

Program 4 – Partnership in priority areas

Research direction: 9.1.8. Socio-economic and humanist research

(Policies and mechanisms specific to SMEs, for applying innovative strategies)

Project type: PC

Project acronym: VALAD

PROJECT DENOMINATION:

**INCREASE OF SMALL AND MEDIUM SIZED
ENTERPRISES (SMEs) CAPACITY FROM
THE ROMANIAN MANUFACTURING
INDUSTRY TO YIELD VALUE ADDED.
NECESSARY ACTION WAYS AND
MEASURES.**

No. of contract: 91-044 September 2007

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OBJECTIVES OF THE PROJECT

The general objectives pursued within the framework of the project are the following:

- to assess the SMEs capacity from manufacturing industry sectors to yield value added (VA), as determinant factor of their competitiveness;
- to outline the co-ordinates of a SMEs development policy aiming at enhancing their potential to yield VA, to detail these co-ordinates in action ways and measures adequately substantiated.

Resulting from these general objectives, *the specific objectives of the project* are the following:

- to analyze the determinant factors of yielding VA and their impact on SMEs activity;
- to highlight the reference points offered by the State Members of the European Union concerning stimulation of SMEs development and their capacity to yield VA;
- to estimate the SMEs capacity from manufacturing industry's sectors to yield VA and, implicitly, their competitiveness;
- to identify and argue action ways and measures necessary for increasing SMEs potential to yield VA, that can be applied both at firms' level and macroeconomic level; on this basis, to outline the co-ordinates of a policy aiming at the development of SMEs potential to yield VA and, implicitly, their competitiveness on domestic and international markets;
- to perform predictions relative to development of SMEs capacity to produce VA, taking into account the effects of recommended measures' application aiming at this objective;
- to apply some measures recommended in the project on the basis of a program to grant for this purpose technical assistance to the National Council of Romanian Private SMEs, one beneficiary of the project;
- to disseminate on a large scale the results of research carried out within the framework of the project, by the following ways: # organizing a scientific symposium with specialists from the field to present and debate the conclusions drawn from research activities performed; # publishing, in specialty periodical publications and on web-sites of partner institutions, of papers and surveys presenting the more significant issues of the project.

ACTIVITIES CARRIED OUT WITHIN THE PROJECT

The presentation in detail of activities aiming at achievement of above mentioned objectives and their outcomes, as well as the **Schema of project working out**, laying out activities and pointing out responsibilities of each partner, are shown in the next table.

Year	Stage / Activity category / Activity denomination / Participants	Length of time (months)	Outcomes
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2007 (Sep. – Nov.)	Stage I : Definition of the theoretical basis of approach	3	Study Activity report
	Basic research		
	<i>Activity I.1.</i> Workshop organizing for project's initialization		Work-shop Detailed plan for carrying out Stage I
	Partner 1 - CEIS		
	Partner 2 - IM		
	Partner 3 - ASE		
	<i>Activity I.2.</i> Notions clarifications concerning VA		Study
	Partner 1 - CEIS		
	Partner 2 - IM		
	Partner 3 - ASE		
	<i>Activity I.3.</i> Analysis of the rapports between the VA level and the manufacturing industry sectors' competitiveness		Study
	Partner 1 - CEIS		
	Partner 2 - IM		
	Partner 3 - ASE		
2007 (Dec.) – 2008 (May)	Stage II : Analysis of the determinant factors of VA yielding and their impact on SMEs activity	6	Study Research report
	Basic research		
	<i>Activity II.1.</i> Workshop organizing for stage initialization		Workshop Detailed plan for carrying out Stage II
	Partner 1 – CEIS		
	Partner 2 – IM		
	Partner 3 – ASE		
	<i>Activity II.2.</i> Analysis of the determinant endogenous factors of VA yielding and their impact on SMEs activity		Study
	Partner 1 – CEIS		
	Partner 2 – IM		
	Partner 3 – ASE		
2008 (Jun.- Nov.)	Stage III: Analysis of determinant factors of VA yielding and their impact on SMEs activity. Identification of reference points offered by the EU countries concerning stimulation of SMEs development and their capacity to yield VA	6	Study Research report
	Basic research		

	<i>Activity III.1.</i> Workshop organizing for stage initialization		Workshop Detailed plan for carrying out Stage III
	Partner 1 – CEIS		
	Partner 2 – IM		
	Partner 3 – ASE		
	<i>Activity III.2.</i> Analysis of the determinant exogenous factors of VA yielding and their impact on SMEs activity		Study
	Partner 1 – CEIS		
	Partner 2 – IM		
	Partner 3 – ASE		
	<i>Activity III.3.</i> Identification of reference points offered by the EU countries concerning stimulation of SMEs development and their capacity to yield VA		Study
	Partner 1 – CEIS		
	Partner 2 – IM		
	Partner 3 – ASE		
2008 (Dec) – 2009 (May)	Stage IV : SWOT analysis of SMEs capacity to yield VA in different sectors of manufacturing industry	6	Study Research report
	Basic research		
	<i>Activity IV.1.</i> Workshop organizing for stage initialization		Workshop Detailed plan for carrying out Stage IV
	Partner 1 – CEIS		
	Partner 2 – IM		
	Partner 3 – ASE		
	<i>Activity IV.2.</i> Analysis of the actual state of manufacturing industry. Structural, quantitative and qualitative evolutions after 2000		Study
	Partner 1 – CEIS		
	Partner 2 – IM		
	Partner 3 – ASE		
	<i>Activity IV.3.</i> Evaluation of differences in the level of VA yielded by SMEs on industrial sectors (consumption goods – oriented sectors, capital goods – oriented sectors, intermediary goods – oriented sectors)		Study
	Partner 1 – CEIS		
	Partner 2 – IM		
	Partner 3 – ASE		
	<i>Activity IV.4.</i> Analysis of SMEs capacity to yield VA as against that of large enterprises		Study
	Partner 1 – CEIS		
	Partner 2 – IM		

	Partner 3 – ASE		
2009 (Jun-Dec) - 2010 (Jan-May)	Stage V : Outlining the co-ordinates of SMEs development policy aiming at the increasing of their potential to yield VA. Operationalizing these co-ordinates in recommended action ways and measures	11	Study Research report
	Basic research		
	<i>Activity V.1.</i> Workshop organizing for stage initialization		Work-shop Detailed plan for carrying out Stage V
	Partner 1 – CEIS		
	Partner 2 – IM		
	Partner 3 – ASE		
	<i>Activity V.2.</i> Outlining the co-ordinates of SMEs development policy aiming at the increasing of their capacity to yield VA. Detailing them in recommended action ways and measures for firms' level		Study
	Partner 1 – CEIS		
	Partner 2 – IM		
	Partner 3 – ASE		
	<i>Activity V.3.</i> Outlining the co-ordinates of SMEs development policy aiming at the increasing of their capacity to yield VA. Detailing them in recommended action ways and measures for macroeconomic level		Study
	Partner 1 – CEIS		
	Partner 2 – IM		
	Partner 3 – ASE		
	<i>Activity V.4.</i> Working out predictions concerning development of SMEs capacity to yield VA as effect of measures recommended application		Study
	Partner 1 – CEIS		
	Partner 2 – IM		
	Partner 3 – ASE		
	<i>Activity V.5.</i> Setting a technical assistance program granted to the National Council of Romanian Private SMEs (CNIMMPR) for applying some of recommended measures		Technical assistance granted to CNIMMPR
	Partner 1 – CEIS		
	Partner 2 – IM		
	Partner 3 – ASE		
	<i>Activity V.6.</i> Organizing a scientific symposium to disseminate the research outcomes		Scientific symposium
	Partner 1 – CEIS		
Partner 2 – IM			
Partner 3 – ASE			
TOTAL			

As far as **the viability and risks of project** are concerned, it should be specified that its theme and carrying on organization were conceived in such a manner that the proposed objectives would be carried out with a high certainty degree, partners involved in project having the necessary knowledge and expertise to insure good performing of all activities discussed in the above table.

Statistical data availability regarding the level of VA yielded by SMEs in different sectors of manufacturing industry is a risk which should be taken into account with view to carrying on these activities. Surpassing this risk will be possible by using primary data from SMEs balance sheets, what supposes a considerable volume of these data statistical processing. The effort will be compensated by the possibility to formulate proposals for improving statistical database and a new methodology for data collecting.

The economic impact of the project: the analysis that will be carried out will render evidences for the existence of differences among manufacturing industry's sectors as far as SMEs capacity to yield VA is concerned, thus supplying the micro and macroeconomic levels decision makers with qualitative landmarks for conceiving adequate measures aiming at the increase of the respective capabilities. At the same time, applying the economical measures recommended will have significant beneficial effects. These economical effects will be enhanced by applying some of the recommended measures according to a program of technical assistance granted to the National Council of Romanian Private SMEs (CNIMMPR) in this sense.

The social impact of the project: the increase on the basis of the recommended measures' application of SMEs capacity to yield VA will lead to the creation of new jobs in these enterprises, the rise of their labor productivity, the better correlation between its level and that of wages, and the development of human capital of the respective enterprises.

The ecological impact of the project: among the recommended action ways and measures there are some with beneficial effects on environment protection, available for SMEs belonging to industrial sectors acknowledged as having a significant pollutant protection.

MAIN RESULTS OF THE PROJECT

The project has been worked out as a result of carrying out five activities, mentioned in the table above.

The first activity has been devoted to presenting the theoretical basis of problems to be tackling with, respectively of value added (VA) content, its significance for the economic-financial performances of a firm, its relations with the competitiveness of manufacturing industry's sectors, as well as peculiarities of VA production in SMEs.

The next two activities have been focused on analysis of the determining factors of VA production and their effect on SMEs activity. The factors dwelt on are endogenous (human resources, technical and material resources, information and knowledge resources, Research & Development and innovation potential, firm's management) and exogenous for the firm (legislative framework, manufacturing industry and industrial sectors' structure, domestic and external markets, banking system, public administration system, mezzo and macroeconomic management). The third activity also dealt with the reference points offered by the European Union's State Members experience in the field of SMEs development, their capacity to yield VA, and the policies adopted aiming at increasing this capacity (the countries analyzed from this standpoint were France, Germany, Italy, Spain, United Kingdom, the Czech Republic, Poland and Hungary).

Within the fourth activity has been carried out a SWOT analysis of SMEs capacity to yield VA in different industrial sectors. The quantitative and qualitative structural evolution occurred since 2000 in the manufacturing industry has also been analyzed, highlighting the positive and negative trends. Also, has been set off the sectoral differences in SMEs capacity to yield VA, according to CAEN Code, the causes of these differences, as well as the discrepancies between the SMEs and the large enterprises regarding the VA yielding.

The last activity had as object the detailing co-ordinates of a policy aiming at the development of SMEs sector and the increase of their capacity to yield VA and be more competitive. The action ways and measures suggested in this respect have been detailed at the firm's level (stimulating investments in information and technical infrastructure, improving enterprises activity's total quality, enhancing of Research & Development, innovation and technological diffusion potential, making more flexible the goods / services supply, promoting the aggressive marketing on domestic and external markets) and the macroeconomic level (ensuring a stable and predictable legislative framework, enhancing firms' attractiveness for foreign direct investments, stimulating the setting up of modern industrial structure - scientific, technological and industrial parks, clusters, networks of enterprises -, developing human capital, superior turning to account of its knowledge, productive and creative potential, stimulating the making up of a modern social structure, consolidating of middle class). A peculiar attention was given

to make predictions about development of SMEs capacity to yield VA, as a result of applying recommended measures. A program to grant technical assistance to the National Council of Romanian Private SMEs (CNIMMPR) was also set for applying some measures recommended in the project. Dissemination of project's outcomes is ensured by organizing a scientific symposium with interested specialists in SMEs development, as well as by essays and papers published in specialty reviews and/or presented within scientific symposiums, as follows:

- 2008 1 paper in internal review quoted ISI
3 papers in internal reviews quoted B+
3 papers in internal publications ISSN
- 2009 4 papers at international scientific symposiums quoted ISI
3 papers accepted for publications in international scientific periodicals quoted ISI
2 papers at an international internal symposium

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