

ADVANTEGES AND COMPETENCES AQUIERED BY COMPANIES PARTICIPATING IN PROJECTS

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Financing funds are financial instruments working to eliminate economic and social disparities, in order to achieve economic and social cohesion. The participation of the companies to financing funds aimed to support their activity through the financing of the productive sector investments, infrastructure investments or other investments in fields such is: education, employment and human resources development, local development and small and medium sized enterprises, but also to make possible the economic and social conversion of areas facing structural difficulties. This study aims to highlight the advantages and expertise acquired by companies participating in projects compared to those having deferred their enrollment in the project.

Keywords: local development, projects, financing, economic and social conversion

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1. General objectives of projects

The main objective of companies participating in different projects is the training of company's employees to develop skills on innovation, support business competitiveness in the context of adaptation to business requirements. This competitiveness can be achieved only by companies seeking to sustain and develop their work and by participation at various projects (not only in purely technical matters, but also in management, human resources, market policies, etc.).

Projects aim to provide access to techniques, methods, strategies to be followed in order to stimulate creativity. Companies that participate in these projects will gain competitive advantage through which will better exploit the innovative potential of employees and will easily integrate into highly competitive environment given the current context of Romania's EU integration, as well as that of globalization. When elements of innovation and innovation management are not adequately represented in training programs, projects aim to substitute lack of harmonization of the educational system to labor market needs.

Projects are considering also obtaining the individual benefits for employees of companies participating in projects; they will increase their chances of promotion, labor market integration in Europe.

In the context of globalization, the competitiveness is a question of Romanian companies. Projects designed to sustain competitiveness in the Romanian companies aim to define, to design and develop an educational packet for the employees of these companies responsible for the development and exploitation of innovation. Innovation focuses not only on the idea, the novelty, but also the ability to apply the idea in practice.

2. Motivations of firms participating in projects

Main motivation of participation in projects is related with the possibility to acquire skills and advantages in terms of sustaining a competitive activity. Companies needs related to their staff need to be innovative to cope with competitive business environment, workforce qualification and retraining to meet better the needs of labor market participation are other motivations of firms in projects.

Training through participation in innovative projects will lead to development of managers and employees. Analysis of general needs and specific needs in training employees of small and medium sized enterprises to develop innovative edge, will allow companies to find innovative and creative solutions to business needs.

Therefore, firms will adapt more easily to changing business environment and will be more open to new ideas and change in general.

3. Case Study: small and medium sized enterprises participation in projects

Reasons for the choice of target group - small and medium sized enterprises were:

- in small and medium sized enterprises, especially in Romania, there is less coherent policy to stimulate innovation;
- project results are easier to assess for small and medium sized enterprises than for large companies because small number of employees in a small and medium sized enterprises;
- small enterprises number decreased continuously in recent years (in 1998 there were 295.486 small businesses operating in economically and in 2002 only 285.589), while the number of medium-sized enterprises increased. This trend indicates the maturation of small and medium sized enterprises sector in Romania. Since 1990, Romanian Government, with the EU assistance and other donors and financial institutions, has implemented a series of measures to accelerate growth of the small and medium sized enterprises's sector. These measures led to significant results, in 2002: the contribution of the SME sector to GDP increased to 60%, the share of small and medium sized enterprises in total labor force employed reached 50.5% and 24.4% value of total exports. However, development of SME sector is still a challenge for Romania.

Activities that should be considered in a project involving the participation of small and medium sized enterprises are focused on identifying business needs and employees' needs to respond positively to the challenges of competitive environment. The positive response consists in the possibility of obtaining superior results compared to those of competitors and against prior periods.

To demonstrate the efficiency of small and medium sized enterprises participation in projects and to highlight the skills and advantages acquired, we analyze results of 10 companies (of 50) who benefited from the opportunity to participate in a project (PHARE CBC 2005) held in 2007-2008. Positive results were obtained by correctly identifying the economic needs of various categories under pressure. Opening markets has caused new pressures on businesses, especially in traditional industries and small and medium sized enterprises have been exposed, especially to many changes in business environment due to economic restructuring and preparation for integration. Therefore, they have to make efforts to adapt to structural changes.

This project was designed to foster cooperation in the small and medium enterprises, because only by this population, economic organizations and civil border counties may be integrated into cross-border cooperation. The project aimed to increase the level of training of managers, entrepreneurs and employees among small and medium sized enterprises by developing skills in implementation of projects and funding request. The project proposed also to induce a change in attitude and mindset among small and medium sized enterprises vis-à-vis the European integration process, which is reflected in improvements in the application and interpretation of Community law, the efficient resource management human and material, the awareness of the need and usefulness of a management plan for short and medium business and a development strategy in line with the trends of the European single market. The project has superior economic

performance with economic integration, and increased competitive capacity of small and medium sized enterprises with import-export activity from border area.

After finalization of funding under the Phare CBC Program, Centre for Cross-border Business Services - CSAT will provide research and consulting for all companies engaged in foreign trade, and thus affected by the economic integration process.

The sample analyzed was set to include companies operating in the three economic sectors: agriculture, industry and services.

Table 1: Distribution of small and medium sized enterprises (SMEs) participating in the project sectors

Sector of the economy	No. SMEs participating
Agriculture	10
Industry	10
Services:	30
- <i>Commerce</i>	10
- <i>Transport</i>	10
- <i>Tourism</i>	10
Total	50

Figure 1: Distribution of SMEs participating in the project sectors

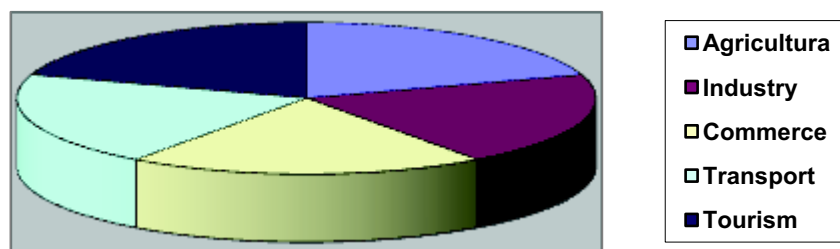
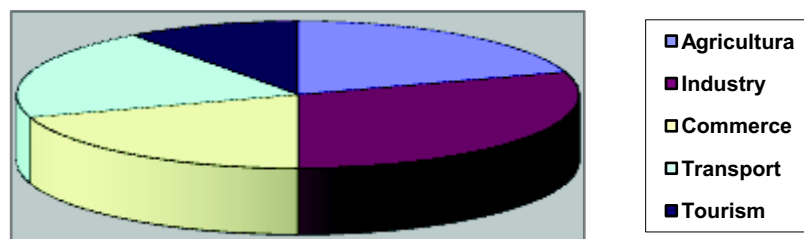


Table 2: Distribution of SMEs by sector analysis

Sector of the economy	No. SMEs examined
Agricultural	2
Industry	3
Services	5
Total	10

Fig 2: Distribution of SMEs by sector analysis



Skills acquired through participation in the project were:

- long term improvement of skills, training and specialization of staff and managers in the firm's problems;
- improve competitive;
- diversification and upgrading of products and services like customer adequate workforce;
- training to use new tools in business;
- ensuring the flexibility of labor in order to value employment opportunities;
- growth performance of small and medium sized enterprises on domestic and foreign market;
- to acquire a European mentality and cultivate partnership opportunity.

Benefits from participation in the project are:

- spread best practices for promoting small and medium sized enterprises in the context of alignment with EU standards;
- promoting innovations in business;
- for managers, will certainly be a way to encourage such investment in human capital of their firms.

Of the 10 small and medium sized enterprises examined, six have applied knowledge gained from participating in the PHARE CBC project compiling projects that have applied for grants to obtain funds national and European programs. These projects dealt with the purchase of equipment for the activities of industry and agriculture, modernization of transport and tourism activities, and creating e-shops. As a result of funding obtained, companies have created new jobs, won higher incomes and obviously, they made a profit. The current economic crisis has had an impact on their activity, but to a lesser extent.

Competencies and advantages gained by the participants in the project are reflected in the current activity of participating companies is quantified in terms of positive evolution of key economic indicators. To support those assertions, we analyze comparative financial indicators (turnover, profits) and the number of employees. The analysis covers the period 2006-2008, with forecasts for 2009.

Table 3: Evolution of indicators in the period 2006-2007*
at the 10 SMES selected from those participating in the project

Sector of the economy / company	2006			2007		
	turnover	profit/loss	no. employees	turnover	profit/loss	no. employees
Agriculture:						
company 1	7.667.921	136.130	41	12.624.954	195.098	45

company 2	828.240	89.966	17	1.043.604	31.861	18
Industry:						
company 1	8.154.667	14.140	213	7.721.078	37.197	196
company 2	18.574.975	-375.734	339	18.224.969	-1.776.551	240
company 3	1.076.217	12.257	25	1.955.854	232.938	34
Services:						
<i>Commerce:</i>						
company 1	20.677.099	1.709.458	85	20.916.467	65.684	91
company 2	10.799.957	-56.628	187	8.775.452	-2.299.660	182
<i>Transport:</i>						
company 1	63.234.724	1.150.774	434	74.530.771	829.530	424
company 2	2.309.459	87.652	2	3.008.563	198.814	12
<i>Tourism:</i>						
company 1	3.299.007	42.827	7	3.802.126	68.837	8

* Statistical data for the study were provided by the companies, according to the balance sheet

*Table 4: Evolution of indicators in the period 2008-2009 *
at the 10 SMEs selected from those participating in the project*

Sector of the economy / company	2008			2009*		
	turnover	profit/loss	no. employees	turnover	profit/loss	no. employees
Agriculture:						
company 1	16.955.238	273.843	45	16.950.000	275.000	45
company 2	1.298.275	31.587	14	1.295.000	31.600	14
Industry:						
company 1	6.817.843	36.299	170	6.800.000	36.000	170
company 2	37.749.161	218.527	249	37.750.000	220.000	245
company 3	1.788.416	16.553	40	1.790.000	16.500	40
Services:						
<i>Commerce:</i>						
company 1	37.177.976	-1.275.787	102	37.250.000	- 850.000	100
company 2	4.487.001	-1.737.331	67	4.450.000	- 1.250.000	65
<i>Transport:</i>						
company 1	74.318.985	935.756	341	74.320.000	935.000	340
company 2	3.376.971	6.184	13	3.380.000	6.200	13
<i>Tourism:</i>						
company 1	3.977.947	99.654	8	3.500.000	95.000	8

* Statistical data for the study were provided by the companies, according to the balance sheet, for 2009 data were projected by the company.

Forecasting level indicators for 2009 took into account the experience of participation in the project, experience has tried to counter, in a proportion as high as possible, the economic crisis. If it was a realistic forecast data will be there after June 30 (according to the balance sheet).

Table 5: The average rate of increase/decrease of the level indicators on the economic sectors considered from their 2006 level

Sector of the economy	2008/2006			2009*/2006		
	turnover	profit/loss	no. employees	turnover	profit/loss	no. employees
Agriculture	114%	35%	1,7%	114,7%	41,8%	1,7%
Industry	66,7%	-	-23,5%	66,7%	-	-21,2%
Services:						
<i>Commerce</i>	32,3%	-	-37,9%	32,4%	-	-29,4%
<i>Transport</i>	18,5%	-34%	-28,9%	18,5%	-24,1%	-19,1%
<i>Tourism</i>	20,5%	132%	14,2%	6%	121,8	14,2%

The firms that in the period previous to the participation to the project suffered a loss, through the skills acquired, they have managed to cover these negative results and, in some cases, they have had a profit.

4. Conclusions

Note the growth of the considered indicators, a different growth rate from one sector to another, fact that sustains an efficient participation in the project and a good management of the knowledge acquired. In some cases, the factor that had a greater impact on business activity was still the economic crisis. Sure, in the future, companies will improve the situation, given the strong interest for participation in other projects.

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