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**THE ROLE OF ECONOMIC CONSULTANCY SERVICES
FOR SME BUSINESS DEVELOPMENT**

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CONTENTS

ABSTRACT	1
INTRODUCTION	8
CHAPTER 1. Small and Medium-Sized Enterprises: Theory and Demography	17
1.1 Definitions and Properties of Small and Medium-Sized Enterprises	17
1.1.1. Defining SMEs, according to the EU	23
1.1.2. Defining SMEs in Different Countries	24
1.2. Evolution of Small and Medium-Sized Enterprises in the European Union	27
Chapter 2. Small Business: from Theoretical Approaches to its Role in Today's Economy	31
2.1 Theoretical Bases of Entrepreneurship	31
2.2 Different Dimensions of Entrepreneurship	36
2.3. Entrepreneurship - Different Approaches in Space and Time	40
2.3.1 Major Stages in Romanian Entrepreneurship Development	43
2.3.2 Parallels in Entrepreneurship Development and World Economic Evolution	46
2.4. Contemporary Forms of Small Businesses	48
2.5 Contemporary Processes of Involving Small Business in Economy	56
Conclusions to Chapter 2.	60
Chapter 3. Consulting Services and Business Sustainability	64
3.1 Sustainability Factors of Companies under the Present Conditions	64
3.2 Management and Assessment of Operational Risk in Economic Activity	76
3.2.1 Risks Associated with Economic Crises	76
3.2.2 Specific Risk Situations in the Activity of Romanian Companies	79
3.3 Consultancy in the Field of Corporate Services	84
3.3.1 Awareness of the Need for Consulting Services	96
3.4 Specific Consultancy Requirements of SMEs	109
3.4.1 Consultancy Institute and its Role in the Development of Small and Medium-Sized Enterprises	115
3.5 Objective Causes and the Need to Separate Economic Consultancy into an	

Autonomous Field of Activity	141
3.5.1. Choosing the Consultant	145
3.5.2 Some References to Consulting: Procedure, Fees, Planning, Consulting, Promotion, Website	147
3.5.4. Conclusions regarding the Vulnerable Points of Attracting the Consultant in the Field of SMEs	156
3.6.Demography of Consultancy Firms in Romania	158
3.6.1 Profile of Consultancy Firms in Romania	161
3.6.3 Conclusions	166
Chapter 4. Specificity of Technological SMEs in Sibiu County	169
4.1 SMEs through the Prism of Industrial Parks	169
4.1.1. Types of Industrial Parks	170
4.1.2. Success Factors of Industrial Parks and their Main Features	172
4.1.3 Information and Communication Technologies and Industrial Parks	173
4.1.4. Role of Logistics	175
4.1.5.Industrial Parks and Marketing Channels	176
4.2 History of SME Development in Sibiu Area	177
4.2.3. Socio-Human Potential of Sibiu County	184
4.3 Demography of SMEs in Sibiu County	185
4.4 Need for Business Consulting for SMEs in Sibiu County	191
Chapter 5. Aim of Research	195
5.1. Methods, Sources of Information and Tools Needed to Gather Information	195
5.1.1. Methods and Sources of Information Gathering	195
5.1.2. Tools and Techniques Needed to Collect Information	198
5.1.3 Sampling Methods; Determining the Size of the Sample Tested; Data Processing and Analysis	205
5.1.4.Conclusions	238
Bibliography	242

ABSTRACT

The research area of the work consists in identifying the means of increasing the efficiency of consulting for small and medium-sized enterprises, by knowing the factors influencing the decision of the companies to use the consulting services.

The purpose of this work was to analyze the evolutions of consulting and assessment services for SME relations – the consulting firms based on the materials of Sibiu County. Likewise, the purpose of the work also aims to assess the degree of beneficiary companies' satisfaction by the measures taken following the consultancy.

The work has not proposed to be exhaustive, especially since the theme of SMEs' efficiency in the context of European economic integration, is a complex issue and not easy to explore under the circumstances: adaptation of Romania to the SME support model defined by the European Union and characteristic to a functional market economy, to which political instability in Romania was added, which increases uncertainty and reduces the possibility of achieving preset target strategic objectives.

In order to achieve the proposed aim, we consider the following tasks:

- Establishing the specific role of SMEs in general and especially in relation to large industrial enterprises;
- Describing the evolutionary line of development for consulting services and their separation in the separate field of services;
- Assessment and description of the survey results among SMEs in Sibiu County;
- Outlining several conclusions and proposals, which could contribute to improving the relations of SMEs - consulting firms, based on the research results.

In order to achieve the proposed aim and tasks set, the work was structured on 5 chapters, each dealing with the basic content of the research.

Within this work a series of comparative data are offered, their analysis, as well as trends manifested at the region and area level, according to gender, socio-professional training, age, education, culture, etc., as well as proposed measures which could serve as solutions offered to decision makers with responsibilities in ensuring the efficiency of consulting services.

Chapter 1. *Small and Medium-Sized Enterprises: Theory and Demography* covers the basic concepts and issues related to the definition and properties of SMEs, analyzed from the perspective of the approaches practiced in different economic areas, and also a series of classifications, the difficulty of locating us on a single definition being given by the fact that there are numerous and very broad definitions, and also because the concepts and theories are

constantly changing. The assessment of the role of small and medium-sized enterprises in the European Union economy focuses on three indicators, each of them having a distinct significance. Namely – organizational and competition development, unemployment reduction, resource allocation. Across the European Union, SMEs provide over 65% of jobs and realize more than half of its GDP. The SME sector is the most active sector of the economy, it is a promoter of new competences and ideas. Their activity is closely related to the environment in which they operate, and their development is strongly influenced by a series of external factors.

Chapter 2. *Small Business: from Theoretical Approaches to its Role in Today's Economy*, is a study of the entrepreneurship concepts, their size in relation to development as well as a study on its evolution in the economy.

In this respect, subchapter 2.1. *Theoretical bases of Entrepreneurship* is reflecting the interdependence between historical stages of development and the economy as a crucial link that has not been denied by any specialist and by any social-economic school of thought. Entrepreneurship has been regarded as a critical success factor of economic performance. Analysis of entrepreneurship from a historical perspective was provided by Joseph Schumpeter in his book “Theory of Economic Development”.

Subchapter 2.2. *Different Dimensions of Entrepreneurship* studies the natural development of economic theories in different periods of socio-economic evolution. A generalizing table is proposed, which includes a transtemporal synthesis of entrepreneurship theories.

Subchapter 2.3. *Entrepreneurship - Different Approaches in Space and Time*. The birth, growth, shrinking and closure of enterprises have become in time an important field of research in the companies' demographics. This new field of research concerns the analysis of the change in the space-time template from a behavioral-analytical perspective. Many studies on the companies' growth process originate in the industrial economy and the disciplines of organization and management, along with notions of geography, demography or psychology.

Subchapter 2.3.1. *Major Stages in Romanian Entrepreneurship Development* outlines an evolution in the development of Romanian entrepreneurship during the historical stages of consolidation and development of the Romanian nation.

Subchapter 2.3.2. *Parallels in Entrepreneurship Development and World Economic Evolution* outlines the highlighting of the important features of the world economy at different stages and their reflection in the specificity of entrepreneurship. It covers the period from the beginning of the century to date.

Subchapter 2.4. *Contemporary Forms of Small Businesses* outlines a view of different SMEs forms, as well as their role in the economy.

In the last subchapter 2.5 *Contemporary Processes of Involving Small Business in Economy* outlines the small business as an immanent actor of the complex economic activities. The interactions of the small business with other actors of the global industry are described, interactions that are part of a whole economic complex.

Transnational corporations are important players in the global economic system. They support a well-coordinated policy in the distribution of resources and technologies. They have the most advanced technologies, which promotes mass production of scientificophage goods. In this compartment, however, we are only interested in the contribution of the transnationals to organizing the contemporary small business, by its involvement in the high-productivity technological processes. The corporation – small business symbiosis appears under the classic conditions of outsourcing. Corporations must produce a quality product with minimal costs. In this context, some stages of producing the elements to complete the finished product need a considerable effort from the corporation, which benefits the outsourcing path with the involvement of small business.

In chapter 3 *Consulting Services and Business Sustainability*, the largest one according to the number of pages in the work, a classification of the consulting firms is shown; their need for small business is argued; the demography of the Romanian consulting firms is outlined.

Chapter 4. *Specificity of Technological SMEs in Sibiu County* aims at the specific role of industrial parks for promoting new type SMEs – incorporated in the global production system.

Subchapter 4.1 *SMEs through the Prism of Industrial Parks*

Subchapter 4.2 *History of SME Development in Sibiu Area* the framework in which SMEs operate is “fotographed” followed by the presentation of SMEs demography in Sibiu County.

Chapter 5 is the basis of the second part of the work, which is intended to be the actual research of the phenomenon, the chapter realizing an x-ray of the consulting firms, of its major role for the small firms, as well as other aspects of the consulting services market from Romania, in general and from Sibiu County, in particular.

The methods, sources and tools required to gather information are briefly outlined, establishing the courses of action or steps to be followed for successfully conducting empirical scientific research based on questionnaires. The structure of the questionnaire aimed

to reflect the objectives and assumptions previously established, each question being assessed through the prism of the method in which it contributes to meeting the need for information in the researched field.

The community subject to the research is totally non-homogeneous, but relatively homogeneous through its structure on the following levels: SMEs involved and those not involved in the production chain of transnationals.

The questions in the questionnaires concerned the respondents' degree of knowledge and satisfaction regarding the importance of the consulting services in their activity.

The study established the aim of research, the objectives and scientific hypotheses. I have structured the community subject to research only on two studies (Romanian and foreign employers), in order to simplify the collection and assessment of data. The working hypotheses formulated separately on the two studies, were to be tested, verified, with the help of the administered questionnaires.

Data processing and analysis has been done by centralizing the questionnaires using Excel and making them as an appendix to this work. I have formulated 30 questions. The questions in the questionnaire have been rated, which are a combination of factual questions, with those relating to opinion questionnaires and special questionnaires, the questions being mostly closed.

The research results have been formulated, materialized on conclusions drawn from research and conclusions which have been initiated in previous chapters, and emerged at the end of this work.

Against the background of emphasizing globalization processes and Romania's integration into the European Union's economic space, the system of national market actors needs a continuous adaptation to the community standards of which we are part and to new rules of the game, which unite in a unitary system the mechanisms of the market with the ones of the transition to an information society.

The policy of supporting SMEs in Romania, as a country integrated in the European Union for over 12 years, is part of the European policies and strategy for optimizing the structure of economy actors and to this end the target goals shall be pursued related to: balanced development of economy; job creation; potential equality of opportunities between companies; a high degree of economic competitiveness; improving quality of life, as well as economic and social cohesion.

For these reasons, the general coordinates of Romania's policy on SME support are related, among other things, to achieving the development and efficiency targets established

within the Lisbon European Council, creating an employment structure that would ensure the rise in social labour productivity, adopting a model of economic growth based on the increase in the number of small and medium-sized enterprises and employed population.

In its efforts to support small and medium-sized enterprises, Romania has chosen to make wider use of the European Union Member States' experiences and to use its institutionalized structures. The European Union thus constitutes a standard framework for facilitating Member States in achieving the economic and social policy objectives, with the consistent observance of common fundamental principles, which Romania has totally assumed, its role being to coordinate national policies, as the meaning itself of the notion “union” indicates.

Among the difficult problems that Europe of the 28 Member States has to solve is that of enhancing economic efficiency and reducing unemployment, an extremely complex and vital issue. Romania, a country that, hopefully, has exceeded the transition period to the market economy and finds itself on another stage of historical development, of the market economy, is facing the on-going learning of the market economy rules, which are having effect on reinforcing the role of SMEs.

Under these conditions, there has been an increasing interest in economic and political challenges faced by Europe and it shall not be able to cope if not initiated “*reforms to create incentives and encourage people to work more, to take risks and innovate. Europe needs more competition, not more public infrastructures.*” (Alesina Alberto and Giavazzi Francesco, *Future of Europe: Reform or Decline*, ARC Publishing House, 2003, page 12

Each country, in its evolution, brings at the forefront the theoretical and pragmatic concerns regarding the problems related to creating the conditions for economic development, as an essential coordinate of the economic system.

In this sense, one of Romania's concerns during all these years was to identify and apply policies viable for stimulating entrepreneurship in the context of alignment with the European Employment Strategy and its Guidelines, as well as the other strategies: the Lisbon Agenda 2005, Europe 2020, etc. Lately, the European Union and its member states are interested in putting social issues in the forefront of their concerns, viewed in their natural connection with the technical, economic ones, etc., by modernizing and developing the whole social-economic environment, in accordance with the principles and mechanisms of the Union. “By recognizing the crucial importance of SMEs in economic development, the European Union adopted in 2008 the “Small Business Act” initiative, which outlines a strategic agenda designed to create a climate conducive to the development of SMEs and to

enable the enhancement of entrepreneurial energies at European level. The emphasis on entrepreneurship and on the role of SMEs is continued in the Europe 2020 strategy, which aims to correctly open the single market for small entrepreneurs.” (SME report)