SME's Priorities and Management Authorities Directions. A Regional Approach in Romania

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Abstract: Especially during periods full of financial instabilities, the problems regarding inconsistent policies or related to different directions of action are easily visible. The current study is analyzing the priorities of different Management Authorities like: Central Management Authority, Local Management Authority and SMEs Management. The analysis is made on a 508 sample of management specialized respondents from all types of management authorities. After applying the quantitative method of correspondence analysis, significant differences are shown. The second part of the study concentrates on finding some join strategies at regional level.

Keywords: SMEs; correspondence analysis; management authorities; regional comparison

JEL Classification: R11; R58; C01

1. Introduction

After 1990, Romania changed their centralized economy to other type of economy, which should be transformed until now in a market economy or something very close to that form. If we agree that SMEs represent the engine of the economy, then is normal to expect that SMEs complies with the concept of the new economy. So it is desirable to see on the SMEs and Local and Central Authorities strategies which are concentrated on:

Profit increase, decentralization, increase competition mix-marketing, a performing system of management and according to latest studies intellectual capital.

As part of business process IC influence the achievement of the business success as researchers already showed (Mertins, K., Markus W. (2008), Alwert, K. et. all (2004) and many others). So as in particular case, the SMEs strategies should contain parts or more specific direction to discover, manage and increase IC.

According to Ileanu and Isaic (2009) et Ileanu et all (2011), the performance of SMEs is influenced by some intangible factors which may be considered IC generators. Using a binary logic model, factors such as training of employees,

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experience of the manager, innovation efforts, and marketing strategies were found as significant.

The study tries also to complete the analysis regarding a theoretical connection between IC evidence shown in the mentioned research papers and the strategies of different levels of management at least in one region from Romania.

2. Data Collection and Sample Profile

The study was carried out by SAMRO, in 2009, on a sample of 508 Romanian SMEs. Method of data collection consisted in auto filling a questionnaire sent it via e-mail. The regional analysis is made on a sample of 438 companies, 70 companies from the initial sample had inconsistent answers. The respondents were mostly key-persons from company management, aged between 20 and 72 years.

The structure of respondents by group age and region is presented in the table 1.
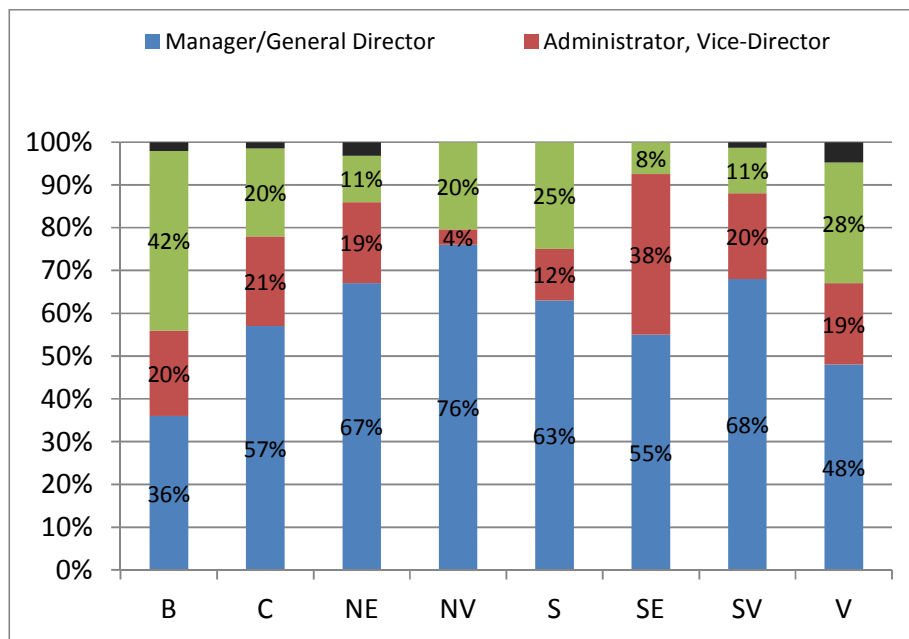
	REGION								
	B-IF	C	NE	NV	S	SE	SV	V	Total
1 20-34 y.o.	58,6%	32,3%	22,6%	25,0%	20,8%	37,5%	29,1%	23,8%	38,1%
2 35-54 y.o.	29,0%	58,5%	64,5%	64,3%	62,5%	50,0%	58,2%	61,9%	49,5%
3 Over 54 y.o.	12,4%	9,2%	12,9%	10,7%	16,7%	12,5%	12,7%	14,3%	12,3%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

The overall structure is well balanced, most of the respondents being aged between 35-54 years old and only 12,3% of them being aged over 54 years. Splitting data by regions some remarks could be done regarding the age structure:

- in general, in most of the regions, between 50% and 65% of respondents are aged between 35 and 54 years old;

- Bucharest-Ilfov-region is an exceptions, the structure by age is concentrated in the young group (20-34 years old).

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The distribution by gender is very heterogeneous between development regions. On the whole sample 62, 8% of respondents are males, but within regions the weight varies from 39, 3% in North-West and 79, 2% in South-East. More detailed information about structure by gender could be found in Table 1 from Annexes. This heterogeneity could influence regional differences on perception.

The next characteristic analyzed is position in the company of the respondents. As it can be seen from the figure 1, most of the respondents are, in each region, managers, directors, administrators.

According to this structure, the sample respondents is well equilibrated for the topic of research, in each region and, mostly experienced in the field, appropriate to give perceptive answers regarding management strategies.

3. Hypotheses

H0a. There are coherent strategies between different levels of management authorities within regions. Between regions could be some differences given to the local strategies:

H1a. Non H0

In a particular case of IC strategy

H0b. IC-strategy is a present key in all type of management authorities within and between regions

H1b. IC-strategy is a present key only in particular form of management or not present at all.

4. Methodology

I applied Multiple Correspondence Analysis in order to group nominal characteristics to each object defined by the different management authority. The analysis is made by comparison in two regions from Romania, North-East and Bucharest-Ilfov, the less developed region the most developed region from the country.

Each object should be as close as possible to a set of characteristics in order to be defined. In this way, the categories divide the objects into homogeneous subgroups. In our case if all Management Authorities are places in the same quadrant/area and are defined by almost the same characteristics then we may assume the homogeneity and coherent strategies between different levels of management. Otherwise the strategies are not coherent.

5. Results and Conclusions

In the previous study (Ileanu, 2012) I pointed that the main objective of all type of management authorities are focused on Performance achievement, Strategies and policies well founded, well planned activities, efficient control, employee training and control-evaluation of activity and performances,

According to these statistics the relation between input and output strategies made by Romanian SMES are represented as figure 2 shows it.
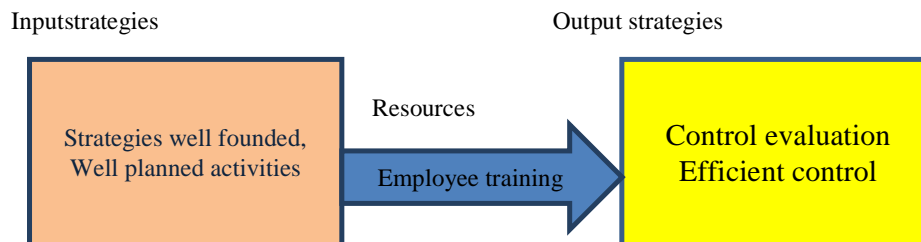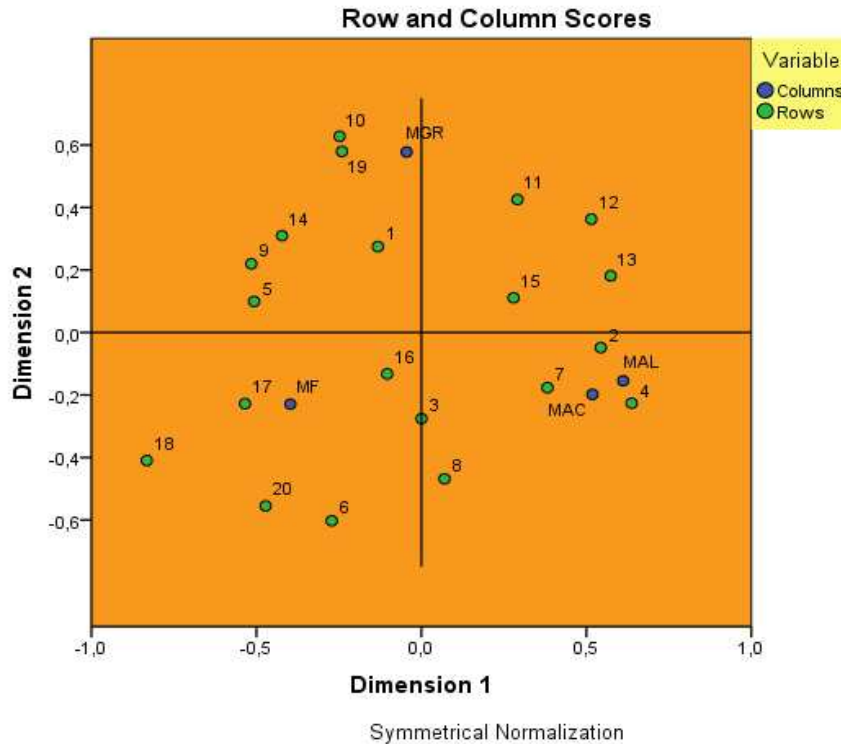
Inputstrategies   Output strategies

Figure 2. Management Main Actions (According to Sample Respondent's Perceptions)

A more detailed regional analysis in terms of standardized comparisons is made using Correspondence Analysis in order to test proposed hypothesis.

5.1 Bucharest –Ilfov Region

Row and Column Scores

Symmetrical Normalization

1 Performance achivement **2** Strategies and policies well founded **3** Well planed activity **4** Actions, decisions and behavior efficient control **5** Employee training **6** Control-evaluation of activity and performances **7** Projection and implementation of eficient sistem of management **8** Fast Feed-back on the socio-economic environment actions **9** Creativity and Innovation **10** Know How transfer from other countries **11** The usage of modern techniques of management **12** The valuation of informational and decisional potential **13** Implication of intern and extern stake-holders **14** Initiative and entrepreneurial spirit **15** The development of a performant informatic system **16** Training activities actions **17** Marketing actions **18** Manager behavior oriented on implication and eficiency **19** High Income and Profits achievement **20** Company sustainable development

Figure 3. Correspondence Profile of Different Management Authorities in Bucharest-Ilfov Region

Management Authorities are situated in different quadrants. In respondent perceptions, General Management (MGR) is concentrated to Know-how transfer (10) and High income profits achievements. Despite, Enterprise Management (MF)

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is associated with Marketing actions, Local Management Authorities (MAL) and Central Management Authorities are seen as related to Actions, efficient control(4), Projection and implementation of efficient system of management and Strategies and policies well founded(2). Taking into account that Bucharest-Ilfov is the most developed region from Romania the characteristics associated with Local and Central authorities are convergent with the normal behavior of a high level authority of management. From statistical point of view the two latent factors which describe dimensions from the figure load 96% of information, so they can be considered as relevant. (See Table 2 from Annex)

5.2. North East Region
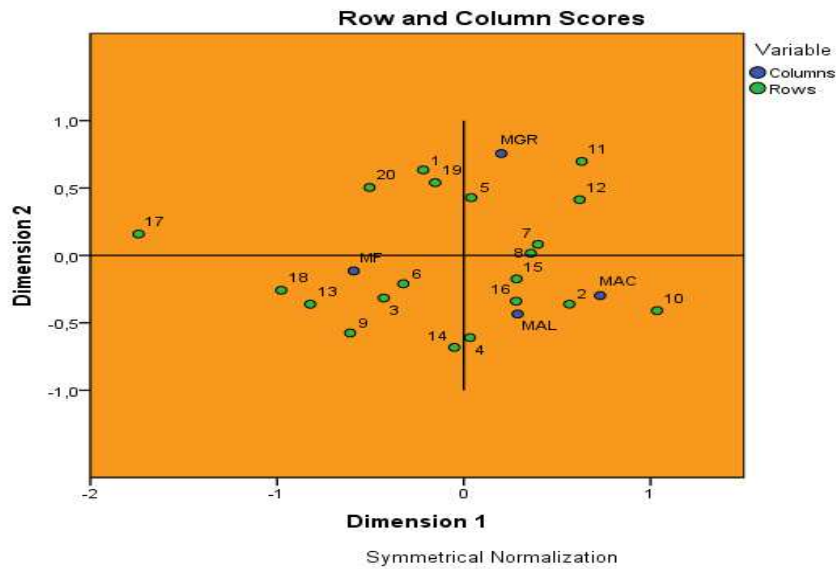
Statistic indicators regarding the quality of the analysis model

1 Performance achivement **2** Strategies and policies well founded **3** Well planed activity **4** Actions, decisions and behavior efficient control **5** Employee training **6** Control-evaluation of activity and performances **7** Projection and implementation of eficient sistem of management**8** Fast Feed-back on the socio-economic environment actions **9** Creativity and Innovation **10** Know How transfer from other countries**11** The usage of modern techniques of management **12** The valuation of informational and decisional potential **13** Implication of intern and extern stake-holders **14** Initiative and entrepreneurial spirit **15** The development of a performant informatic system **16** Training activities actions **17** Marketing actions **18** Manager behavior oriented on implication and eficiency **19** High Income and Profits achievement **20** Company sustainable development

Figure 4. Correspondence Profile of Different Management Authorities in North-East Region

On the North-East Region, the less developed region from Romania according to official statistics, the associations between different Management Authorities and their priorities are less visible than in Bucharest-Ilfov Region. It can be seen that Central and Local Authorities are associates with "Strategies and policies well founded as in Bucharest-Ilfov Region. However the standardized distance shows that Local Authorities are more close to "Training activities actions" on their strategies. From statistical point of view the two latent factors which describe de axes are well found since the variance explained is over 92% (Table 3 from Annexes)

The General management and Enterprise management are very far from particular strategies, so there is no particular statement which could be attached to these type of management authorities.

6. Conclusions

There are no coherent strategies between different levels of management. In both analyzed regions, the four categories of management authorities are situated in different quadrants, things which reveal the distance in collaboration or a misunderstood process.

However some closeness could be seen between Local Authorities management and Central Authorities management in both regions.

The particular strategies and their distribution are strongly correlated with the level of development of each region. In Bucharest-Ilfov region MF and MG are closer to some initiative and in North-East they are farther. From statistical point of view, the standardized heterogeneity is larger in NE region than in Bucharest-Region. A hypothesis concerning the fact that heterogeneity is indirect correlated with the level of development could be proposed.

None of the management authorities is associated with Intellectual capital components.

These results are in concordance with other findings found in the literature. Popescu, D. M et. all (2012) emphasize more weaknesses of the Romanian SMEs sector. One remark is made about "low institutional capacity of the central and local public authorities to elaborate and implement the policies".

Taking into account all these findings can be concluded that SMEs IC development is the result of the weak efforts of particular managers is not sustained by superior levels of management authorities such as MAC or MAL. In fact this situation could be created by the lack of information about strategies regarding the IC development, by the lack of resources or by a set of factors.

Bureaucracy, instability of the legal framework, delays in the payment of the invoices and slow juridical system are only few factors which will increase gap between desires and realization. The continuous inconsistency and lack of coherent policies will continue to give non-attractive environment and unsustainable development for SMEs.

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Annexes

Table 1. Structure of Respondents by Gender an Region

Gender	REG								Total
	B-IF	C	NE	NV	S	SE	SV	V	
Males	55,9%	76,9%	61,3%	39,3%	58,3%	79,2%	77,2%	47,6%	62,8%
Females	44,1%	23,1%	38,7%	60,7%	41,7%	20,8%	22,8%	52,4%	37,2%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Table 2. Correspondence Analysis for Bucharest-Ilfov Region-Contribution to Axes

Contribution

Dimension	Singular Value	Inertia	Proportion Explained	Cumulative Proportion
1	,16755	,02807	,635	,635
2	,12028	,01447	,327	,963
3	,04060	,00165	,037	1,000
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Total		,04419	1,000	1,000

Table 3. Correspondence Analysis for North-East Region-Contribution to Axes

Dimension	Singular Value	Inertia	Proportion Explained	Cumulative Proportion
1	,26299	,06916	,607	,607
2	,19041	,03626	,318	,925
3	,09265	,00858	,075	1,000
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Total		,11400	1,000	1,000