) *White Chart of SMEs*, Olimp Publishing House, Bucharest

Nicolescu O.,(2008) *SMEs Management*, fourth edition, Economic Publishing House, Bucharest