

COMPARATIVE ANALYSIS AT THE LEVEL OF COUNTRIES FROM EUROPEAN UNION REGARDING THE DEVELOPMENT POTENTIAL OF COMPANIES POPULATION

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Abstract: In the same time with the integration in E.U the Romanian companies must get through with new challenges: first the competition of west European companies which will try to enter in Romania and second the trial to enter on the west European market. Both objectives are difficult to achieve because the E.U companies have a strong experience regarding to the competition, increasing of activity efficiency and to attract the customers.

In order to understand how it would must approach these objectives, we should first find out the evolution stage attended by these companies and to analyze their provenience environment.

In this paper we realize a comparative analyze of the companies population of european countries, highlighting the aspects which determine the european companies to evolve in order to achieve the actual performances.

The capacity of companies to assuring a sufficient income for at least to balance the operating expenses is the one which assure their survival. This capacity is putted to heavy tests by the business environment where the companies function. When this suffers important changes the companies must react adequately. Applying this reasoning to the romanian companies population, used to function into a relatively closed and small business environment, in the context generated by the integration of Romania in E.U., which drastically change the characteristics of business environment, we put a natural question:

„At what trials the romanian companies must expect after this major event?”, a question for which the answer had to be well documented and clarified before this event and bringed into the open so that the romanian companies to have the possibility to change their capacity to survive. This fact does not evolved like this, so that many of the romanian companies looked at the integration event through the full half of glass, like a special advantage, without research the empty half of it.

A year from this event has already past and step by step the romanian companies discovered that not only the advantages have came after it, like the facility for merchandise and labour force circulation, the opening for the sale the product on a greater market than national one, but the disadvantages too, like: the competition of european companies, the migration of labour force, the restrictions regarding the quality of the products and the real possibilities for sell etc.

A statistic analyze for what happened after integration cannot be done directly because the acquisitions of informations for the 2007 year is not finished yet. We can still base on the data regarding the business environment of the countries, collected by the EUROSTAT before this event for forecasting the potential effects.

This analyze was focused on all european countries. Some of the european countries were excepted because of the lack of data or too small quantity of data existent in the EUROSTAT database [EUROSTAT, 2008].

Another question regarding to the romanian companies that must be asked is:

„What are the survival chances will have the romanian companies after the integration?“

The answer can be clarified by studying with the help of the statistical methods of time series analyze [Carmen Radu, 2007] and of the demographique methods applied on the companies' population of Romania comparative with the population of companies from the other analyzed countries.

Thus, studying the companies' survival rate we can say that exist two types of tendency (fig. 1):

- in the countries in where the market economy works from a long time the population of companies presents a relative stability, the chance for a new borne company to survive more than two years is relatively high (over 75%), but in the most situation is decreasing. In the other words, the companies presents from birth that characteristics need it to survive from a period to another period, but the business environment select them in a number smaller and smaller. An example for this type is represented by the countries like: Sweden, United Kingdom, Italy and Netherlands;
The lack of data from EUROSTAT database restrain us to make appreciation regarding to the business environment for countries, which for Romania are very important, like: Austria, France, Germany, Denmark, some of them having companies which already enforced in the romanian business environment.
- in the countries which were integrated later, the stability is not so great. The proportion of the companies which survive from birth more than two years is between 60 and 89.4%. The countries from this group are separated in:
 - countries in which the tendency is one of increasing the companies rate of survival, which signify an increasing responsibility for bringing into existence of the new companies, meaning that the companies are more and more adapted to the existent business environment. This group include countries like: Spain and Romania.
 - countries in which the tendency is one of maintaining or decreasing of the survival rate, generated by the intensification of the unfavourable conditions for survival in the business environment (instability of legislation, the increasing of competition between the companies), like: Slovakia, Czech Republic, Hungary and Finland. The lack of data restrains us to make appreciation regarding the companies population from countries like Bulgaria, Greece or Poland. These are countries which for Romania presents a special interest. First of them was the partner of Romania in the integration process and the last two are possible models to follow for the „after integration” period.

The best adapted companies to the business environment are, in order, from: Sweden, Slovenia and United Kingdom.

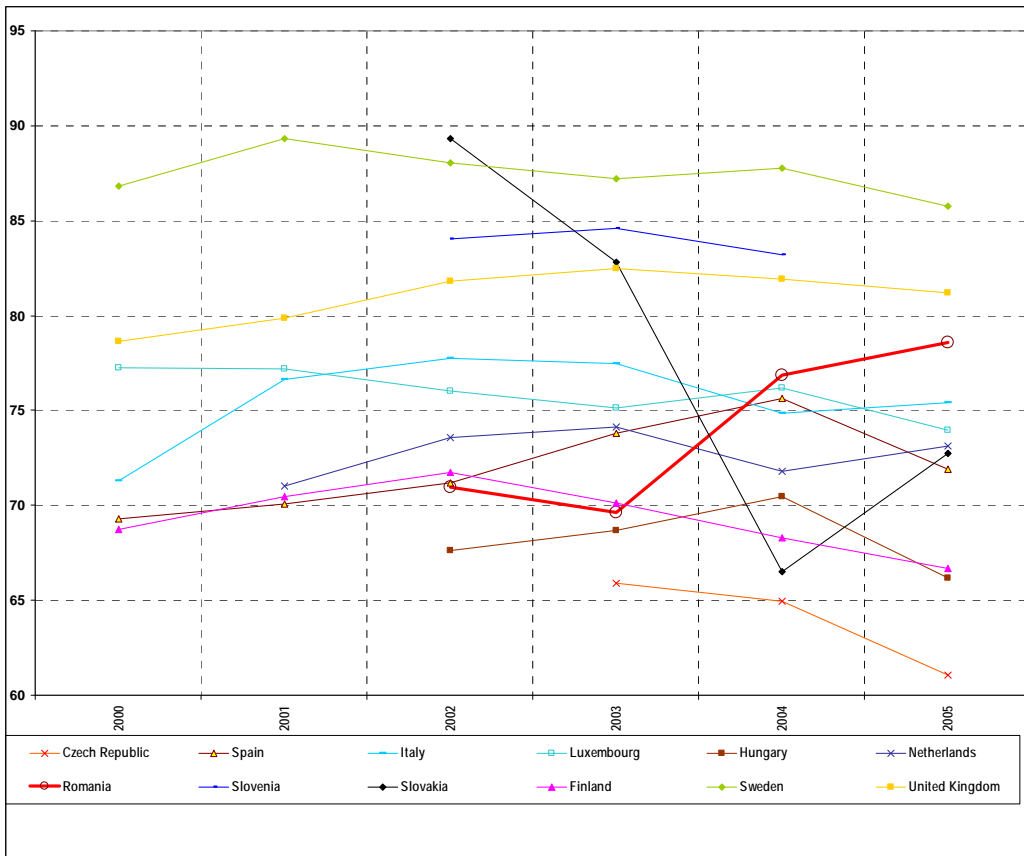


Fig. 1: The survival rate of new companies

Source of data: EUROSTAT database

The lowest survival capacity is observed at the companies from Czech Republic.

The position of Romania is a good one. For the analyzed period we highlight a great improvement of companies survival capacity after birth at least two years.

The difficulties imposed to the companies by the business environment can be more clearly highlighted if we analyze side by side the survival rate and the death rate of companies (fig. 2).

We can observe that only in the case of Czech Republic and Portugal the increasing death rate is present and in the case of the other countries the tendency of death rate being a decreasing one. The Portugal case is special one because the fact that it is the only one country which presents a nonlinear tendency of the companies death rate which highlight the existence of one point (the year 2000) in which the existent conditions from the business environment was radically changed. This change conducted to a significant increasing of the companies death rates which in 5 years from the lowest value to the highest value compared with the rest of the countries.

We found the lowest rates in the case of Sweden, Spain, Slovenia (2-2.6%) and in the same time the highest rates are in Romania, United Kingdom and Hungary (over 8.5 %).

In the countries with a high survival rate, natural, we determined a low death rate and vice versa. This fact is present in Sweden and Slovenia but not in the case of United Kingdom (the death rate is over 11.2%). The situation can be explained if we take into

account the information regarding the companies birth rate (fig. 3). Thus, we can observe that in United Kingdom the companies birth rate have great values and an easy ascending tendency (between 11.9 and 14.1%). In the other words, the United Kingdom is the country where we found a strong competition between the companies into a relatively stable business environment.

If we analyze the situation of the romanian companies we observe a very good aspect: the birth rate have a strong ascendant tendency (over 18% from 2002) in the same time with a descending death rate which permit us to conclude that the romanian companies population is into an expansion and adapting to the business environment process.

Another special example is the Sweden which presents a relatively stable business environment favourable to companies, if we take in consideration the high survival rate and the lowest death and birth rates. A close situation we found in the case of Slovenia.

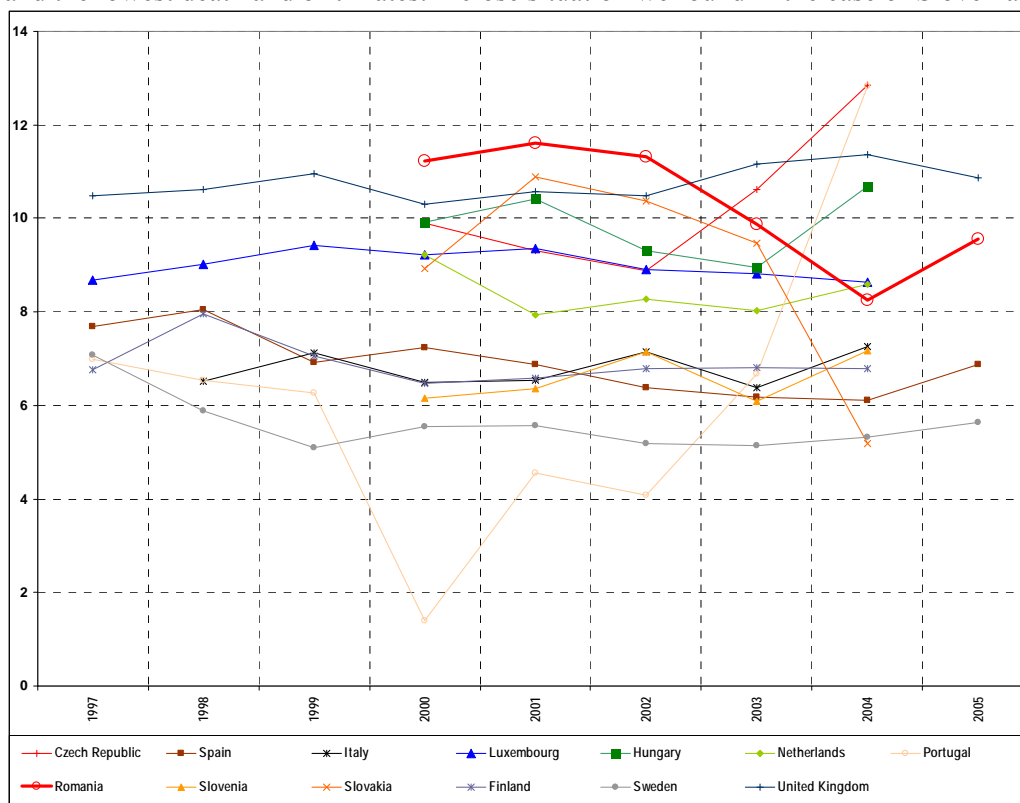


Fig. 2: The companies death rate of companies, 1997-2005

Source of data: EUROSTAT database

Based on the facts presented above we can conclude that the population of romanian companies, at least under extensive aspect, have a great potential which wait to be used after the integration moment.

The intensive aspect, of the results obtained by the companies from every country, can be highlighted by using other indicators. Starting from EUROSTAT database restrains we can use the turnover and the value added at factor cost [Carmen Radu, 2004] (fig. 4 and 5).

By using this filter and analyzing the companies from the studied countries, we highlight from the beginning a separation in two groups:

- first groups contain four countries (Great Britain, Italy, Spain and Netherlands) where the companies achieve better results than the companies from other countries (in Great Britain almost five times more, in Italy four times more, Spain three times more and Netherlands two times more than the companies from the other countries).
- the second group is formed by the rest of the countries

The companies from Romania are included in the last third of the second groups. In the other words, although presents an extremely dynamic and into an increasing process companies population, Romania cannot pride with good results. This fact highlights a weak capacity of the romanian companies to survive. We can say that if on the romanian market would enter, after the integration, the strong companies from the first four countries, these would cause great problems for romanian companies.

Starting from the reason that a big part of the factory costs of every company is associated with labour force and the fact that this resource has a major contribution to the increasing of the companies survival chances, we can deepen the analyze by studying the performances and the cost of this resource.

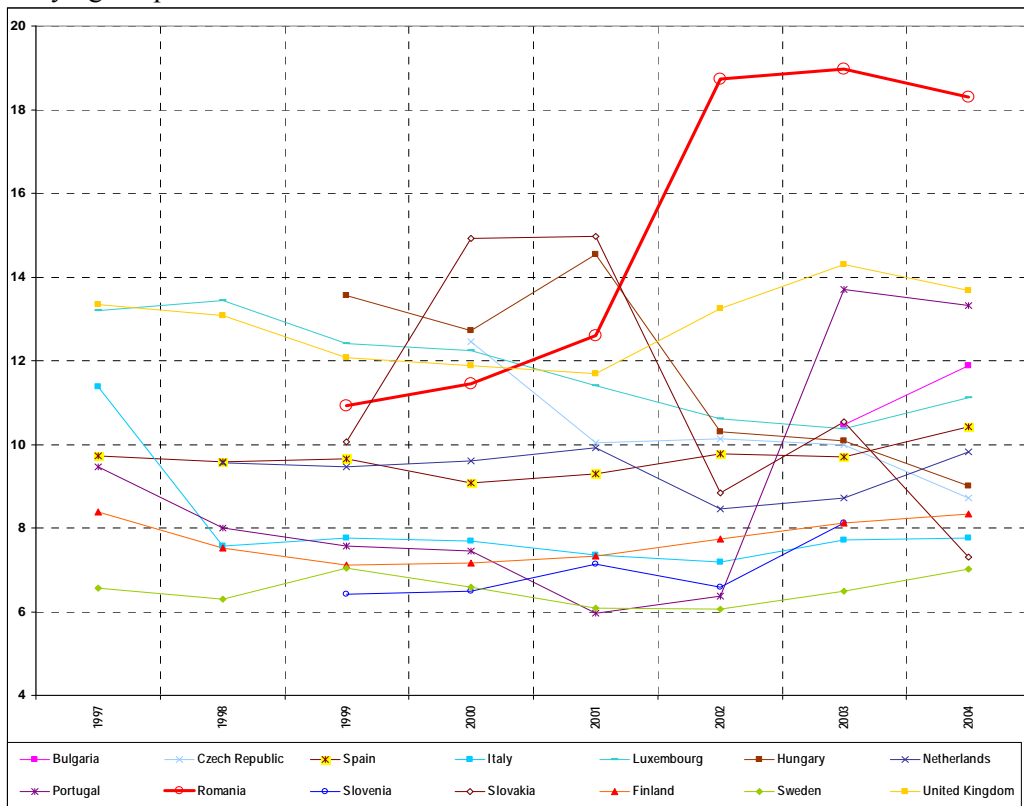


Fig. 3: The birth rate of the companies, 1997-2005

Source of data: EUROSTAT database

Analyzing the performances of the labour force through the productivity per person employed (fig. 6) is become evident a stratification of the countries in four major groups:

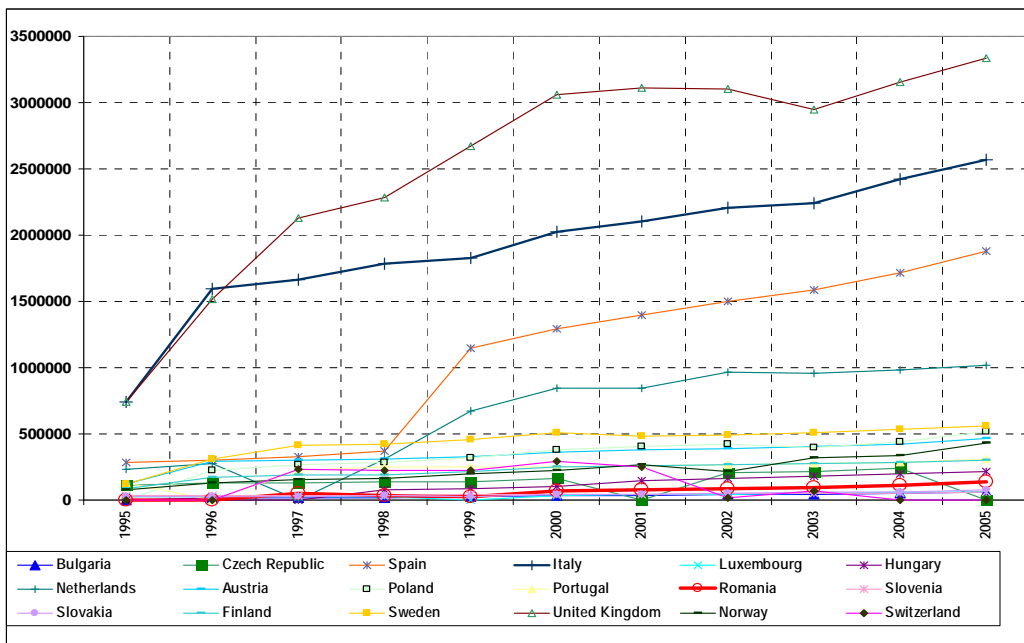


Fig. 4: The tendency of the cumulated turnover of all companies, 1995-2005

Source of data: EUROSTAT database

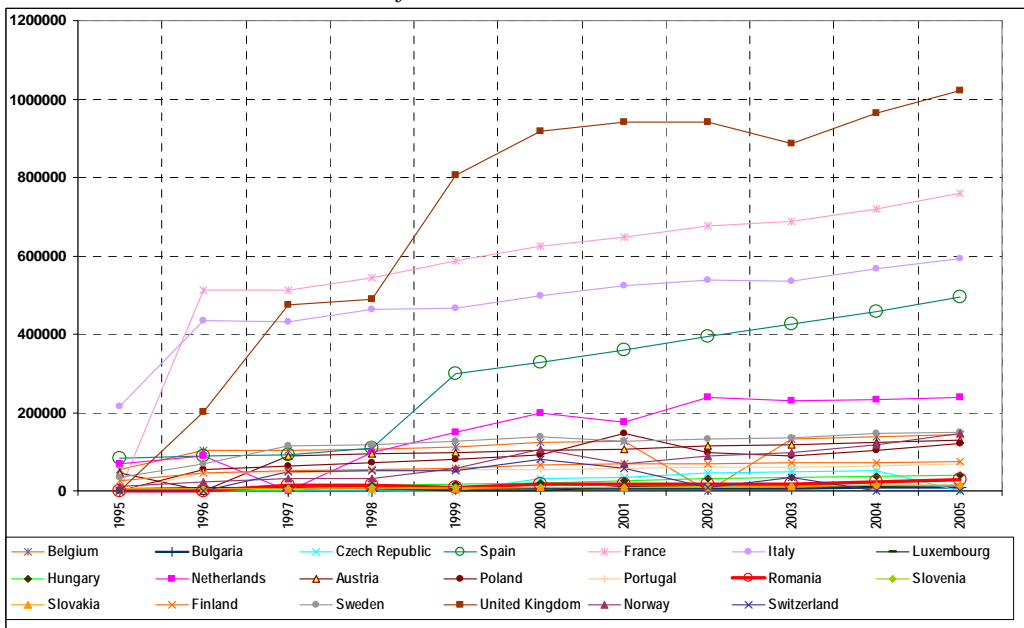


Fig. 5: The cumulated value added at the factor costs at the level of all companies, 1995-2005

Source of data: EUROSTAT database

- the first group – the greatest performances of the labour forces – includes a single country (Luxembourg) with values over 160% than the average level of the EU-27 and a light ascending tendency.
- the second group – with high performances (Belgium, Italy, France, Austria,

Finland, Germany, Sweden, Netherlands, Denmark, Spain, Great Britain, and Greece), with values between 92 and 140% and a maintaining or light descendent tendency.

- the third group – with performance below average (Slovenia, Portugal, Hungary, Czech Republic, Slovakia and Poland), with values between 50 and 82% and an ascendant tendency.

- the fourth group – with the lowest performances (Bulgaria and Romania), with values between 25 and 40% and a tendency similar to a third group countries. We must remark the position of Romania which has started from the last position and after 2004 year it earns the last but one place in the hierarchy.

If the actual tendency are maintaining the second and the third group will merge together and the productivity from this countries will attain values close to EU-27 average in 2012.

This context shows the fact that an extremely important resource can contribute or set back the development of the companies population. The romanian companies will must use all means to increase the values of this parameter in the future for assuring their development.

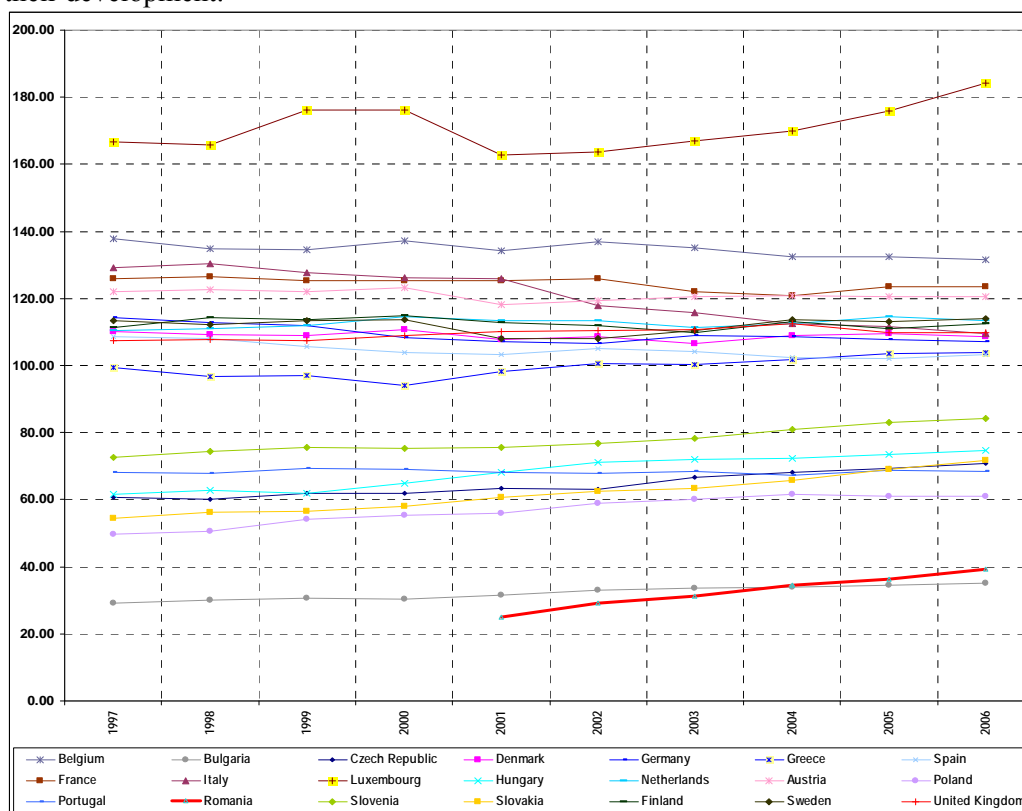


Fig. 6: The dynamic of productivity per employed, 1997-2006

Source of data: EUROSTAT database

If we analyze the performances of labour force through productivity per worked hour (fig. 7) we determine the same stratification of the countries in the four groups and the same tendency. A difference which appears is the fact that this parameter place Romania in the hierarchy on the last position, after Bulgaria. The tendency determined is an ascendant one and if it will maintain will permit the favourable change of our country position.

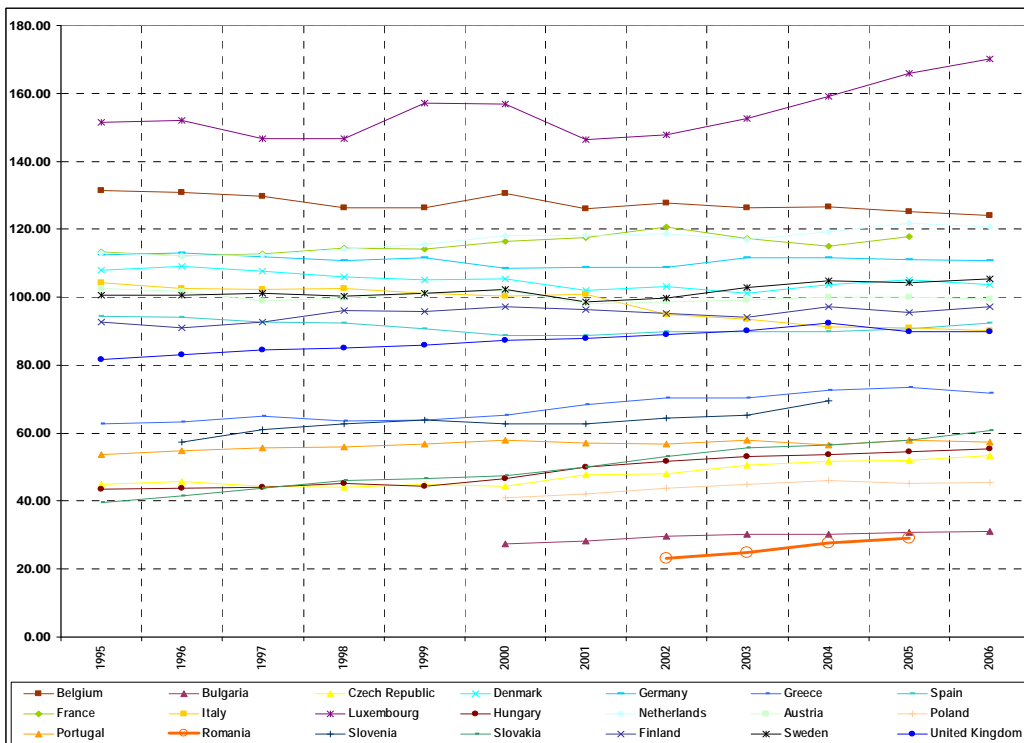


Fig. 7: The dynamics of productivity per hour worked, 1995-2006

Source of data: EUROSTAT database

After this analyze we crystallize the following conclusions:

1. The population of romanian companies was in full expansion until the European Union integration moment comparative with other countries companies populations and was situated in central zone of the hierarchy;
2. The competition which will be installed after the integration moment will be strong because of the parameters of the european companies comparative with the romanian companies;
3. The romanian companies will have high survival chances, after the integration in European Union only if they succeed to improve very quickly the resources utilisation activity.

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