

### The number of active SME according by size

Size of firms	Number of firms				
	2000	2001	2002	2003	2004
Micro	279893	280448	285207	313485	358242
Small enterprises	29417	31249	32010	34883	36080
Medium sized	6864	7455	7989	8342	8674
Total	316174	319152	325206	356710	402996

Source: Ministry of Public Finance and NIS

### STRUCTURE OF SME BY SIZE IN 2004

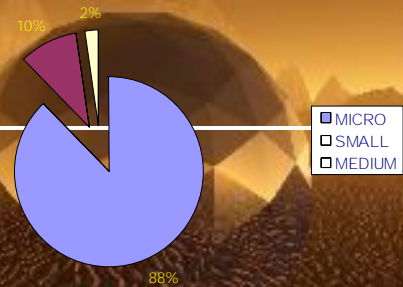
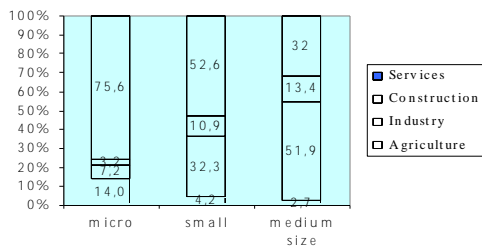


Figure 1.3. The structure of employees in SME, on main economical activities



### The main results registered by SMEs

Indicators	Years				
	2000	2001	2002	2003	2004
Number of SME on 1000 inhabitants	14.1	14.2	15.0	16.4	18.6
Weight of SMEs employees on total number employees in economy (%)	33.9	41.2	42.5	46.6	56.6
Labor productivity (turnover in euro on 1 employee)	32772	28362	27724	25918	27686
Exports of SME in million Euro	5223	5741	5718	6050	6755

## 2. The process of establishment of SMEs

- Law no. 370/2002 : the One-Stop-Shop national network
- the Law No. 359/2004: simplifies the procedure obtaining the registration certificate in 3 or maximum 5 days

## The steps required by the law

- Choosing the headquarters of a new firm
- The name of the firm
- The constitutive paper of a commercial society
- Firm's social capital, judiciary taxes
- Formalities to setup a firm at the Registry Commerce
- Obtaining the Fiscal Code for new firms
- Getting the certificates and licensees



### *Necessary Documents*

- Identification document of the partners, administrators or representatives if natural persons : passport - ID
- Identification document of the partners, administrators or representatives if legal persons: by laws, registration certification / fiscal certificate, certificate of banking ;
- Declaration before a notary (of having no debts to the Romanian people/government)
- Firm's social capital, judiciary taxes
- The contribution in cash is deposited to a bank or saving's house and the ownership documents for the contribution in kind are being prepared.

### *The costs for registrations*

- The independent persons (natural persons and family association) have to pay a tax for registration in amount of 30 RON (around 9€).
- The legal persons have to pay for registrations minimum 120 RON (around 30€). For the limited liability companies with minimum 200 RON (around 50€) capital, the costs are minimum 120 RON (around 30€); the joint-stock companies with minimum 2500 RON (around 715€) capital, the minimum costs are 225 RON (around 64 €) and for partnerships or for the simple limited partnerships, the costs of registration are cheaper, because the law no. 31/1990 concerning commercial companies don't enforce them to have a minimum capital, so the costs are most 80 RON (around 23€).

### *The costs for registrations*

In conformity with the GD No .166 /2003, regarding the fiscal facilities for students who want to start their own business, the solicitors are remitted of initial costs of getting the authorizations.

### *3. The SME support infrastructure*

- National Agency for Small and Medium Sized Enterprises and Co-operatives (NASMEC): Government Decision no. 753 / 3 July 2003, modified and completed through HG nr.2007/2004
- Consulting Centre (30)
- Euro Info Centre (8)
- National Credit Guarantee Fund For SMEs
- Commerce Chambers (42) and Business Associations (>20)
- Adviser Companies (>50)

### *The SME support infrastructure*

- 44 National Councils for Private SMEs;
- 8 Regional Development Agencies;
- More than 20 Foundations for Promotion of Private SMEs;
- More than 36 Business and Counselling Centres and Institution, including Centre for the Romanian-American Centre for Development of SMEs, Association of the Private Enterprises, General Unions of Romanian Entrepreneurs in Industry, in numerous cities, Women Entrepreneurs Association of Romania;
- More than 10 Products Quality Management Institutions;
- Romanian Rural Loan Guarantee Fund;
- Micro-credits institutions, including Romanian-American Enterprise Fund –FRAI and Advent Central and Eastern Europe II;
- Institutions Responsible for the Development of Quality, including Quality Assurance, MOODY International.

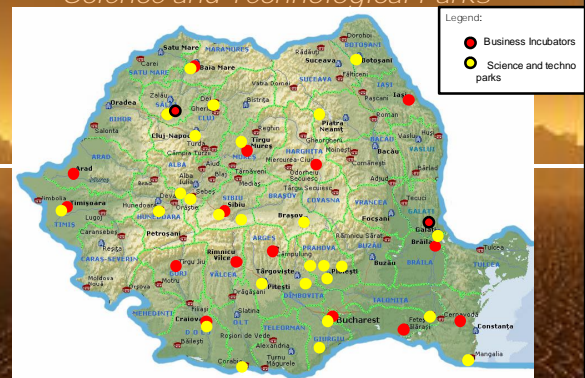
### *Legal status, special laws*

- 2000 - the Law No. 134 regarding the rule of industrial parks
- 2001- Government Ordinance (GO) No. 65 to established the rule of starting and functioning of the industrial parks -revoked the previous law
- 2002 - the GO No. 14 to constitute and make functional the technological parks – was approved in 2002 through Law No. 50
- 2003 - Government Decision (GD) No. 406 concerning the approval of specific methodological rules about the set up, function, the evaluation and accredits entities from innovation infrastructure and technological transfer
- 2004 - the GD No, 128 is concerning with the approval of National Plan “The Development of innovation infrastructure and technological transfer – INFRA TECH” Program

### Legal status, special laws

- 2004 - GD No. 1232 - to approve the Protocol between NASMEC Romania and United Nation Program regarding National multi-annual program for setting up and developing technological and business incubators during 2002 – 2005 (The implementation - approved by the President Order of NASMEC (PONAMSEC) no. 215/2004 and completed with PONAMSEC nr. 197/2005. In 27 July 2005 the program was officially rolled on by the State Minister for coordinating the activities of business environment and SMEs, NAMSEC, UN Development Programmes. The program was implemented with 390000 RON, contribution of Japan Government. The entire amount of the program is 13,321 million RON.)
- 2006 - GD. Nr.290 regarding the approval of National Strategy for Stimulating and Development the National Business Incubator Network

### Allocation of the Business Incubators, Science and Technological Parks



### History of business incubators in Romania

- Fourteen years "tradition",
- with international support (PHARE, FIMAN/PAEM and World Bank funds and private funds)
- The promoter of the 'Incubator centers' concept in Romania - the General Department for Innovation and Technology Transfer from Ministry of Education and Research

### History of business incubators in Romania

- In 1998- incubators reconvert army staff (Bucharest, Sibiu, Timisoara)  
Government Ordinance No. 7/1998 concerning social protection of staff shakeout from Romanian army
- Web Business incubator in Bucharesi, started in 2001 with private funds and in 2004 got 95000 Euro from PHARE program
- National Plan " The Development of innovation infrastructure and technological transfer – INFRATECH"

GD No. 128/2004

### History of business incubators in Romania

2004 - the Protocol between NAMSEC Romania and United Nation Program regarding National multi-annual program for setting up and developing of technological and business incubators during 2002 – 2005 (Brasov, Alba-Iulia, Sfantu-Gheorghe).

GD no. 1232/2004

### History of business incubators in Romania

- The creation and consolidation of the national network of business incubators -the Strategy for Stimulating the Development of business incubators in a national network

Government in association with NAMSEC

GD. Nr.290 / 2006



## Ownership

- The local public Administration Institutes- to sustain the development of BI
- Non governmental institutions - on local area - to sustain the development of private initiatives, local resources and financial funds from foreign similar institutes;
- Universities - to introduce entrepreneurship ideas in all activity fields (research; consulting; technological transfer; communication network building and promotion; the development of business incubators and scientific and technological parks, offering the necessary infrastructure to students and teachers). The creation of spin-offs to disseminate the results of research and innovation should be supported. Commerce and Industrial Chambers - to encourage the business initiatives and to attach importance to develop economically and socially the county;
- The Business Community
- Patronage association, belong to specific ministries, according to sustain the development of their branch;
- Research Institutes and domain ministries;
- Governmental or Nongovernmental Agencies.

Name of the organization	County and Town	Started
Business and Technological Incubator , CITAF	Bucharest	since 1994 PHARE Program, Budget: 127 500 ECU / project (1996-1997). 9 February 2006, 42 tenants. Size: 3500 m <sup>2</sup>
INCAF Braşa	Braşa Braşa	1994, Phare program
BIIC Harghita	Harghita Miercurea Ciuc	1994, Phare program 1996 functioning

IPA CIFATT	Dolj Craiova	1995 , own initiative, after 9 years Government support through INFRATECH Program
CILDA Călăraşi	Călăraşi Călăraşi	Started in 1997, Self-finance in present
Business Incubator	Maramureşu Baia-Mare	1997, local public budget, Average 24 tenants
Business Incubator Lafarge- Medgidia	Constanţa Medgidia	Since 2000, 141,425 Euro budget Network in country

Consulting and Assistant Centre for establish and develop micro-enterprises Mureş	Mureş Tg. Mureş	2001, private funds
Business Incubator Web	Bucharest	2001, 2004, Phare 95 000 euro Caracal- headquart
Business Incubator	Iaşi	2003 Financed by WB and The National and Local Agency of Labor during 2 years, The budget: 250 000 USD - 22 tenants
Business Incubator for reconvert army staff	Ilfov	Since 2003, Sibiu 1.10.2004, Timisoara – Implemented phase, financed by World Bank (WB) 2 mil \$
Business Centre Flandra	Valcea Râmnicu Valcea	2003, private Belgium funds, 15 tenants

Development Business Centre for SME's Business Centre Leurda-Motru-Baraolt-Vârzaşi-Cîmpulung	Gorj Tg Jiu	2004 Financed by WB, Local Council, Government Mining areas
Business and Technological Incubator	Bucharest	2004, local funds sect.2, Partnership: National High school " Cantemir Voda", Bucharest University, Distance Learning, IPA-CITAF
e-commerce BI	Bucharest	2004
Business Incubator and Technological Transfer Centre (IT domain)	Timiş Timişoara	2004, Local Council, Politehnica University, County Council, (rent 1.5 euro/mp/month, real rent is 6 euro/mp) IBD/GTZ – Germany Governmental Program for promoting economy and labour force in Romania

Business Incubator	Arad	16 dec 2005, Local Council Arad and Univ. Arad , Infratech
Business Incubator IT domain (NEST, ECO-NET)	Bucharest	2005 oct. from FRPP, Germany Group A-ANACOM, Advantage Software Corporation, Roland Berger & Partner and Hill International NEST
INMA-ITA Business and Technological Incubator	Bucharest	20, January 2006, INFRATECH
Business Incubator at "D. Motoc" High school	Galati Galati	2006, WB, lead by Science and Education Institute, European Foundation for Professional Education, "Observatorul National" Newspaper

Consulting and Assistant Centre for establish and develop micro-enterprises	Iași Iași	Implementing phase
Business Incubator for Inovative Industries	Salaj Jibou	Development program 2007-2013. Estimative Budget: 800000 euro

Not Functioning			
1.	Business Incubator ARDELIE Pro	Argeș Câmpulung Muscel	
2.	Business Incubator for Creation and Innovation	Neamț Roznov	
3.	Business Incubator EUROPA	Olt Slatina	
4.	Initiative and Promoting Business CIPA	Sibiu Sibiu	
5.	Business Incubator	Vrancea Focșani	
6.	Business Incubator	Timis Timisoara	
7.	Local Development Centre	Gorj Tg. Jiu	

*The business plan*

Based on GD. No. 260/2006 it is necessary to elaborate a business plan before creating a BI.

The business plan must contain:

- *The types of services provided.* It will be necessary to indicate the permanent services offered in BI and those which will be acquirable from outside, their main characteristics depending on each client specifics, prices policy, types of results, the established indicators;
- *the rules of BI function, criteria of entrance, the rent, the policy of excluding from the incubator, economical analysis (costs and incomes from rent and provide services);*
- *the marketing strategy, types of business which will be incubated, aspects of sustaining the BI on long term.*

*All the BI questioned has a business plan, elaborated before starting their activity.*

*The criteria of success in Romania*

- *A competent management team*
- *Marketing policies adequate to the local, regional, national or international specific*
- *Turning to the account the research potential, especially of universities and research institutes and creating a portfolio of patent*
- *The access to national or international networks and to partnerships*

*The criteria of success in Romania*

- *The existence of an adequate legislative frame*
- *The calls for tenders, regarding the assurance of a high level of business performance;*
- *Adequate procedures, which are in concordance with the ideas issued from incubated firms;*
- *The assurance of consulting services in concordance with each step from incubates period.*

*The services provides by a BI*

- **Business infrastructure** (facilities at low costs - buildings, locations for work, offices, location for exhibitions)
- **Consulting and training services** with a high add value, offered individually and at subventions costs
- **To assure common facilities and the necessary equipments** (access to internet network, conference hall, equipments for offices, secretariat services, laboratories )
- **To assure the utilities**
- **To assure the fast access and visibility**



### The services provides by a BI

The consulting services are divided chronologically :

- -At first for creating the firm, through sustaining potential entrepreneurs for starting their own business, to elaborate a business plan and assuring the first phase of finance;
- -In the first year of functioning – accounting services, marketing services and the second phase of finance;
- -Start-ups being in the second and third year of functioning; management consulting, promoting exports and reducing the costs of finance support from BI.

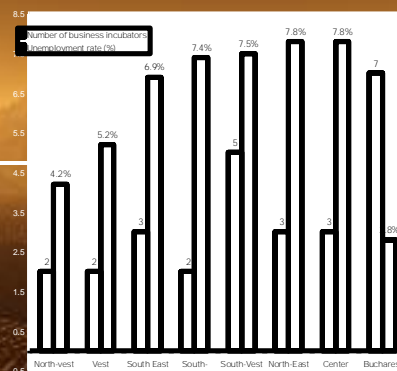
GD no. 260/2006

### The incubation period

The average period for providing the services mentioned above is three years. In accordance with the kind of services provided, the period varies between few months and maximum five years.

### The incubator place and kind of facilities

- In Romania the incubators provide space in average for 11 tenants, less than the EUBIC average which is 34 tenants for each incubator .
- The services on a decreasing scale are: office, secretarial, business advisory, teaching facilities, conference rooms, meeting rooms, modular space, training, security and cleaning, ICT services, waste management, laboratories
- The incubator's place depends on the activity domain of the incubated business. The BI's are situated in regions with low level of economical development.



### The stakeholders /local alliances of the business incubators

- The County Council, The Local Council, Commerce and Industrial Chambers, patronage associations, agencies governmental and nongovernmental, the business community, universities, research institutes and domain ministries.
- For example, for one BI there are as stakeholders: The National Research – Development Institute for Metals and Radioactive Resources, Bucharest University and National Company of Pit coal.

### How to finance business incubators?

- The sources of funding are: subsidies – EU and other international agencies, national authorities and public agencies, payments from banks and other private sector organizations, for universities (INFRATECH- program), R&D organizations, rental income and other incubator charges, service contracts, investment income and other sources.

### *How to select the best possible incubator manager?*

- The team management has to be selected before starting the activity of BI in order to assure coherent and unitary rules for all BI clients.
- The management has to be assured in a transparent manner by selecting the administrative company on an open public auction procedure, without discrimination.
- According to NAMSEC studies, it was revealed that only 16% of managers of BI followed specific professional training.
- The managers of BI consider that the success of a BI is based on renting locations for adequate and well outfit offices, but offering consulting services as the main important part of a BI activity.

### *How to evaluate the activities of the business incubators?*

- -Occupation rate of BI. Regarding this issue, the registrations about monthly and annual rates of occupation, types of clients, stakeholders and employees profile it has to be kept. It is also important to analyse the clients which were successful during the incubation period;
- -Financial indicators regarding the profits, the incomes, costs, profitable rates;
- -Petitions of incubated firms, concerning the quality and terms of services provided by BI;
- -The impact on market of incubated firms.

### *The criteria of sustainability in Romania*

- *The number of incubated firms, the term of incubation and the success rate of incubated firms;*
- *The optimum administration of the common utilities;*
- *The pursuit of tenant, during the entire period of incubation;*
- *Conceiving criteria of quitting the business incubators, as well as for pursuing permanently the exit of tenants*
- *The performance of services provided by business incubators*

*The failure was caused by an unsuitable business plan – due to this fact was adopted GD. no. 290/2006*

### *Conclusions*

- *One of the biggest barriers in the development of incubators in Romania is the lack of entrepreneurship and the lack of financial independence*
- *The main finance resources are from rental income, private consulting, special services, governmental or local contribution, from training activities, from national or international projects, and subsidies*

### *Conclusions*

- *Lack of financial independence forces the managerial team of the business incubator to focus their energy and time identifying various sources of funding (including international funds), instead of concentrating on the main goal: assuring the greatest degree of satisfaction of their clients and customers*
- *The team management has to be selected before starting the activity of the business incubators, in order to assure coherent and unitary rules for all their clients.*

### *Conclusions*

- *The business incubators have to prove the existence of own procedures of oversight through which the accomplishment of the objectives will be evaluated and if they are in concordance with the clients needs*
- *The first generation of business incubators, according to the evolution in EU, mainly is centered upon assuring space and common facilities for tenants, which is the situation, till now, of business incubators in Romania*
- *Only last year was founded the first association of industrial parks and BI's in Brasov*



## Conclusions

All the results presented are based on the analysis of the operational incubators in Romania. We have identified 30 business incubators, from which in present 7 are not functioning and some of them are in the implementation phase.

## Science and Techno Parks

- Romanian experience is just at the beginning, because, till now, just a few of them are partially functioning. So, for this stage, it is very difficult to find specific criteria or other aspects in order to evaluate a standard of performance. Generally, a performing science or techno park should be evaluated through the capacity of creating a number of new jobs or according to the amount of new direct investments attracted. Regarding the distribution of the industrial parks a reverse tendency than in the case of BI's

Name of the organization	County or/and Town	Certificate/ Characteristics
1. Industrial Park București 143 ha Green field	Giurgiu Giurgiu	Industrial Park Certificate obtained on 31 March 2006 Various facilities for unpolluted industries, such as electronic, textile, engineering
2. Industrial Park 14 ha , 50% operational	Dâmbovița Moreni	Industrial Park Certificate obtained on 31 March 2006 Assembling department with 100-6000m <sup>2</sup> area, administrative surfaces, covered storehouses, open storehouses
3. Industrial Park Mija 82,62 ha operational	Dâmbovița	Industrial Park Certificate obtained on 31 March 2006

4. Industrial Park Cluj Napoca Green field / 20% under construction	Cluj	Industrial Park Certificate obtained on 31 March 2006
5. Industrial Park Jibou Green field / under construction	Sălaj	Industrial Park Certificate obtained on 31 March 2006
6. Industrial Park Valenii de Munte 100% operational	Prahova	Industrial Park Certificate obtained on 31 March 2006
7. Industrial Park Mica Sibiu Green field / 14,16 under construction	Sibiu	Industrial Park Certificate obtained on 31 March 2006

8. Industrial Park Fetești Green field	Ialomița	Industrial Park Certificate obtained on 31 March 2006
9. Industrial Park Bucharest Metav 16,6% operational	Bucharest	Industrial Park Certificate obtained on 31 March 2006
*10. Industrial Park *Green field	Sibiu	Industrial Park Certificate obtained on 31 March 2006
11. Industrial Park GREEN FIELD 10% UNDER CONSTRUCTION	Hunedoara	Industrial Park Certificate obtained on 31 March 2006
12. Industrial Park Botoșani 71,4% operational	Botoșani	Industrial Park Certificate obtained on 31 March 2006
13. Industrial Park Ploiești Crângul lui Bot operational	Prahova	Industrial Park Certificate obtained on 31 March 2006

14. Industrial Park Corabia Green field	Olt	Industrial Park Certificate obtained on 31 March 2006
15. Industrial Park Pitești 25% operational	Argeș	Industrial Park Certificate obtained on 31 March 2006
16. Industrial Park Giurgiu Nord operational 57,4 % used	Giurgiu	Industrial Park Certificate obtained on 31 March 2006
17. Industrial Park Sebes Green field	Alba	Notification regarding of invalidation of Industrial Park Certificate based on governmental address No.1578/MNT/14.02.2006, according with art.10 from O.G. nr. 65/2001)

18. Industrial Park Vidrasau Green field	Mureș	Industrial Park Certificate obtained on 31 March 2006
19. Industrial Park Ceahlau operational	Neamț	Industrial Park Certificate obtained on 31 March 2006
20. Industrial Park Sema operational	Bucharest	Industrial Park Certificate obtained on 31 March 2006
21. Industrial Park Zarnesti 10% operational	Brașov	Industrial Park Certificate obtained on 31 March 2006
22. Industrial Park Pro Roman 30 % operational	Brașov	Invalidated certificate
23. Industrial Park Galati Zona Libera Green field	Galati	Industrial Park Certificate obtained on 31 March 2006

24. Industrial Park Cugir Operațional	Alba	Industrial Park Certificate obtained on 31 March 2006
25. Industrial Park Euro Land Vladeni Green field	Brașov	Industrial Park Certificate obtained on 31 March 2006
26. Industrial Park Ploeni 62% operational	Prahova	Declared industrial park through DG
27. Industrial Park Metrom 59,6% operational	Brașov	Declared industrial park through DG
28. Industrial Park Carfil 71% operational	Brașov	Declared industrial park through DG
29. Industrial Park Victoria 5,50 ha - operational	Brașov	Declared industrial park through DG
30. Industrial Park Fagaras operational	Brașov	Declared industrial park through DG

31. Tourism and recreation Park Snagov Green field	Bucharest	Notification regarding of invalidation of Industrial Park Certificate based on governmental address No.1578/MNT/14.02.2006, according with art.10 from O.G. nr. 65/2001);
32. Industrial Park Rompetrol 50 ha – operational	Constanța Năvodari	Industrial Park Certificate obtained on 31 March 2006
33. Industrial Park 40,185 ha – green field	Cluj Dej	Industrial Park Certificate obtained on 31 March 2006
34. Industrial Park Mangalia 13,1 ha - operational	Constanța Mangalia	Industrial Park Certificate obtained on 31 March 2006
35. Industrial Park Tetarom 2 12 ha - green field	Cluj Cluj-Napoca	Industrial Park Certificate obtained on 31 March 2006
36. Industrial Park Sadu Bumbești 13,91 ha - operational	Gorj	Industrial Park Certificate obtained on 31 March 2006

37. Industrial Park Craiova, 10,03 ha - operational	Dolj	Industrial Park Certificate obtained on 31 March 2006
38. Industrial Park Prejmer, 50,38 ha - green field	Brașov	Industrial Park Certificate obtained on 31 March 2006
39. PARC DE TEHNOLOGIA INFORMABIEI Information Technology Park	Timișoara Timișoara	implantation phase between 2004-2006 Partnership between Timis County Council, Local Council of Timisoara, West University of Timisoara, Polytechnic University of Timisoara
40. Industrial Park	Prahova Brazi	Implementation phase
41. <u>Parcurilor tehnologie-informatic</u> Information Technology Park	Maramures	Not indicated by [11]
42. <u>SoftVillage &amp; Techno PARK</u>	Maramures Baia Mare	Not indicated by [11]

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