Overall Performances of Romanian SMES in 2013 and 2014

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Abstract
The paper presents the results of an empiric research conducted between March and April 2014 on a sample of 1569 SMEs and offers a broad view of the Romanian SMEs performances in 2013 and 2014. The analysis was conducted by questioning a sample of 1569 companies – micro, small and medium sized – from all fields of business activity, age categories and development regions, sample considered representative for the objectives of the study and for the situation of Romanian SMEs sector.

The conclusion of the study is that, although a number of significant changes have taken place within the macro-economic environment, approximately the same dynamics of performances is found in the SME sector, due to the fact that the current results of companies are usually conditioned by the achievements from the previous periods of time.

Keywords *SMEs, performances, entrepreneurial results.*

JEL classification: L20, L26

1. Research methodology

The analysis was conducted by questioning a sample of 1569 companies – micro, small and medium sized – from all fields of business activity, age categories and development regions, sample considered representative for the objectives of the study and for the situation of Romanian SMEs sector.

Regarding the way the questionnaire-based research was conducted, we have to make several clarifications on methodological aspects:

Because among the objectives of the investigation is the identification of some core elements on which the businesses become operational, of positive and negative aspects of the operation of SMEs, of perceptions of entrepreneurs / managers on the economic environment, of vulnerabilities of the activities and so on, the investigation was not designed in proportional variant, which involves

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copying in the sample of the proportions of typologies from the reference population. Thus, for example, it there have been used the method of proportionate shares would have been selected and sampled about 90% of micro-enterprises, of which about 40% act in the services sector. Such an investigation structure would have had a low degree of relevance, because the behavior of micro-enterprises that operate in services is relatively similar in terms of management, investment and human resources and, instead, there would have been reduced information from NACE activity areas in which operate fewer companies. For this reason it was preferred the option of survey stratified - optimal type, by which was reduced within the sample the weight of homogeneous layers (for example the enterprises which have as activity object services) and in exchange increased the share of heterogeneous layers (for example was supplemented in compensation the layer of companies with industrial activity). This construction method of the sample ensures a better quality of the information and a superior level of knowledge of the realities investigated.

The elements presented above highlight the main features of the investigated sample and it's representativeness for the SMEs sector in Romania.

2. Overall SMEs' performances in 2013 compared to 2012

Regarding the overall performances of enterprises in 2013, as compared to 2012, the research shows that the results have been slightly poorer in 23.26% of the companies, identical in 52.26% of the companies, net inferior in 5.10% of economic agents, better in 17.21% of economic units and net superior in 2.17% of the organizations, fact which reflects a stabilization of Romanian SMEs' performances, while they are still affected by the economic recession from the last years. See Figure 1.

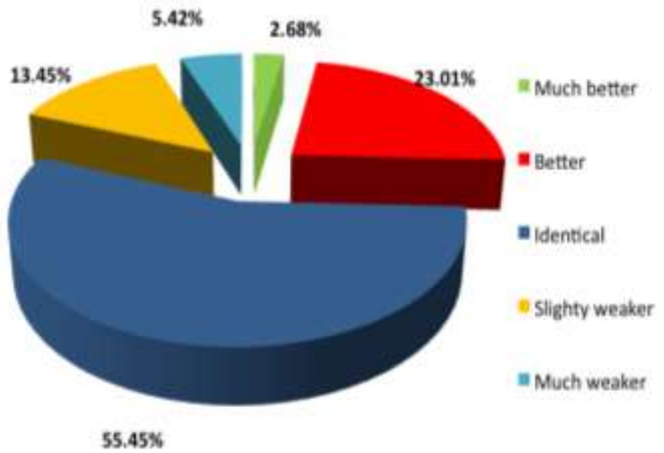

Figure 1 SMEs structure, subject to economic performance dynamics in 2013, as compared to 2012

Whereas the **regional location of SMEs**, we notice the following more relevant deviations, as compared to the sample average (table 1):

- economic units with net superior performances register the highest percentage in the South-Western Region (7.26%) while in the North – Eastern Region we find no company that performed much better than last year;
- SMEs with better results register a higher percentage in the Western Region (30.00%) and the lowest percentage Central Region (12.03%);
- companies with identical performances are more frequent in the North – Western Region (61.88%) and more seldom met in the North – Eastern Region (46.15%);
- in terms of those enterprises having a slightly poorer performance, the North – Eastern Region holds the highest percentage (26.92%), and the lowest percentage is found in the South-Western Region (16.83%);
- companies with net inferior results are more often met within SMEs from North – Eastern Region (11.54%) and there was none in the Western region.

Table 1. SMEs' performance differentiation in 2013 as compared to 2012, as per development regions

No.	SMEs' performances in 2013 as compared to 2012	SMEs by development regions							
		North-East	**South-East**	***South***	**South-West**	**West**	**North-West**	**Center**	**Bucharest -Ilfov**
1.	**Much better**	0.00%	1.03%	1.22%	7.26%	0.00%	1.10%	0.63%	0.91%
2.	**Better**	15.38%	17.53%	19.88%	25.41%	30.00%	12.71%	12.03%	13.15%
3.	**Identical**	46.15%	53.61%	46.48%	46.53%	50.00%	61.88%	58.86%	54.65%
4.	**Slightly poorer**	26.92%	22.68%	24.16%	16.83%	20.00%	23.20%	25.95%	25.85%
5.	**Much poorer**	11.54%	5.15%	8.26%	3.96%	0.00%	1.10%	2.53%	5.44%

The classification of **companies, as per classes of size** (table 2), points out the fact that the percentage of SMEs having much better results increases along with the said enterprises' size, fact which is explained by the existence of a correlation between the size of economic agents and their capacity to face the recession on a short-to-average term. Micro-enterprises register higher percentages between the companies having a slightly poorer performance (24.66%) and medium sized enterprises register the highest percentages of SMEs with identical (56.52%) and much better performances (5.80%).

Table 2. Differentiation of performances in 2013 as compared to 2012, by size

No.	SMEs Performances in 2013 as compared to 2012	SMEs Size		
		Micro	Small	Medium
1.	**Much better**	1.69%	3.47%	5.80%
2.	**Better**	14.99%	27.03%	20.29%
3.	**Identical**	53.59%	44.79%	56.52%
4.	**Slightly poorer**	24.66%	19.69%	11.59%
5.	**Much poorer**	5.08%	5.02%	5.80%

Comparing the economic performances, subject to the **field of activity** of SMEs (table 3), on find the following aspects:

- companies from the construction sector hold the lowest percentage of enterprises with much better (1.49%) and better performances (14.93%), these organizations having though the most significant percentage among those with identical performance (59.70%);
- companies activating in the transportation sector register a higher percentage of economic agents with better performances (25.58%);
- enterprises from the industry field stand out through the highest percentage of companieswith much better performances in 2013, as compared to 2012 (2.86%), while services firms hold a major percentage of net inferior performances (5.98%);
- the highest percentage of economic agents holding much poorer performances was registered among enterprises in the industry field (6.03%), while the SMEs activating in the trade sector represent a higher percentage of companies with slightly poorer performances (26.53%).

Table 3. SMEs' performances between 2013 and 2012, as per fields of activity

No.	SMEs performances in 2013 as compared to 2012	SMEs per fields of activity					
		Industry	Construction	Trade	Transportation	Tourism	Services
1.	**Much better**	2.86%	1.49%	2.04%	2.33%	2.78%	1.93%
2.	**Better**	20.00%	14.93%	15.77%	25.58%	19.44%	16.52%
3.	**Identical**	52.06%	59.70%	51.95%	44.19%	52.78%	52.37%
4.	**Slightly poorer**	19.05%	17.91%	26.53%	23.26%	22.22%	23.20%
5.	**Much poorer**	6.03%	5.97%	3.71%	4.65%	2.78%	5.98%

3. Overall performances of enterprises in 2014 compared to 2013

In terms of those economic performances of SMEs, as envisaged for 2014, in comparison with last year, we find that one foresees **identical results in 55.45%** of the organizations, **better in 23.01%** of the organizations, **poorer in 13.45%** of enterprises, **net inferior in 5.42%** of the companies and **much better in only 2.68%** of firms. See Figure 2.

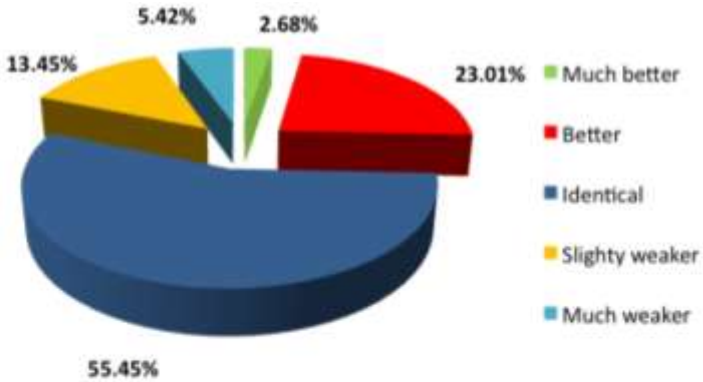

Figure 2 SMEs structure by performance dynamics in 2014, as compared to 2013

The distribution of SMEs, as per **development regions** (table 4) points out the following aspects:

- the proportion of the companies in which net superior results are expected is higher in the South – Western Region (9.24%) and lowest in the Western Region (0.00%);
- companies with better performances are also more common in the South – Western Region (31.35%) and less common in the South – Eastern Region (18.56%);
- regarding the economic units which will remain at the same level as in 2013, the highest percentage is recorded in the Central Region (72.15%) and lowest in the South - Western Region (44.22%);
- in terms of companies with slightly poorer performances, the Central Region holds the lowest percentage (5.70%), and West Region registers the highest proportion (30.00%);
- in the Western Region we find the lowest number of companies with much poorer results (0.00%) and the highest percentage of enterprises with net inferior performances is found in the North – Eastern Region (9.62%).

Table 4. Companies' performances by development regions in 2014, as compared to 2013

No.	SMEs performances in 2014 as compared to 2013	SMEs by development regions							
		North-East	South-East	*South*	South-West	West	North-West	Center	Bucharest-Ilfov
1.	**Much better**	1.92%	4.12%	0.61%	9.24%	0.00%	1.10%	0.63%	0.91%
2.	**Better**	19.23%	18.56%	21.10%	31.35%	20.00%	29.83%	18.99%	18.82%
3.	**Identical**	50.00%	47.42%	51.07%	44.22%	50.00%	61.88%	72.15%	60.32%
4.	**Slightly poorer**	19.23%	20.62%	18.96%	12.21%	30.00%	6.63%	5.70%	13.15%
5.	**Much poorer**	9.62%	9.28%	8.26%	2.97%	0.00%	0.55%	2.53%	6.80%

Analyzing the organizations by size reveals the fact that, along with the increase of the SMEs, the percentages of firms expecting net superior and better performances increases, and micro-enterprises register the highest percentages (24.66%) of SMEs that foresee moderately negative results for this year, while the medium-sized enterprises register the highest percentage of companies that estimate much poorer performances (5.80%). Small enterprises hold the most significant number of organizations with better results in 2014, as compared to 2013 (27.03%). Details in table 5.

Table 5. Companies performances in 2014, as compared to 2013, by size classes

No.	SMEs performances in 2014 as compared to 2013	SMEs size		
		Micro	Small	Medium
1.	**Much better**	1.69%	3.47%	5.80%
2.	**Better**	14.99%	27.03%	20.29%
3.	**Identical**	53.59%	44.79%	56.52%
4.	**Slightly poorer**	24.66%	19.69%	11.59%
5.	**Much poorer**	5.08%	5.02%	5.80%

The analysis of **SMEs results, as per the field in which they activate**, points out that:

- the organizations in which much better results are expected register a superior percentage among transportation firms (4.65%) and a smaller proportion in the construction sector (1.49%);
- in terms of the companies with better performances, the highest percentage is held by the SMEs from the industry sector (30.48%) and the lowest rate is found among economic agents operating in the trade field (19.29%);
- considering the companies with estimations of identical performances, the construction field holds the highest percentage (67.16%), and the

enterprises from the industry field register the lowest percentage (47.94%);
- SMEs where slightly poorer achievements are estimated are more frequent in the trade field (16.51%) and more seldom among the companies activating in the tourism field (2.78%);
- as for the anticipation of some much poorer performances, the economic units in the trade sector register a higher percentage (5.75%), and the entities from the construction field stand out through a lower share (2.99%).

More information is presented in table 6.

Table 6. Companies' performancesin 2014, as compared to 2013, by fields of activity

No.	SMEs performances in 2014 as compared to 2013	SMEs per fields of activity					
		Industry	Construction	Trade	Transportation	Tourism	Services
1.	Much better	2.86%	1.49%	2.41%	4.65%	2.78%	2.81%
2.	Better	30.48%	20.90%	19.29%	27.91%	25.00%	22.14%
3.	Identical	47.94%	67.16%	56.03%	53.49%	63.89%	57.29%
4.	Slightly poorer	13.65%	7.46%	16.51%	9.30%	2.78%	12.13%
5.	Much poorer	5.08%	2.99%	5.75%	4.65%	5.56%	5.62%

Upon analyzing **companies, as per the performances achieved in 2013, as compared to 2012** and observing their **estimated evolution in 2014, as compared to 2013** (table 7), the following aspects become evident:

- enterprises in which much better results are estimated are more frequent among those organizations which have also had a significant increase in performance in 2013 (82.35%);
- the economic agents that foresee better performances register higher percentages among SMEs that have also achieved better (65.19%) and identical (18.05%) performances last year;
- the percentage of companies where slightly poorer performances are estimated is higher among those companies having registered identical performances in 2013 as compared to 2012 (71.10%);
- SMEs where net inferior performances are expected are more frequent among those companies having also had a much poorer year in 2012 (42.50%).

We can conclude that overall, although a number of significant changes have taken place within the macro-economic environment, approximately the same dynamics of performances is found in the SME sector, due to the fact that the current results of companies are usually conditioned by the achievements from the previous periods of time.

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