

Managing The Process Of European Integration Of Small And Average-Sized Companies In Today's Economy

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Abstract:

The increasing complexity of economic activities, the fast-paced, never-ending change in requirements and objectives, as well as the lack of stability in time of the processes determined by the globalization, have led to the necessity to set new ways of approaching the development of small and average-sized companies.

Therefore the innovations, the knowledge, the information and other results of intellectual activity have become not just fundamental, but also dominant factors in the economic development of the modern society, as putting them to good use has become the main function of management.

Keywords:

Management, economy, team

JEL Codes: K0, K10

Introduction:

Economic integration nowadays requires profound scientific and practical research in order to approach the systems of effectively using the potential of development of small and average-sized companies in Vaslui County. This tendency brings forth supplementary points to sustain the elaboration of a new management paradigm as the knowledge-based economy is turning into a fundamental economic factor.

It is interesting to examine the process of innovation as part of the new theories of economic integration, as an endogenous, dominant economic factor, as it concerns the development of small and average-sized companies up to the present day's stage.

A feature of the progress recorded in the management of companies on an international level is the mutation caused by the globalization of economic activities, upgrades in production technologies, the outburst of knowledge and the high competition.

Basic Contents:

The new outline of economic relations, i.e. of interests, implicitly leads to competition and it is relies on it.

There are, obviously, more and more plans on which economic agents in various fields are competing, hence concerning a large scale of domains and specialized tools. The competition spans over all the phases of the re-production process, over all the stages undergone by the product on its way from the maker to the customer, from concept and design up to its creation, sale and follow-up in consume. Thus the competition is concerned both with cuts in research-design-production expenses per item, and with the variations of sale prices according to the demand-supply ratio.

Modern market economy requires the economic agents to promote – alongside their competition – a strategy of production with a great capacity of adapting itself to the demands of the market, as well as a certain elasticity of the prices, which should enable a clear ranking, so that the producers could make more profit. Beforehand one must take into account the need to provide enough resources and the concrete capacity of offering technical/material supplies to all the companies, no matter what type of property they may fall into. If they do not meet these requirements and there is a hold on production capacity, then the competition, the modernization and the quality are out of question. In such conditions, the beneficiary will have to buy whatever they find available, will have no choice and will come by no alternatives to cover their needs. When one is desperately seeking resources, with no certainties for the future, the effect will be de-motivating as to any initiative of enterprise.

It so stands out that market economy assumes a generalized competition in all fields and branches, in all processes of social re-production (research, production, distribution, exchange and consume), not only the kind of competition that is limited to the payment and is undergone with the specific means of the market, because modern market economy has got a strong integrating role, visible both in the re-production processes forcing their way through, and in the meeting of its multiple means and tools, used in the progress of the competition.

The factors presented above are the ones that help create the environment for an enterprise. At the same time, small and average-sized companies encounter many problems, as in making the final products, in advertising – due to high costs -, and in training or specializing personnel. As it is the case with solving other situations: the high tax-level, which may bring the development of small and average-sized companies down to a halt, and the worst scenario is financing these companies' business by loan. The businessman must be aware of the fact that the size of the company and the market strength are not essential conditions for an effective program of promotion. Thus it is fundamental to establish a set of measures so as to encourage and maintain the success of small and average-sized companies.

From the government it is expected to make a quick decision to support the business, because the limiting and deterring of small and average-sized companies from their development parameters may lead to their turning into an obsolete, secondary element, in the context of the big picture of national re-production. Cutting off the role and functions of the market within the general mechanism of national economy, especially by extra-economic means and tools, has brought along serious malfunctions and distortions between branches, sub-branches, and economic companies.

Table 1. Classification of companies according to their personnel (number)
(based on the experience of developed countries)

No.	Country	Small companies	Average-sized companies
1	Canada	5-49	50-199
2	Denmark	max. 50	max. 500
3	France	max. 50	max. 500
4	Germany	max. 50	max. 500
5	Greece	max. 50	max. 500
6	Ireland	max. 50	max. 500
7	Italy	20-49	50-99
8	Japan	5-20	max. 300
9	Norway	1-20	21-100
10	U.S.A.	1-100	100-500
11	Romania	1-49	50-199

Drawn from the data found in the bibliographical sources

In any economy, the market has a great role and important regulating functions, as a result of internal laws determined by variable factors and conditions of great complexity and strictly objective nature. Any artificial, forced intervention, which intends to change the course of development of the internal processes of the market, against their normal direction, is rejected by the real economic practice, proving to be in-operative or, if dealt with under great pressure, it may render that objective phenomenon artificial.

Analyzing previous experiences and the present-day concepts concerning the adaptation of production units to modern economy, it cannot be stated with certainty that large markets favour big companies. One cannot infer anything concrete as to the role of small or new companies in developing the economy, either. So far the analyses show that large markets in full development provide great opportunities for new and small companies, and they are also a vital component for a better quality of life.

Such concerns have led to a great variety of programs developed by the European Union. This large, standardized market, is going to offer a substantial advantage to the big companies, seriously endangering the small ones.

There are some advantages in the functioning of small and average-sized companies:

- the management team is smaller, which makes it more operative;
- they contribute to the technical and scientific progress in implementing advanced innovations and technologies in the process of production;
- they help form new professional, team relationships, which make an intermediate group of managers;
- the important investments are more efficiently put to use by small and average-sized business enterprising companies.

All along the evolution of Romanian enterprises, small and average-sized companies have undergone various stages of development, with different economic and financial results, taking national economy to another level of quality and quantity.

The SWOT Analysis Of The Business Environment Of Small And Average-Sized Companies In Vaslui County

Strong points

- the average work productivity per annum in 2011 was of 114.1 thousand lei/employee (close to the regional average of 118.4 thousand lei/employee);
- the existence of active traditional local units (e g Vascar, Rulmenți S A, Ulerom, Safir, Mopan, Confecții /Tailoring/ Bârlad etc);
- 35.2% of the modulus of active local business units in Vaslui County is owned by industrial units;
- the existence of examples of good practice of integrated economy, from agriculture to production and trade;
- modern production facilities in food industry and ball bearing production;
- the existence of traditional products, certified by the Ministry of Agriculture and Rural Development.

Weak points

- the local business environment cannot provide as many jobs as the current demand in the county;
- only 0.3% of the active local units in Vaslui County are big companies (with over 250 employees), and the regional percentage is of 1.4%;
- insufficient personnel trained/qualified in constructions, because of migrations to other areas for better wages;

- a low level of development of economic activities – as compared to the level of the region (1.17 small and average-sized companies/100 inhabitants in Vaslui County; 1.53 small and average-sized companies/100 inhabitants in the North-East Region);
- an uneven distribution of local units throughout the county – business companies seem to prefer urban areas (especially in the towns of Vaslui, Bârlad and Huși);
- a low capacity of the local business environment to sustain investments for development;
- a low development of entrepreneurial spirit, especially in rural areas;
- a small number of units that have implemented a system of management of quality;
- a very low level of foreign investment in the county;
- a very low development of IT, research-innovation;
- a low development of services;
- the questionable ownership of the industrial sites in a state of decay, whose potential cannot be valued;
- a lack of associative culture, not so much co-operation between companies.

Opportunities

European funds that support the development of enterprises;

- the development of means of supporting and sustaining the local economy in Vaslui;
- cheap, qualified work force can bring forth the foundation of new enterprises;
- the development of the Tutova Business Center and of the Vaslui Business Resource Center, structures which support the business environment and facilitate the access of foreign investors to the Vaslui area;
- encouraging and developing public-private partnerships;
- in the territory there are domains and buildings available for investments;
- increasing the number of societies with foreign funds;
- developing the range of activities managed by the Tutova Business Center and of the Vaslui Business Resource Center;
- governmental programs that will support the small and average-sized companies;
- the European Union's policy concerning the research and innovation activities in micro-companies;
- the geographic location of the county on the eastern border of the European Union;
- the opportunity to develop economic projects in the Siret-Prut-Nistru Euroregion;
- the national policies regulating exports.

Threats

- the tailoring sector's dependence on the lohn, which tends to get directed towards countries outside the European Union, where work force comes cheap: the Republic of Moldova, Ukraine etc.
- high taxes and excessive bureaucracy;
- a lack of cash may lead to bankruptcy in local active units such as micro-companies or even average-sized companies;
- blocking loans because of the economic crisis and financial blockages;
- an increase in competition due to the free markets arising as a result of becoming members of the European Union;
- not informing the people about the procedures of initiating a business enterprise;
- an increasing inflation rate and unemployment will implicitly lead to a decrease in the population's capacity of buying goods and/or services;
- insufficient financial resources for funding and co-funding European projects;
- a lack of stability of the laws;
- the migration of qualified work force outside the county and abroad;

- a discrepancy between work demand and offer.

Conclusions

As the dynamics and complexity of private economy – as far as the evolution of management is concerned – are influenced by the processes of globalization and economic, spiritual and innovative integration, they induce the need to form a managerial way of thinking, based on the market conditions, and to thoroughly study today's management.

Time and space (place) currently play a certain role in educating and establishing an economic, managerial mentality, adequate in the context of the competition in economy. We should pay attention to creating – in the future – a way of thinking of the managers, but also of the economic agents – focused on the results of the functioning of local companies and on the continuous planning of the leaders – in the process of integration into the European Union. It is clear that market relations require new conditions for uplifting the capacity of creativity of the personality, for teaching and training the new generation about the demands of market economy, for leading and developing innovations through work and business initiative.

Another tendency in the evolution of the systems of management is the fact that the economic conscience not only reflects the production process, but it also changes it actively according to the demands of economic competition. Thus it is in the reciprocal relations between the object and the subject of economic thinking that the creative force is released – and so is the force of managing personnel in the public or private production process. Let us emphasize upon the fact that thinking, as an innovative process, appears and develops as long as people are practically active, and human conscience both reflects and creates the objective world.

As a synthesis of the above, one can observe how the evolution of managerial thinking has been strongly influenced by the principles and techniques of the classic concept of management, by putting to practice the fundamental knowledge in order to ensure its viability worldwide. The modern concept of managerial thinking is based on scientific management and it implies a management based on the objectives of innovations in the process of globalization.

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