

SMALL AND MEDIUM SIZE ENTERPRISES - THE MAIN TRADITIONAL ROMANIAN SUPPLIERS

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Abstract:

In the past years, traditional products have become important in Romania and specialists in the field believe they represent opportunities for economic growth, especially in the isolated or underdeveloped rural areas, if they are approached through combined strategic measures. Over 2500 Romanian traditional products have been registered at the Ministry of Agriculture and are aiming at national or international markets.

We aim to point out the fact that SMEs that are specialized in producing and distributing traditional products have known a sustained development and traditional products have become important in Romania, which determined specialists in the field to underline the fact that these represent opportunities of economic growth, especially in the rural, isolated or underdeveloped areas, if they are approached through strategically coordinated measures.

Keywords: small, medium size enterprises, traditional , products, economic, growth

JEL Classification: M₂₁

1. SME the backbone of modern economy

The 21st century is considered by specialists as being the century of SMEs – which places them in the foreground of development and emphasizes their role as most dynamic economic factor.

The reality from the countries of the EU, the USA and Japan offers undisputable arguments. The statistics from these countries show that “the greatest part of the GDP is produced within small and medium sized companies, the majority of the workforce is in SMEs, which have been the only creators of new jobs over the past two decades, and, until a few years ago, incorporated the largest number of dynamic companies from top fields such as computers, e-commerce,

genetics, biotechnology, managerial consultancy, engineering etc. Moreover, the largest part of the recent inventions and innovations have been generated by SMES” (www.ec.europa.eu).

Moreover, we must emphasize the fact that we are witnessing the transition to a new type of economy, the knowledge based economy, whose main component – specialists claim – is the knowledge based economy and the prototype of such a company is the small and medium sized enterprise, which incorporates the latest technology, with a reduced number of employees, whose main resource and driver for development is knowledge. “The knowledge based company is, usually, small, and has the following defining features: a competitive edge based on knowledge, flexibility, and dynamism, high ability to learn and use new knowledge and generate added value” (Nicolescu, O., Nicolescu C., 2008).

In Romania, the century of SMEs has developed in an accelerated rhythm over the past two decades, and in the present there is a focus on increasing their competitiveness and sustainability, but also on their contribution to ensuring a balanced economic and social development. It is certain, nowadays, for the specialist in our country, that the sector of SMEs represents the most active sector of a modern economy, a factor of technological progress and innovation.

The stimulation of rural and regional development represents one of the positive effects of the startup and development of SMEs focused on producing and selling traditional products. They represent a solution for reducing regional economic gaps, through capitalizing upon local resources, through the ability to respond to local demand based on the detailed information that they own regarding the respective market.

Recent statistics show the fact that the number of SMEs that have as main activity the production and selling of traditional products – specially food products – has grown with a fast pace over the past years, especially in areas with a certain tradition regarding these products: the area Bran-Moeciu, the area Mărginimea Sibiului, Bucovina etc. The world economic crisis has affected the entire sector of SMEs, and the negative effects affected also the SMEs that produced traditional products, however to a lesser extent.

Very important for these SMEs, in the following period, are the following factors (www.infolegal.ro): improving the business climate, facilitating the access of farmers and agro-food industry to non-refundable and refundable financing and information; stimulating the association of producers in professional organizations; encouraging the sharing of experience and good practices in the agricultural field; increasing the confidence among farmers and processors; presenting the innovations in the field of agriculture and agro-food industry.

Moreover, it is necessary to create a network of collection with the aim of distributing the traditional and local products produced by SMEs, including small farmers and craftsmen. Also necessary is to “create a mandatory norm for large chains of stores to ensure a display area of minimum 30% of their surface to present and sell traditional and local products of SMEs, small farmers and craftsmen; and to maintain the unique tax and reduce the fiscal burden on the labour force by 5 percent and reducing by minimum 25% the number of taxes for entrepreneurs.” (www.infolegal.ro)

We aim to point out the fact that SMEs that are specialized in producing and distributing traditional products have known a sustained development and traditional products have become important in Romania, which determined specialists in the field to underline the fact that these represent opportunities of economic growth, especially in the rural, isolated or underdeveloped areas, if they are approached through strategically coordinated measures.

2. The Romanian traditional products and their impact upon Romanian economy

In the past years, traditional products have become important in Romania and specialists in the field believe they represent opportunities for economic growth, especially in the isolated or underdeveloped rural areas, if they are approached through combined strategic measures. Over 2500 Romanian traditional products have been registered at the Ministry of Agriculture and are aiming at national or international markets. In the European Union, the market of traditional products totals sales of over 14 billion Euro every year, while in Romania, the merchandising of these products is done mainly in fairs and markets, with only a small number displayed on the shelves of large stores. Those products, however, reach yearly sales of over 1000 million Euros, according to the Ministry of Agriculture and Rural Development.

Traditional products have distinct characteristics according to the areas they come from, and represent an important element for the local economy, taking into consideration the fact that the issue of qualification and the intensification of the problems related to quality have become extremely complex. For the local economies, traditional products present a series of advantages, through the fact that the production methods are simple and easy to learn, that ingredients are available locally and represent important income sources for the local producers.

The traditional product is defined (M.O. 938/2004) as being the product that is obtained from raw traditional materials, which has a traditional recipe or manner of production and/or processing and which is clearly distinguishable from other similar products pertaining to the

same category. Therefore, it is also interesting the manner in which the Romanian consumer perceives these traditional products. The answer to this comes from two studies done exclusively for the magazine Piata (The Market) – an online questionnaire of attitudes and perceptions done by Exact Research and Consultancy and a quantitative research performed by Unlock Market Research – which have shown that, at the consumer level, there are major differences of perception between what the legislation foresees and what the specialists recognize as traditional product, and what they expect to find under this denomination.

Therefore, the results of the research done by the company Exact Research and Consultancy show the fact that “92% of the consumers expect the traditional product to be obtained from Romanian traditional raw materials, and 84% expect that even the manner of producing/processing be based on a Romanian traditional process. According to this study, Romanian traditional means the absence of preservatives and E-s (29%), traditional recipe (27%), natural product, obtained with natural ingredients (23%), and which has the mention of the area in which it was originally produced (17%).” (Popa, C., www.revista-piata.ro).

The most important attributes associated to traditional products, based on the study of Exact Research and Consultancy are: taste – traditional products are more tasty than regular food products; way of merchandising – they should be sold in hypermarkets and supermarkets in special places, not just in fairs and markets; they are more healthy than regular products and are more nourishing than regular food products. The associated attributes at an average level refer to the aspect of products (they look more appetizing than regular food products), but also connected to the price, most of them claiming that they are more expensive than regular food products.

By extending the discussion, we must underline the fact that the superiority of traditional products is represented by the total technological measures applied in the process of production or in the processing. “The traditional quality” of these products cannot be appreciated by comparable criteria, as they are not so important anymore. Thus, specialists claim that “the color and uniformity of the products, the exact caliber, the average weight, the regular shape or other “aesthetic qualities” do not constitute anymore the main criterion of choice. The main features of the traditional vegetable, fruit, dairy, etc. production are:

- **the dietary feature** of the production: the hygienic aspect – referring to not using, therefore not containing traces of synthetic chemical products; the nourishing aspect – the content of nourishing elements such as vitamins, natural (biological) minerals; the organoleptic aspect – due to taste, specific color, flavor, juiciness, consistency, etc.;

- the technological feature (regarding manipulation): meaning the behavior in transport, preservation, refrigeration, etc. Most of these quality features are similar between traditional products and regular ones;

- the traditional feature: Traditional products, through the nature of the techniques proposed (a major investment of manual labor) limit the exodus of the rural population towards the town and create new relations between producers and consumers; reduce dependence of agricultural producers to the urban population due to the fact that they resort more and more to local resources (labor force, organic fertilizers, traditional treatments against diseases and pests, processing methods, etc.) (www.madr.ro).

If, at a national level, there are over 2.500 traditional products, in the year 2011 at the level of the Sibiu county, an area in which traditional products are well represented, have been identified, 429 traditional products, registered by 62 economic agents in the county. We hereby present the categories of traditional products with the best representation at the level of the Sibiu county (Coroian, A., <http://transilvaniabusiness.ro>);

- **124 traditional meat products:** although she is selling a traditional product for the Sibiu area, Maria Mistreanu too has problems regarding the selling market “We work very much because the products have a short expiration date. But this guarantees that the products are always sold fresh”, she explains.

- **135 bakery products have a traditional certification:** the local market has been lately assaulted by the local producers. „There are five different types of white bread in each store. People do not buy more, but less, from a larger number of companies” is the opinion of Marius Ilcușiu, one of the traditional producers. For the small entrepreneur, the differentiating features among the offered products are: the preparation process “on the hearth” and preserving the recipe – both contribute to the special taste of traditional bread;

- **142 dairy products and 4 honey products are registered in the Sibiu county.** Dairies and honey are less stable, according to three producers from Sibiu. Their advantages are due to the relatively small investments, but also to the better market and the good prices of the products. Honey and products from honey from Miercurea Sibiului, produced by the beekeeper Cornelia Doștețean are sold in bioshops from all over the country, but also in Germany, where they are used in apitherapy. Another producer from Agârbiciu exports honey in Germany, producing approximately 300 tons every year. One of the advantages of traditional honey is the lower price – 5 to 10 lei smaller as compared to the factory products.

Despite all this richness and variety of traditional products, they are not to be found at any corner. Many of them are lost on the crowded shelves of large stores or are sold exclusively in the towns where they are being produced. The issue of the access to the market remains one of the major issues of traditional producers from our country. Few of them have managed to resist on the market and have constant sales. Most of them rely on specific fairs or on traditional restaurants, which are in small numbers. The common buyer cannot help them because the price of traditional food is fairly high.

In Sibiu, the year 2011 meant the launching of two fairs of traditional and ecological products: one organized fortnightly in the ASTRA Museum, and the other one takes place weekly in the Huet Square. DADR Sibiu (Department for Agriculture and Rural Development Sibiu), the Sibiu County Council, the Museum “ASTRA” and the Foundation “ADEPT”, and also the Evangelical Parish, and SC Piete SA Sibiu are the organizers of the two events. Also in 2011 at the initiative of DADR was founded the County Association of Producers of Traditional Products “Mărginimea Sibiului”, comprising 16 founding member, all traditional producers.

The purpose of organizing these events is to promote farmers and producers of traditional products alike, as well as to present the products certified by the Ministry of Agriculture and Rural Development. The Traditional and Ecological Product Fair, organized currently by the DADR Sibiu, the County Association of Producers of Traditional Products “Mărginimea Sibiului”, the Foundation ADEPT Transylvania, the Museum ASTRA, with the support of the County Council is the continuation of the series of travelling markets of food products Slow Food, founded last year.

3. Conclusions

As a conclusion, it is important that all of us – producers and consumers, decision makers, understand that “behind all quality traditional products there is a territory, a culture, a history and, above all, people who believe in those products and who invest ingenuity and quality labor in those products”(www.agriculturae.ro). It is necessary to find a new, simpler and more efficient way of making the benefits and value of Romanian food products be understood, as well as “to present the new and brutal culture that resides in opening retail store chains in many small towns and cities in Romania, with cheap, poor quality products, that disregard the quality standards, the welfare of animals, of the environment and the ecological methods of agricultural production.” (www.agriculturae.ro).

It is a reality the fact that promoting Romanian traditional products can bring considerable benefits to the rural economy, especially in the underdeveloped and far areas, by increasing the incomes of agricultural producers and retaining the rural population in those respective areas. Having in view the great diversity of products sold and the high amount of information offered in the field „consumers must have access to clear and succinct information regarding the origin of the products, the specific characteristics due to the geographical location, the origin and traditional methods of manufacturing, the historical, giving them the possibility to make the best choice.”(www.agriculturae.ro).

Dacian Cioloș, commissary for Agriculture and Rural development, declared that: " In the European Union, agricultural products are unique in terms of quality and diversity. In a more and more open global market, it is not enough to produce excellent food and beverages. The efforts to communicate to the consumers the quality standards of the European agricultural products must intensify. The EU programs are an efficient way of helping our producers in an increasingly competitive world " (Mușat, M, www.agroinfo.ro).

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