THE ROLE OF SMES IN CREATING JOBS

LOCUL IMM-URILOR ÎN CREAREA LOCURILOR DE MUNCĂ

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Abstract: *If in previous years of economic crisis in Romania SMEs sector to act as creator of new jobs, this trend was interrupted in the context of 2009. Annual average number of employees in the SME sector to December 31, 2009 decreased by 11.3% from a year earlier. According to data from the balance at the end of 2009, annual average number of employees in the SME sector was 2.63 million people from 2.96 million in 2008, which means the loss of 333,273 jobs. Moreover, the indicator evolution within 10 years show that the annual average number of employees recorded a negative growth indicate -5% compared with 2007*

Ke ywords: *small and medium enterprises, financial crisis, jobs*

INTRODUCTION

At first examination there was a temptation to explain the greater reduction in the number of employees in medium-sized enterprises more severe restructuring measures introduced by them to cope with financial crisis and economic impact. This measure could be taken as a greater number of personnel (50-249 employees) there were better opportunities to make adjustments to restructuring costs to cope with new financial context of crisis, while if micro and small total number of employees is much smaller, personal adjustments could be made without affecting the basic functions of any company and, respectively, the proper functioning of its further.

RESULTS AND DISCUSSION

The reality illustrated by indicators derived with reference to average number of persons engaged in business, overall and by size shows that average employees on a micro was 2.8 persons and 2.7 persons in 2008 and in in 2009. If small, the average number of employees is a company that was 20.3 people take the analysis in both years, while the average number of employees in a medium company amounted to 103.8 persons in 2008 and 104.1 persons in 2009.

Therefore, reducing the annual average number of employees has no cases in average reduction of employees in the firm of categories, but without doubt be put in touch with the overall decrease in the number of firms in 2009 compared to 2008. Deepening by comparative analysis, growth indices average number of employees in two consecutive years of growth and demographic indicators in the number of enterprises by size categories tell us following:

- Evolution staff followed closely in sense and insight, the total number of medium-sized companies, as shown by decreased by 3.5% in the number of medium-sized enterprises in 2009 compared with 2008, and 3 respectively, 4% average annual number of staff in this category of enterprises, compared with same time of 2008;
- While the Micro negative growth in the number of companies represented a decrease of 4.9% in the previous year, staff has negative growth was -8.2% compared with 2008, opening practice the largest gap and highlighting the fact that negative dynamics of the average number of staff surpassed the number of small businesses.
- In fact, the large share of micro enterprises in the overall demographic structure of the SME sector, coupled with slight decrease (0.1 persons) of average employees on a micro sharp negative dynamic staff explain to the whole SME sector. This led in 2009 to lower the annual average number of staff below the level achieved at the end of 2006.

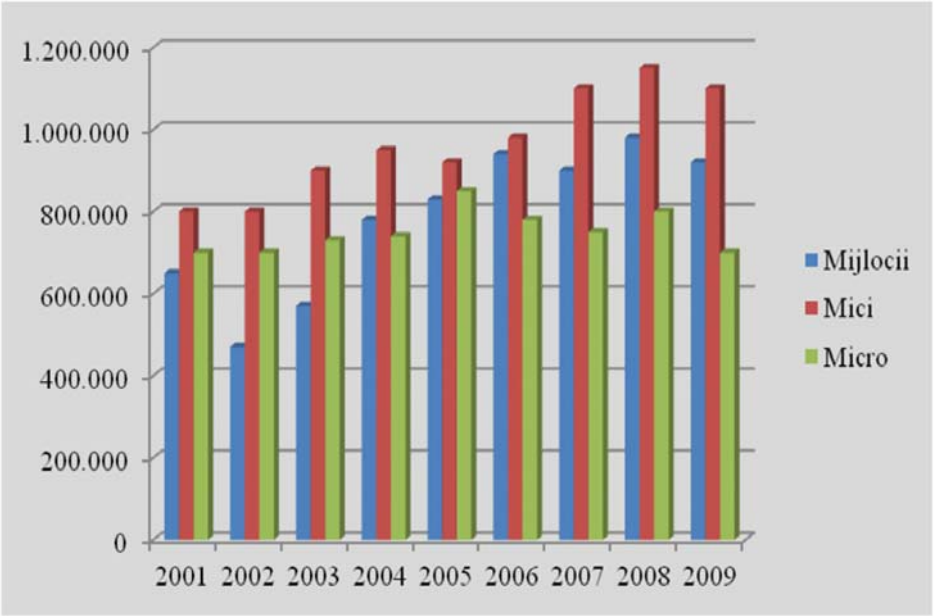


Fig. 1 Average number of employees in the SME size categories of enterprises, 2001-2009

SMEs in all economic sectors reported reductions in average annual number of staff, but the biggest drop of 128,805 jobs, are found in services, followed by SMEs in Industry, by lowering the value absolute 108,075 jobs. The annual loss in the number of staff employed in SMEs in the construction sector amounted to 85,247 jobs. Basically, high growth in recent years the average number of staff employed in SMEs has undergone slowing growth in 2009 compared with the reference year 2001, under the circumstances that keep a positive dynamics. In terms of driving dynamics the average number of employees in the SME sector on key areas of permanent and notice a sharp increase in industry sectors, construction and services until 2008, inclusive.

Only SMEs active in agriculture registered a slight fluctuation in the number of staff, explained the different vulnerability of this sector through the annual incidental factors. If the analysis focuses only on the three sectors

reported continued growth higher than in 2001, the construction sector was in 2008 fastest dynamics (+ 121.3%), followed by services (+ 36.0%) SMEs and Industry (+ 22.4%). Moreover, the spectacular increase in the number of employees in the Construction of years before 2009 was associated with significant increase in the number of SMEs active in the construction of these years.

Table 1. Estimating the rebound registered the employment of labor in economic sectors of activity in the SME sector

Agriculture, forestry and fishing	2-3 lost years
Industry and energy	7-8 lost years
Construction	2-3 lost years
Services, which	2 lost years
Commerce	5 lost years
Tourism	1-2 lost years
Transport and communications	4 lost years
Other services	1-2 lost years

Sursa: Anuarul Statistic al României 2010

Its effects can be pointed and the loss of jobs in various sectors of economic activity. Thus, while SMEs in Industry have been the hardest loss of personnel, number of jobs at the end of 2009 recorded a reversal of 7-8 years, statistics show that in SMEs in Agriculture, Construction and services, employment situation has returned to the existence of 2-3 years ago. Amid the overall decline and a more dynamic reduction in construction and industry sectors, specific gravity of the staff in services increased to 57.0% in 2009 compared to 54.9% as represented in 2008. Thus, the structure of the main sectors of activity, illustrated by plotting 3.11., Indicates that the services provide more than half of the jobs held by employed staff (57.0%), while the share of number of employees in SMEs in the construction sector decreased from 14.9% in 2008 to 13.5% in 2009. Meanwhile, the share of personnel working in SMEs in agriculture remained constant at 3.0%, while Industry SMEs lose importance in creating jobs. However, reducing the contribution of industrial sector in job creation begins several years before that in 2005 when, representing 34% of the

annual average number of employees in the SME sector and achieve annual declines amid the lowest specific weight (26.5%) in 2009.

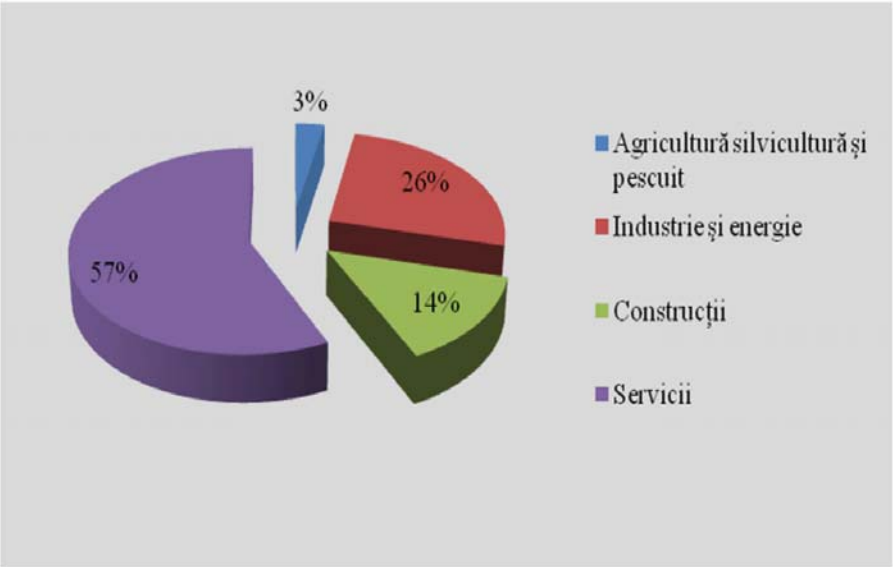


Fig. 1.2. Distribution of employees in SMEs according to the industry, in 2009

Average number of staff on a year long series of evolutionary analysis is completed by staff structure for all sectors, shown in figure 1.2. In the long run, the share of employment in SMEs in the services increases significantly relative to other sectors, demographic structure correlates with the number of firms that follow a similar evolution. The data presented emphasize that although SMEs in the Services following an oscillatory trend, get hold, the entire after more than half of all jobs, ie up to 57.0% in 2009. Instead, you mentioned that 47.9% of employees enrolled in services working in sub-Commerce. Meanwhile, the share of annual average number of employees in construction increases continuously from 9.4% in 2001 to 14.9% in 2008 as then in 2009, to decrease to 13.5%.

Table 1.2. Structure number of employees in SMEs, by size and industry sectors in 2009 (%)

			Size class	
Sector	**Micro**	**Small**	**Medium**	**Total**
Agriculture, forestry and fisheries	3,0	3,4	2,5	3,0
Industry and energy	11,0	27,0	42,0	26,5
Construction	11,5	14,7	14,6	13,5
Services	74,5	54,9	40,9	57,0
Total	100	100	100	100

Sursa: România în cifre 2010

Thus, it reveals that:

a) Density of employees in services is negatively correlated with class size, percentage of those that enrolled in this sector increases as firms are smaller, reaching 74.5% for small enterprises;

b) On a reverse trend is part of the number of employees in the industry to grow substantially with firm size class, and from 11% in micro enterprises reached 42.0% at medium, compared to an average of 26.5% per total industry;

c) The construction sector reveals a similar correspondence between the size business and increases in the number of staff, although a lower extent, as shown by relatively equal weight to both categories of small and medium, respectively 14.6% vs. 11.0% degree of coverage in active micro construction. This contribution represents a deterioration of medium firms to provide construction jobs, unlike previous years.

d) In the agricultural sector does not identify any causal relationship between class size and share the firms headcount employed in this sphere of economic activity.

Variation in terms of average number of employees in a company, from 2008 to 2009, analyzed by sector and size class, show significant and interesting differences, as illustrated by Table 1.2 ..

- The data in the table illustrates that the average number of employees a company has fallen for micro, whatever sector they operate, making them more vulnerable. However, the micro of the other services was the least affected, this category including, usually, companies performing activities with high added value. On the other hand, micro-enterprises in Construction, Agriculture, Industry, and Transport and Communications have been job losses on average by 6-7%.

- Small and medium enterprises were less affected in this respect. It is also worth mentioning that a slight increase in the average number of staff on a company registered in the particular case of small enterprises in agriculture and in the other services, followed by medium to Transport and Communications.

- These mixed results suggest that employment policies should be oriented sectors and size classes, with different target values and tools tailored to specific business sectors and size, for the promotion of necessary change in business model from Romania, thus stimulating the development of productive enterprises.

CONCLUSIONS

In conclusion, the negative dynamics led to a sharp decrease in average annual employees in the SME sector at end 2006 (-3.8%), despite the fact that the overall demographic situation, illustrated by the evolution of the total number of SMEs sites, although a downward trend, still remains high at the end of 2009 compared to 2006. Reductions in the average number of employees were recorded as total SME sector, as well as at each size category. Compared to 2008, negative growth was strongest in the category medium-sized enterprises (-13.5%), followed by small to -12.1% and, thirdly, the micro (-8.2%).

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