

BUSINESS ENVIRONMENT FROM ROMANIA – IMPACT ON CULTURAL SUSTAINABILITY - online

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Abstract

Purpose – The measures taken at the national level have a powerful impact upon the competitiveness of the business environment from Romania. The purpose of this paper is to analyze the entrepreneurship phenomenon at macroeconomic level, through the usage of the following indicators: GDP, active population, occupied population, number of unemployed people, number of active enterprises, number of enterprises newly set up, the value of investments made by the enterprises, monthly net nominal salary, turnover generated by enterprises.

Approach/ methodology – The analysis of the evolution of the main macroeconomic indicators was based on time series from 2002-2013, 2005-2012. The data was analyzed with the help of descriptive statistics and correlations.

Results – According to the analysis made, we can observe the following aspects: a growth of GDP, based on an important growth of indirect taxes, a slight growth of the active and occupied population and, also a growth of the number of unemployed persons registered in 2012, compared to 2011. However, the number of active enterprises on the market registered a slow ascendant trend, while the percentage of newly set up enterprises is going down. Also, a decrease is registered by the indicator, the value of investments made by the enterprises. Using the correlations, we could establish a connection between the number of enterprises from Romania and the number of active persons, on one hand and, on the other hand, between the monthly net nominal salary and turnover registered by the enterprises, these last two indicators having an ascendant trend during the reference period. **Originality** – Based on the obtained results, the authors propose a XIIIth element to the competitiveness pillars of the model proposed by Schwab (2014) and this is: number of active enterprises within an economy, together with other proposals for the competitive growth.

Keywords

Entrepreneurship; Business environment; Competitiveness; Cultural sustainability.

JEL Classification

E2, M1, M2, M3

Introduction

The current economic situation has a “significant effect on the affected brand’s moral reputation and consumer based brand equity”. (Samaraweera, Li and Qing, 2014) However “the key societal choices are in hand of various stakeholders who decide upon the preferred options or course of action for the many sustainability challenges we face”. (Waas, et al., 2014) According to the findings of Wei and Kong, “marketization, government governance, and legal environment play significant roles in promoting sustainable economic development”. (Wei and Kong, 2014) Competitiveness growth of the business environment supposes taking into consideration a number of twelve elements: the work market efficiency, institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, efficiency of goods market, financial market development, technological development, market size, business sophistication and innovation. (Schwab, 2014) According to a study published by Global Competitiveness Report 2014-2015, Romania obtained a score of 59, what leads us to the presence of no competitiveness at all, instead of the presence of competitiveness. Another study made by Capital Journal (2014) shows that most of the companies with over 10 000 employees are concentrated within the capital of Romania (Post Office National Company of Romania – with 28 866 employees, Railways National Company – with 22 457 employees, OMV Petrom Company – with 19 016 employees). What should catch our attention is the fact that only three companies have over 10 000 employees and are set up in other counties of Romania: Mirania Trans Company from Prahova County with 44 233 employees, Automobile-Dacia Company from Arges with 14 002 employees and Oltenia Energy Complex Company with 18 620 employees. (Zaharia, 2014) On the other hand, we should take also into consideration is “the negative ecological and environmental consequences of urbanization”, which “have been a focus of global economic and social development”. (Li and Ma, 2014)

The current research article has a series of objectives in order to make a thorough analysis of the business environment with impact on cultural sustainability, making use of macroeconomic indicators:

- Analysis of the GDP evolution by comparison with the European Union average.
- Analysis of the evolution of the active population, occupied population and unemployed population.
- Establishment of correlations between the active population, occupied population, unemployed population and number of active enterprises in Romania.
- Analysis of the percentage of the newly set-up enterprises in the existing enterprises’ number.
- Analysis of the investments’ value during the period 2002-2012.
- Analysis of the monthly net nominal salary.
- Analysis of the turnover evolution made by the enterprises.
- Establishment of correlations between the monthly net nominal salary, turnover of the enterprises and investments made by the enterprises.

The choice of the descriptive statistics allows us to evaluate the current state of the business environment from Romania, seen as an emerging country. All the macroeconomic data chosen to be analyzed can be justified by the impact that it has on the cultural sustainability of a country, seen as a key element for sustainable development.

Experimental Section

In order to make a coherent analysis of the entrepreneurship phenomenon, we will begin from the analysis of the current state of the national economy within European context. One of the indicators taken into consideration in analyzing the evolution of the Romania's economy during the period 2002-2013 is the growth rate of GDP, indicator that measures the economic activity of a country. (Fig. no. 1)

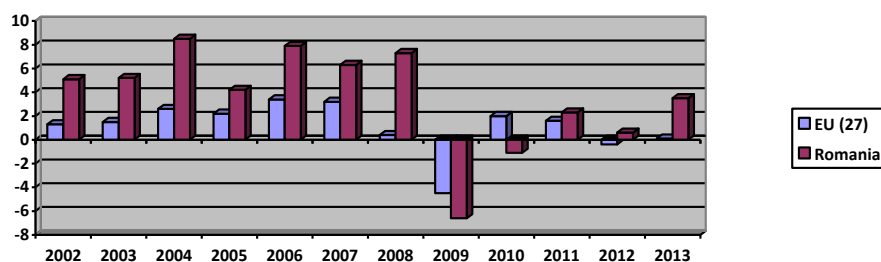


Fig. no. 1 Growth rate of GDP - Romania

Source: Processed after EUROSTAT, 2014

The results show a change in GDP percentage of 3.5% for the year 2013, compared to 2012 in Romania, while the change in percentage of GDP for the year 2013, compared to 2012 was only 0.1%, at the level of UE (28). The statistical data presented, which describe a higher GDP during the last year, does not indicate a better productivity for the companies and occupied population, but it is the result of higher taxes and fees. In a study made, B. Glăvan (2014) underlines the connection between GDP and indirect taxes. "Moreover, if we speak about the contribution of each of these factors to the growth of GDP with 2.4% during the first semester 2014, compared to the similar period from 2013, then the added value represents 1.6%, while the taxes represent 0.8%. That means that the taxes had a contribution of one third to the growth of GDP" (Glăvan, 2014).

Another important element in analyzing the business environment from Romania, is the occupied population, which can be calculated as difference between the active population and the unemployed population. According to Global Competitiveness Report 2014-2015, the efficiency of work market represents one of the twelve pillars of competitiveness, together with: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, efficiency of goods market, financial market development, technologic development, market size, business sophistication and innovation.

Work market efficiency means maintaining the highest number of occupied population, by assuring the transfer from one workplace to another with minimal costs. However, eventhough the number of active population rose to 9 063 375 persons during the year 2012, compared to 8 826 513 persons in 2011, the percentage of occupied population registered a slight raise in 2012, compared to the fall from the year 2009, while the percentage of unemployed population in the total number of active population had an ascendant trend, reaching 5.44% in the year 2012, compared to the maxim of 7.77% registered in the year 2009 and the minim of 5.22% in 2011. (Fig. no. 2)

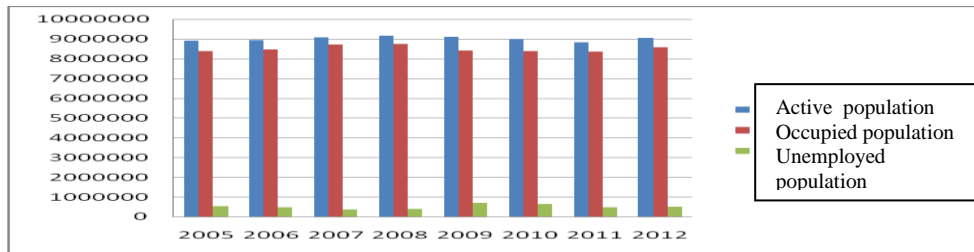


Fig. no. 2 Active population, occupied population, unemployed population, 2005-2012

Source: Processed after INSSE, 2014

Using the correlation and taking as indicators the following elements: active population, occupied population, number of unemployed people and number of enterprises, we can observe that the number of enterprises that exist in Romania and the number of active population are strongly linked (0.879, $p < 0.01$). (Table no. 1)

Table no. 1 Pearson Correlation

		Active population	Occupied population	Unemployed population	Number of enterprises
Active population	Pearson Correlation	1	.691	.051	.879**
	Sig. (2-tailed)		.058	.905	.004
	N	8	8	8	8
Occupied population	Pearson Correlation	.691	1	-.687	.603
	Sig. (2-tailed)	.058		.060	.114
	N	8	8	8	8
Unemployed population	Pearson Correlation	.051	-.687	1	.052
	Sig. (2-tailed)	.905	.060		.904
	N	8	8	8	8
Number of enterprises	Pearson Correlation	.879**	.603	.052	1
	Sig. (2-tailed)	.004	.114	.904	
	N	8	8	8	8

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Data processed with the SPSS informatics program, version 17.00 for Windows

Thus, we propose to add the XIII-th pillar for the competitiveness measurement of the model proposed by Schwab K. (2014) and this is: number of active enterprises within an economy. (Fig. no. 3) We can observe a slight improvement in the number of existing

enterprises in Romania for the year 2012 (472 187 enterprises), after the minimum of 450 202 enterprises from 2005 and 452 010 enterprises from 2011.

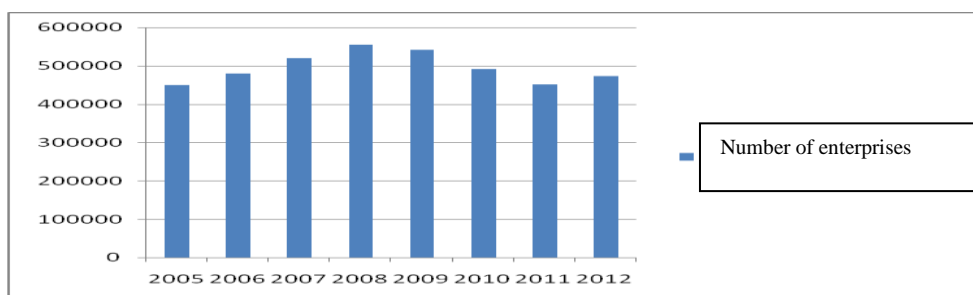


Fig. no. 3 Number of active enterprises 2005-2012

Source: Processed after INSSE, 2014

Moving forward with the analysis of the percentage of newly set-up enterprises in the total number of active enterprises during the period 2005-2012, we can observe a decrease of 23.12% in 2012, the lowest from the period of analysis. (Fig. no. 4)

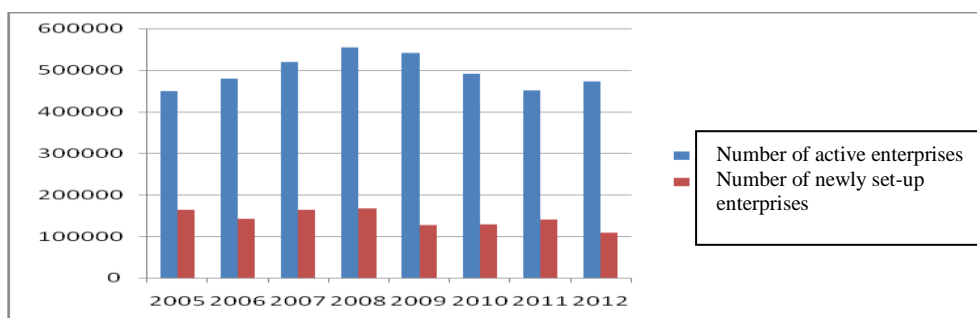


Fig. no. 4 Number of active enterprises, number of newly set-up enterprises, 2005-2012

Source: Processed after INSSE, 2014

At the same time, analyzing the value of investments made during the period 2005-2012, by the companies from Romania, we can observe an important decrease in 2012 (119 988 million lei), compared to the year 2011 (142 796 million lei). (Fig. no. 5)

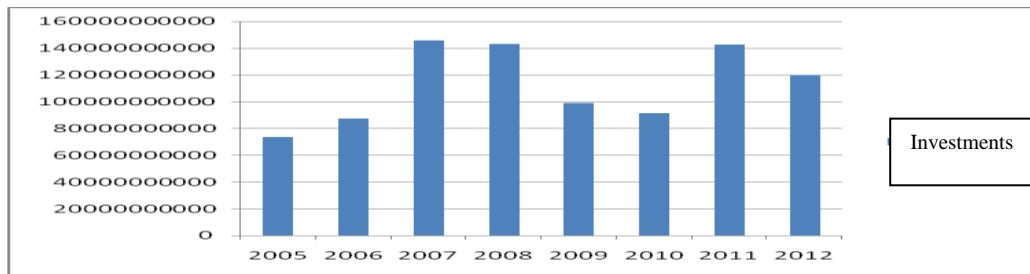


Fig. no. 5 Investments 2005-2012

Source: Processed after INSSE, 2014

Regarding the following indicators: monthly net nominal salary and turnover of the companies, we can observe an ascendant trend during the period 2005-2012. (Fig. no. 6, Fig. no. 7)

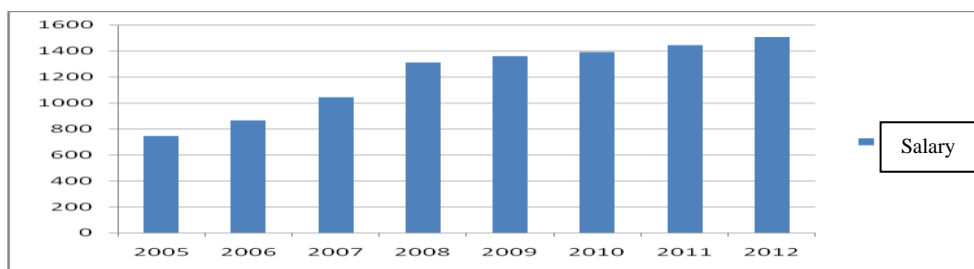


Fig. no. 6 Monthly net nominal salary 2005-2012

Source: Processed after INSSE, 2014

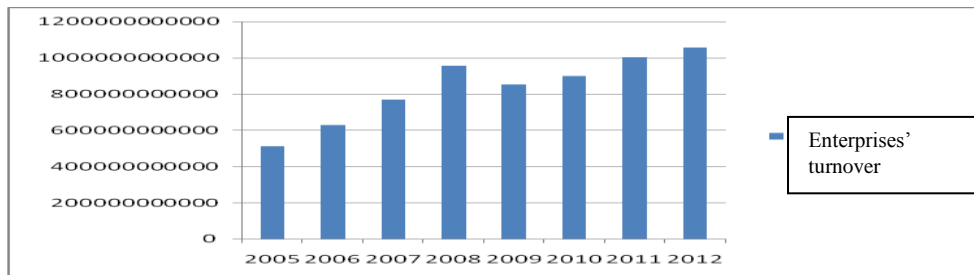


Fig. no. 7 Enterprises' turnover 2005-2012

Source: Processed after INSSE, 2014

We can confirm that the monthly net nominal salary is linked to enterprises' turnover, using the correlation for the following indicators: monthly net nominal salary, enterprises' turnover and investments made. (0.967, $p < 0.01$). (Table no. 2)

Table no. 2 Pearson Correlation

		Monthly net nominal salary	Enterprises' turnover	Investments made by the enterprises
Monthly net nominal salary	Pearson Correlation	1	.967**	.480
	Sig. (2-tailed)		.000	.229
	N	8	8	8
Enterprises' turnover	Pearson Correlation	.967**	1	.643
	Sig. (2-tailed)	.000		.085
	N	8	8	8
Investments made by the enterprises	Pearson Correlation	.480	.643	1
	Sig. (2-tailed)	.229	.085	
	N	8	8	8

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Data processed with the SPSS informatics program, version 17.00 for Windows

Results and Discussion

The analysis made is not too optimistic. However, we propose some measure for the improvement of the entrepreneurship environment:

- Growth of the percentage of the occupied population and diminish of the unemployed population in the total number of active population through continuous education and training of the work force.
- Facilitation of the access to ITC for newly set-up enterprises and those active ones.
- Growth of the number of newly set-up enterprises through measures that favor the creation of clusters.
- Growth of the investments through the multiplication of measures for the protection of the investors.
- Growth of investments through the improvement of the access to loans for investments.
- Improvement of work productivity, as a result in the growth of the monthly net nominal salary and the enterprise's turnover.

According to the report "Projection of the main macroeconomic indicators for the period 2014-2017", published by the National Commission of Prognosis (2014), the forecasting is reserved:

- GDP evolution: 2.5% (2014), 2.6% (2015), 3.0% (2016), 3.3% (2017).
- Net average salary: 1 660 lei (2014), 1 733 lei (2015), 1 797 lei (2016), 1 860 lei (2017).

Conclusions

What does the Government do for the growth of the competitiveness of the companies from Romania? The solutions that are drawn from this paper are: sustaining the XIIIth element of the competitiveness proposed by the authors (active enterprises within an economy), with a special attention on the newly set-up enterprises, by facilitating the access to new

technologies and the creation of the necessary infrastructure, orientation towards alternative financing sources such as operational programs and public-private partnerships. These proposals represent a set of solutions to regain real economic growth in Romania and, thus, stimulating the business environment.

According to the analysis made, we can observe the following aspects: a growth of GDP, based on an important growth of indirect taxes, a slight growth of the active and occupied population and, also a growth of the number of unemployed persons registered in 2012, compared to 2011. However, the number of active enterprises on the market registered a slow ascendant trend, while the percentage of newly set up enterprises is going down. Also, a decrease is registered by the indicator, the value of investments made by the enterprises. Using the correlation, we could establish a connection between the number of enterprises from Romania and the number of active persons, on one hand and, on the other hand, between the monthly net nominal salary and turnover registered by the enterprises, these last two indicators having an ascendant trend during the reference period.

The results have to be seen as a first attempt to underline the problems that the business environment of the emerging countries is facing, with an impact on each country's cultural sustainability, from the point of view of cultural policy and innovations.

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