ISSN 2067 - 4082

Journal of Urban and Regional Analysis

Volume 1 - Number 1 - 2009

CONTENTS

www.jurareview.ro

University of Bucharest

Address of the Editorial Office
University of Bucharest - Interdisciplinary Centre for Advanced Researches on Territorial Dynamics (CICADIT)
030018, 4-12, Regina Elisabeta Blv., Bucharest, Romania
Tel./fax: 0040 213 138 410, e-mail: office@cicadit.ro, http://www.jurareview.ro

The review is issued under the aegis and with the support of the
University of Bucharest - Interdisciplinary Centre for Advanced Researches on Territorial Dynamics

Journal of Urban and Regional Analysis,
vol. I, 1, 2009

CONTENTS

* * * * * * * * * * * * * * * * * *

Journal of Urban and Regional Analysis,
vol. I, 1, 2009

FOREWORD

Urban and regional questions have become crucial to understanding the present condition. From the World Bank's 'rediscovery' in its 2009 Report of the potential of cities in encouraging economic growth, to the multiple ways in which cities are being drawn into the processes of neo liberalism, to the dynamic growth of cities in developing countries in Asia far out stripping the scale of cities in the older urbanized nations - everywhere there are signs of a rapidly changing urban condition. The same is true for regions where 'old questions' of regional economic disparity and uneven development are being given a new twist as economic globalization impacts in national and local arenas.

JURA, the Journal of Urban and Regional Analysis, is being launched as a response to the exciting world of urban and regional research that is emergent in response to these changes happening in the real world. It is the initiative of the newly established Interdisciplinary Center for Advanced Research on Territorial Dynamics at the University of Bucharest working in collaboration with Ronan Paddison at the University of Glasgow.

While the intention is that articles published by JURA will draw on examples throughout the world, particular emphasis will be given to urban and regional change as it is being experienced in Eastern Europe. Transitional economies, urban and regional shifts in the region since the end of socialist regimes have been profound. The socialist regime had its particular effects on the regional economy and the cities, linked with structures that in many ways were very different from the trends apparent in Western Europe in the post-World War II period.

Since 1990 change has been swift, challenging our theoretical understanding of the processes; for example, it is plausible to transport theories of contemporary urban change under neoliberalism developed in the advanced economies to the transitional economy. The legacy of the socialist regime, its imprint on the city physically and socially, provides further reason to suppose that urban (and regional) development in transitional economies is distinctive. These differences re-emphasise a consistent axiom underpinning the study of cities and regions: that if it is possible to point to broad theories that apply across different regions of the world, they often need to be modified to take into account local conditions. Though JURA is primarily concerned with looking at urban and regional change in the transitional East European economies, case studies exploring similar problems but in other parts of the world are certainly parts of the journal's agenda.

The remit of the journal is emphatically interdisciplinary. Analysis of the urban and regional condition needs to be interdisciplinary. In reality, urban researchers usually tend to belong to a discipline reflecting their training whether as sociologists, geographers, planners or any number of subjects concerned with the study of space and place. Our training very often endorses an appreciation of how other disciplines explore the city. For the journal, the acknowledgement of the many disciplines that are concerned with understanding cities and regions will be indicated by the different disciplinary backgrounds reflected in the papers published. Articles will be published by geographers, sociologists, planners, economists, political scientists, to mention just a few of the disciplines involved in urban and regional study.

JURA plans to be a key outlet publishing topical articles dealing with cities and regions. In later issues we plan to include sections devoted to notes and comments as well as a policy section outlining and discussing state and non-state initiatives aimed at improving cities and regions, together with the problems confronted by their implementation.

Journal of Urban and Regional Analysis,
vol. I, 1, 2009, p.3-15

SERVICES AND REGIONAL DEVELOPMENT

Sven ILLERIS
Roskilde University, Denmark

Abstract: The purpose of this contribution is to discuss what roles the different economic sectors, and in particular services activities (the tertiary sector) play in regional development, understood as growth in production, incomes and employment in weakly developed regions. This question is approached in two ways. The contribution first contains a - primarily theoretical - re-examination of the so-called economic base model, which states that services play a passive role in regional development. The discussion leads to substantial modifications of the model. The second approach is more empirical. It will take as its point of departure the proposition - often heard, but rarely examined - that since service activities are more concentrated in big cities than other activities and in recent decades have shown higher growth rates than other economic activities, it follows that the economic development is now pulled towards big city regions. Examined by way of a statistical analysis in Denmark and France, this proposition could not be verified

Key Words *: services activities, regional development, Denmark, France*

The economic base model

The first approach focuses on a simple model, usually called the economic base model. It has been suggested under different names by different authors independent of each others. It seems that the first one to suggest it was the German economist W. Sombart (1907).

The simple observation on which this model was based was that in the early twentieth century, agriculture and manufacturing industries (the primary and secondary sectors) were able to sell their products far away, whereas service activities were limited to local markets. The reason was of course that with railways and steamships, the costs of goods transport had become modest, while for typical services - requiring frequent meetings between producers and users -it remained of overriding importance to minimize transport costs (including time costs).

Thus, only agriculture and manufacturing could contribute to the development of a region or a city: If these activities increased and sold more products to other regions or other countries, they brought in growing incomes. They constituted the ”economic base” of the region or city where they were located. Services, on the other hand, were limited to serve the customers and the purchasing power of their own region or city. Their role in the local economic development was largely a passive one, they were ”non-basic”, depending on the incomes brought into the region or city by the basic sectors. This model may be illustrated by figure 1.

Figure 1 shows how the money flows, brought into a region or a city by the basic activities, are further redistributed according to the economic base model. A good deal of them are paid - as wages and profits - to the people working in the basic activities, thus to the local households. The latter use much of their incomes to buy services from local service enterprises and - via rates and taxes - from local public institutions. The service enterprises and institutions pay

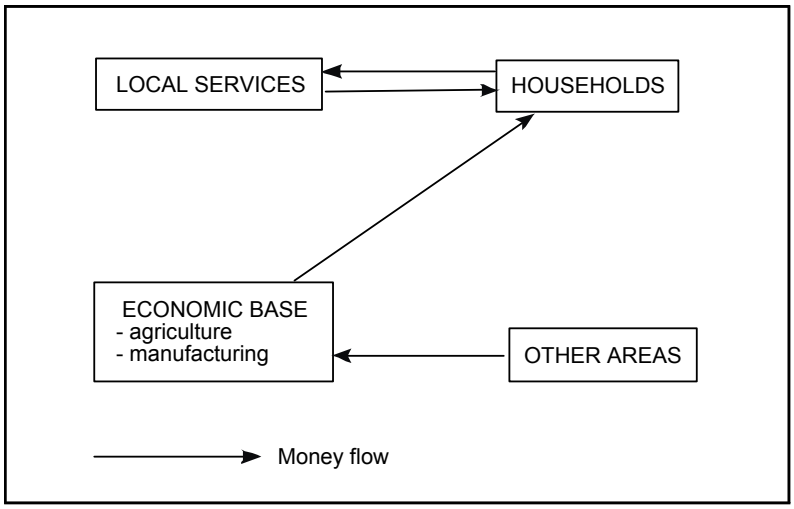

Fig.1 - **The economic base model**

wages and profits to other local households who again buy services etc. In this way, the money flows brought into the area from the outside have local multiplier effects.

This simple model has been refined somewhat, in particular through discussions among American economists in the 1950s, who took into account that cities received other money flows from the outside than payments for goods (see e.g. Tiebout, 1962).

A geographically more sophisticated version of the model was suggested in the Netherlands by van Lohuizen and Delfgaauw in 1924 (see de Smidt, 1967). While most versions of the model have not focussed on the delimitation of the region or city for which the economic base was defined, they did this and found that they had to distinguish between different hierarchical levels: The most widespread services are non-basic for quite small areas. Those who need more customers - e.g. hospitals - are regionally non-basic, but may be locally basic if they are located in small towns. Other service activities may be non-basic for larger parts of a country, but regionally basic, etc. It will be seen that van Lohuizen and Delfgaauw in this way espouse the later central place theory of Christaller (1933). (For a contemporary presentation of this theory, see e.g. Illeris, 1996).

It is important to notice that the basic activities usually are very different from one region or city to another: They may be predominantly agricultural in some areas, while fishing, mining or different types of manufacturing may prevail in others. It is mainly between the basic activities that the geographical division of labour takes place. As long as we are in societies with relatively similar consumption patterns everywhere, the composition of the non-basic activities does not vary much.

The economic base model is easy to understand, and also to verify in simple cases: If a new basic activity such as a mine is opened somewhere, the region´s economic development accelerates, and service activities are soon attracted to serve the personnel of the mine. If it closes down again, the personnel of the mine moves away and the service activities disappear.

However, there seem to have been few attempts to verify more generally if the the regional development of services does actually depend on the basic activities, and those which have been made render contradictory results (Illeris 1989 in appendix II, Capron & Debande 1997).

When the West European countries established their regional policies – mostly in the 1950s and 1960s – they tried primarily to influence the location of manufacturing industries and other goods-producing activities in the regions in question. Explicitly or implicitly, this strategy was based on the economic base model. Local government efforts to promote their economic development took the same direction.

The practical application of the economic base model, both in its original versions and in the modified versions described below, has sometimes made the practicians forget that the model deals with the different roles of different sectors in the economic development process of an area, taking its point of departure in sales to other areas. It is not a general growth theory, and increasing exports is not the only possible source of growth in an area – though Mercantilistic thinking tended to focus on this source. For the World as a whole, economic growth is of course not created by exports. For a region, a country and the World as a whole, there are other sources of growth – as well as barriers to growth – which are the subject of economic growth theory, but not of this contribution.

Modifications of the economic base model

Models of course simplify realities. However, even if some details have been added to the economic base model (see Nijkamp et al., 1986), many critics have found the economic base model too simplifying (e.g. Krikelas, 1992). Not all service activities are constrained to sell on local markets. Wholesale merchants have for centuries sold services to distant buyers, activities connected with tourism have joined them. Recent developments in transport and communication technologies have reduced the costs of face-to-face meetings and in some cases made it possible to sell services without such meetings. It has also been argued that the economic flows are much more complicated than those included in the economic base model and that in contemporary economies, all economic activities to an increasing degree are mutually dependent. Finally, the inter-sectoral relationships which are relevant for regional development do not only consist of money flows.

To counter the criticism, it might be appropriate to apply input-output models. However, it is only in rare cases possible to obtain the data necessary to construct regional or local input-output tables. Furthermore, some dependences remain more important than others, and input-output models are not good tools to show this. Hence there is good reason to try to modify the economic base model in such a way that it reflects the increasing interdependence between economic entities, but retain the understanding that in a regional or urban context some dependences are particularly important.

A modified version of the economic base model could be the one shown in figure 2, in which not only a new main sector has been added, but also a new type of relationship between the sectors, called ”necessary conditions”. However, the main sectors of the original model are still there: The basic activities, the households, and the non-basic services selling to local households.

Services sold outside the region

In figure 2, the first modification is that some service activities are included in the basic sector,

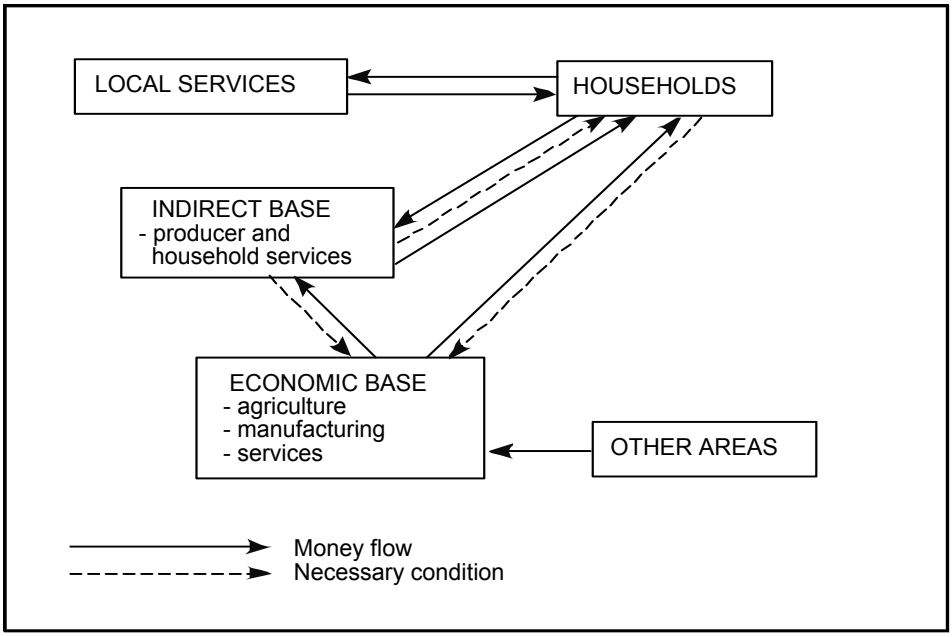

Fig. 2 - **The modified economic base model**

being able to sell their products outside their region or city and thus creating incomes and jobs which are independent of the local demand – as agriculture and manufacturing do. ”Outside their region or city” of course includes selling services internationally, a topic on which there is a rapidly growing literature (e.g. Cuadrado-Roura, Rubalcaba-Bermejo & Bryson, 2002).

An important and expanding group of basic service activities are connected with tourism. All over the world, many national, regional and local governments see tourism – in particular agro-tourism – as a panacea, but there is not so much tourism that all regions can develop on this basis.

Relocation of civil service agencies (serving the whole country) from capitals to locations which need development is another example. In some countries, new provincial job opportunities created in this way are predominantly for lower grade civil servants. However, there are also cases – e.g. Sweden – where higher grade agencies have been relocated. In other countries a devolution of tasks from central to regional governments (serving their own area) has contributed substantially to the development of regions outside the capital.

New information and communication technologies have recently created opportunities to sell a number of services over long distances – sometimes internationally. Especially routinized, so-called back office services can be transmitted in this way, often accompanied by other innovations in work and organisation. Regional development agencies eagerly try to attract them. However, they now tend to relocate to India and other countries where English-speaking personnel can be recruited at relatively low wages.

However, also sophisticated services are delivered to distant users. But while routinized

services primarily use telecommunications and can be located in many places, sophisticated services in many cases need face-to-face contact with the users and for several reasons tend to concentrate in big cities and immediately adjacent areas. Their ability to sell over long distances, even if considerable travelling costs are involved, is due to the high value of the service products for the users.

Public services delivered to whole countries (national government services) are – with the above-mentioned exceptions – produced in the national capitals, which in most countries are the biggest cities. This seems not to have attracted research.

Business services, on the other hand, have been the object of much recent research. As noted by Illeris (1994), large customers make extensive use of distant, even global networks of service providers, while small firms primarily use local or regional suppliers.

An extreme concentration of sophisticated business services has occurred in the so-called global cities (especially New York, Tokyo and London) which has recently been a major topic of investigation. These cities are simultaneously global centres of innovation, of investment capital, of specialized expertise, and of management for corporations and non-governmental organizations. The locational factors behind the concentration of such services are both large local markets and unrivalled global transport and communication infrastructures. As additional factors, the easy access to key information from many sources has often been stressed. Similar or related firms may form clusters where collective learning processes, knowledge acquisition and sharing develop (Scott 1988). But as regards producer services, clustering is under-researched and face-to-face networking may be over-estimated. On the other hand, the role of the large supply of highly qualified staff is probably under-estimated.

Services as a condition for regional competitiveness

The second modification is the introduction of a main sector called ”indirectly basic”. This sector includes services which are sold locally – proximity remains often important – but are necessary conditions for the competitiveness of the area´s basic firms.

The indirectly basic sector has two components: First, producer services are sold to local firms. An example of an indirectly basic company is a computer service firm with an intimate knowledge of their customers´ IT-systems, which must be maintained and updated, often at short notice. Basic firms often depend on other local services for their productivity, learning processes, innovative ability and product quality, and there is currently much research focus on this interaction. The general tendency for firms to concentrate on their core activities and to outsource a number of service inputs – in other words: the increasing division of labour – obviously means that the importance of indirectly basic services is increasing, since it is still advantageous to buy such inputs locally.

The understanding of the role of the knowledge services, learning processes and innovation taking place within regions has been an outstanding research preoccupation in recent years. However, it would probably be fruitful to dig still deeper into these mechanics – not least with the purpose of being able to fine-tune relevant policies.

The individual interactions between the service-producing firms and the service-using firms are often modest and may seem unimportant. What lends importance to the phenomenon is the total amount of external local contacts which, taken together, has changed the nature of the firms from relatively isolated units to ones which participate in complex economic systems with

an intensive division of labour. This is – as discussed by Giddens (1990) – a consequence of the ever growing complexity of technology, knowledge requirements, markets and surrounding societies in which the firms operate.

It seems that the indirectly basic producer services are particularly inportant for the R&D, design, innovation and planning activities of their customers (le Roy, 1997). And that they are particularly important for small and medium enterprises which are not able to produce such services internally or to buy them from distant providers (Illeris, 1994).

It is difficult to estimate the importance of the local supply of such services in an exact way. Already in 1955, Blumenfeld argued that their importance was so crucial that the economic base model should be turned upside down: According to him and his followers, it is not the service producers that have to locate near the service users, but the service users that have to locate near the service producers.

The terms infrastructure or business environment are sometimes used about these conditions for development. Infrastructure may consist of purely physical structures such as transport and communication equipment. But the word is also used about soft elements, namely such service activities as financial or consulting firms or transport activities.

The second component of the indirectly basic sector consists of service activities whose products are important for the presence of certain households, whose qualified workers again constitute a necessary condition for the competitiveness of firms which sell outside their region.

Thus today, a location where well educated staff members can be recruited – not only a few top persons, but the whole personnel – is vital for the competitiveness of basic firms. These means either a location where local young people can acquire a good and relevant education, or a location where qualified persons and their families can be attracted from elsewhere, or a location with both characteristics. The attractiveness factor means that general living conditions in the area must include a number of qualities, some which cannot be influenced (climate, beautiful landscape), while others depend on the supply of services – e.g. cultural and leisure services - in the area.

The regional policies of West European countries and the European Union, as well as the development policies of local governments have gradually recognized an increasing role for service activities.

Services which serve regional needs

There has been relatively little research focusing on the genuinely ”non-basic” sector, the private and public service activities which only serve the population and the non-basic firms and public sector in their own region. The non-basic sector is not inherently relevant for regional development. However, *structural changes may lead to increases in the incomes and employment created in those service activities that serve the regional demand. Structural changes may also favour the development of some regions more than others. But such structural changes in the various service activities have rarely been studied from a regional development point of view.*

The changes may have their causes on the demand side: Due to increasing demand, services may spread to regions where they were not previously found. Or decreasing demand may force them to concentrate in fewer regions. Or the demand may change differentially, e.g. for

demographic reasons. The causes may also be due to supply factors such as increasing economies of scale.

Thus in previously planned economies, the service activities have grown rapidly in the transition period, where a previously suppressed demand became manifest. In the early stages, most of the growth took place in sectors serving regional needs, e.g. in trade, repair, restaurants, administration and real estate.

The economic base model and the Reich's "Three jobs"

The economic base model has been developed independently of other social science theories. It is interesting to notice, however, that the above-mentioned modifications gives it a striking similarity to one of the most prominent recent labour market theories, namely Robert Reich´s theory (1991) of three job-types.

Even if the household sector in figure 2 has been shown as a non-differentiated category, it has already in the text been hinted that different households get incomes from different sectors and that their location is influenced by different conditions. If we try to classify households according to these criteria, we end up with three classes which resemble Reich´s three job-types:

- The jobs which Reich calls in-person services correspond to what above was called services which serve regional needs. This is the large amount of private and public service work which still is tied to be performed in close contact with the final consumers, by whom it is paid. These activities constitute the genuinely non-basic sector.

- The jobs which Reich calls symbolic-analytic services correspond to the indirectly basic service work *and* to some of the basic service work, and the work is paid by the firms in these sectors. The characteristics of this service work is that it demands high qualifications, and that it is not found everywhere: Only where conditions are found satisfactory, the highly mobile symbolic analysts will be attracted and work in firms which then sell their products outside the region.

- The jobs which Reich calls routine production correspond to the work in the part of the basic sector which only demands more modest qualifications, but is able to sell their products – whether goods or services - outside the region. This is a sector of global price and hence wage competition – the routine labour can be found in many places.

Application of the economic base model

In regional development policies, the economic base model is often applied to estimate the impact on a local economy of possible actions. For instance, if a plant is expanded or closed down, or if a new institution is established in a town, what is the effect on the local economy?

It is not easy to measure local financial flows, and the indirectly basic sector can hardly be defined quantitatively. However, a number of studies have been made in which sellers or buyers of services – especially producer services – have been asked where they sell/buy the services, which indicates the order of magnitude of the effects. It seems that in advanced western economies, half of the sales are normally made within a distance of 20-30 kilometers, while a third take place more than 50-100 kilometers away (Illeris, 1996). Thus on the local level, producer services normally have a basic role, selling outside the narrow local area. Some studies show that this role tends to increase (Beyers, 1999).

Statistical data make it possible to estimate employment in the basic and non-basic sectors, which gives an idea of the order of magnitude of the multipliers. However, multipliers can change over time, and they depend on the hierarchical level of the region or city in question. For instance, a recent study by Beyers (1999) deals with employees in American counties in 1985 and 1995 (except in agriculture and the – rather modest - public sector). He distinguishes metropolitan areas (with over 50,000 inhabitants) and non-metropolitan areas. Table 1 shows basic and non-basic employment in the secondary and tertiary sector.

Table 1

Employment in the United States 1985 and 1995

million		1985			1995		
		second.	tertiary	total	second.	tertiary	total
metropolitan	basic	9.6	13.2	22.7	8.6	19.4	28.0
	non-basic	10.2	34.6	44.8	10.1	45.9	56.0
	total	19.8	47.8	67.6	18.7	65.3	84.0
non-metropolitan	basic	3.3	2.8	6.0	3.6	3.8	7.4
	non-basic	1.0	4.2	5.2	1.3	6.2	7.6
	total	4.3	7.0	11.3	4.9	10.0	14.9
total	basic	12.8	16.0	28.8	12.2	23.2	35.4
	non-basic	11.3	38.8	50.1	11.4	52.1	63.5
	total	24.1	54.8	78.9	23.6	75.3	99.0

Source: *Beyers (1999)*

Table 1 confirms the increasing dominance of service employment, especially in metropolitan areas. In other words: Metropolitan areas primarily provide themselves and the lower hierarchical levels with services, while in non-metropolitan areas manufacturing employment (and of course agricultural) make up a higher share of the total employment.

The prevailing discourse in western Europe in recent years has emphasised the importance of big cities in the international competition. But the truth is that exports are primarily generated in the secondary sectors of rural areas and small towns, while services – still more distance-sensitive than goods – only constitute a modest part (about 20 per cent) of international trade. Thus as regards exports, big city economies can be said to be relatively little internationalised: For instance in Denmark in 1998, 14 per cent of the total turnover in the Greater Copenhagen area were exported, against 22 per cent of the turnover in local government areas *(kommuner)* whose biggest town had less than 20,000 inhabitants (Illeris 2002). *Capitals and other major metropolitan areas primarily serve domestic markets with sophisticated private and public services* (and of course local markets with less sophisticated services). This should not really come as a surprise: from the central place theory it follows that services must have a relatively heavier weight in top level than in lower level centres.

Table 1 also shows that in the USA in 1995, 31 per cent of the service employment is basic on the county level. On the other hand, 52 per cent of the secondary employment is basic.
Table 2 shows the multipliers, defined as 1/the share of basic employment.

Due to the growth in tertiary employment, less basic than secondary employment, one would

expect the multipliers to increase. However, table 2 shows that this increase is very modest, especially in metropolitan areas. This is the effect of the very rapid growth in basic service employment, a growth which reached 45 per cent over these 10 years.

Table 2

Multipliers in the United States 1985 and 1995

	1985	1995
metropolitan	2.930	2.973
non-metropolitan	1.809	1.988
Total	2.684	2.764

Source: *Beyers (1999)*

Table 2 also shows that multipliers are higher in metropolitan areas than in non-metropolitan areas. This is a general rule: The higher in the hierarchy, the higher are the multipliers. This is explained by the central place theory: On the local level, service users only find a part of the services they demand locally, and must buy the rest on higher hierarchical levels. On a higher level, service users can find (almost) all services locally and make (almost) all their purchases here.

It may be concluded that only with a number of modifications, the economic base model still supplies concepts and theoretical understanding on a simple level of the role of services in regional and urban development.

Service growth and regional and urban development

Let us now turn to the to the second approach of this contribution. It takes as its point of departure the well-known fact that in advanced economies, the tertiary sector has in recent decades shown higher growth rates – whether measured by employment or by GDP – than other economic sectors. In Denmark for instance, from 1982 to 2000 employment in the primary sector decreased by 41 per cent, in the secondary sector increased by 2 per cent, but in the tertiary sector increased by 18 per cent. In France, from 1989 to 1998 employment in the primary sector decreased by 25%, while the number of wage-earners in the secondary sector decreased by 14% and in the tertiary sector increased by 14%. All other things equal, the effect of this will be that regions and cities with a high proportion of service activities will show above-average growth.

Where is the share of service activities high? This varies systematically: Big cities (and the regions in which they are placed) have higher service shares than small towns and rural areas. Thus in Denmark which as a whole had 72 per cent of its employment in 2000 in the tertiary sector, this share was 84 per cent in Greater Copenhagen (with 1.4 million inhabitants). The share declined regularly by decreasing size of towns, ending with 59 per cent in *kommuner* with no town over 5,000 inhabitants. In France in 1998, the tertiary sector´s share of the wage earners was 81% in the Paris region (Ile-de-France); here, too, the share declined by decreasing degree of urbanisation, ending with 62% in counties *(départements)* with no town over 70,000 inhabitants. *Ceteris paribus,* the growth of service activities primarily benefits big cities.

Going more into detail, the growth rates of different service activities also differ. In western societies, knowledge-intensive business services have shown high growth rates in recent

decades. This sub-sector is even more concentrated in big cities than the service sector as a whole. In itself, this fact pulls economic development even more in the direction of big city regions.

However, there are important differences from sub-sector to sub-sector and from country to country, depending on the composition of demand, government priorities, wage and price levels, ability to export services etc (see discussion in Illeris, 1996).

The question of whether the above-average growth of service activities plus their above-average geographical concentration really results in above-average economic development in big city regions will be examined empirically, using employment data from Denmark 1982-2000 and from France 1989-1998.

The method applied will be the so-called shift-share analysis, in which it for a given period is calculated (a) what growth would have occurred in all geographical categories and sectors, if in each sector the growth in each geographical category had been the same as for the country as a whole (the structural component); and (b) what is the difference between this structural component and the growth that has actually occurred – in each sector and in each geographical category (the shift component). It should be stressed that the results of shift-share analyses are only valid for the period, for the sectoral break-down and for the geographical break-down applied. If other periods or other sectoral or geographical classifications are applied, the results may be different.

As an example, table 3 shows the changing number of wage-earners in France, 1989-1998. The basis is a division into 36 sectors and into the 96 *départements,* grouped in 5 classes according to the biggest city *(unité urbaine)* in each *département.* It should be noticed that the wage-earners constitute the large majority of persons employed in all sectors except agriculture, but in agriculture data for total employment were available and have been used.

It should also be noticed that in table 3, the *départements* (in the Paris area the region) include the periurban zones from where many people commute to the central cities. The non-basic activities which serve these commuters are thus included, which is logical. It is less logical that the directly and indirectly basic activities of the periurban zones – which may have little to do with the central cities – are included, too.

Table 3

Changes in the number of wage-earners, France 1989-1998

	1989 total	structure	shift	1998
	thousand	per cent	per cent	per cent	thousand
Paris region	4722	+0.2	+7.9	-7.6	4733
Dép.s with cities >1 m. inhab	2005	+3.7	+4.8	-1.0	2080
Dép.s w. cities 270-1000,000 inh.	4714	+6.3	+3.9	+2.4	5013
Dép.s w. cities 70-270,000 inh.	5379	+4.2	+1.6	+2.6	5607
Dép.s w. no cities > 70,000 inh.	3295	+2.6	-0.2	+2.8	3381
France total	20293	+3.6	+3.6	0	21032

Sources: *INSEE 1996/2000.*

Another example is from Denmark. Table 4 shows the growth in total employment (at place of work) from November 1982 to January 2000 (thus over 17 years), based on a division into 25 sectors and and 275 *kommuner* grouped into 5 classes according to the population of the *kommuner* or – for the smaller ones – their biggest town. It should be noticed that due to a shift in 1993 from the 1968 International Standard Industrial Classification to the 1988 ISIC, the 1982 and 2000 data are not totally comparable, but the differences are so small that they do not influence the conclusions to be drawn from the table. Periurban commuting zones are generally not included, only the contiguous built-up areas of the 3 first mentioned urban classes. The advantages and disadvantages are thus the opposite of those of the French example.

Table 4

Changes in employment, Denmark 1982-2000

	1982	total	structure	shift	2000
	thousand	per cent	per cent	per cent	thousand
Greater Copenhagen	782	+ 5.0	+ 15.9	- 10.9	821
Komm. with 150-300,000 inhab.	313	+ 15.9	+ 13.0	+ 3.0	362
Komm. with 25-100,000 inhab.	538	+ 12.7	+ 8.9	+ 3.8	606
Komm., biggest town 5-20,000 inh.	418	+ 12.5	+ 3.8	+ 8.8	470
Komm., no town >5000 inh.	481	+ 1.9	- 2.0	+ 3.9	490
Denmark total	2532	+ 8.6	+ 8.6	0	2750

Source: *Data communicated by Statistics Denmark*

In spite of the different definitions of the classes used in tables 3 and 4, the conclusions to be drawn from them are the same, namely first, that the structural components would have resulted in higher growth rates in big cities and their regions than in smaller town and rural areas. But, second, *all other things are not equal.* There are major shifts between the geographical classes. They are due to re-locations, to differential growth rates of existing firms, and to geographical differences in birth rates and death rates of firms - for many reasons which cannot be explored here. In these two cases, there are heavy negative shifts in cities with over 1 million inhabitants; the details of the analyses – not shown in the tables – are that these negative shifts occur both in the secondary and in the tertiary sector. On the lower geographical levels, there are positive shifts (growth above the national average); in the medium-sized cities, these shifts are most important in services, while on the lowest levels of the urban hierarchy they occur primarily in the manufacturing sectors. In the lowest Danish class, which has a clearly rural character, the net shift in services is negative. *The total result is that medium-sized towns and their regions show higher growth rates than both big cities and small towns/rural areas.* Regional and urban economic development is not simply determined by the high growth rates of service activities and the relative geographical concentration of service. Indeed, the notion that the high growth rate of service activities and the relative geographical concentration of services should necessarily lead to above-average growth in big city regions could be called a structural fallacy.

It should be stressed that the findings shown in tables 3 and 4 cannot be generalized. In other areas and in other periods, the results may be different. Indeed, if the Danish data are split into two sub-periods, the analysis shows that the 1982-1993 development - dominated by the shift

components - was radically different from the 1993-2000 development, dominated by the structural components (Illeris 2003). It is only possible to conclude that *the structure does not* necessarily *determine the regional and urban development.*

Conclusion

In the first part of this contribution, the traditional theory of the passive role of services in regional development, namely the economic base model, was discussed. It was concluded that only with major modifications this model could be accepted: The basic sector, selling its products over long distances outside its region, includes not only agricultural and manufacturing activities, but also a number of service activities. Besides, an indirectly basic sector must be added. It consists firstly of service activities which sell their products to the basic firms of their regions and which are of decisive importance for the competitiveness of these firms. Secondly, other service activities are important for increasing the qualifications of their regions´ labour force and for attracting highly qualified personnel, and in this way for the competitiveness of the basic firms. Finally, even the non-basic service sector which only serves the region´s own needs is not totally passive: For a number of reasons, structural changes occur in this sector, which lead to growth in some regions and decreases in other regions. The way in which this modified economic base model categorises the sectors has a striking resemblance to the way in which Reich categorises the job types.

In the second part of the contribution, what may be called the structural fallacy is attacked. By this is meant the proposition that since service activities show above-average growth and are above-average concentrated in big city regions, overall growth should be highest in big city regions. This is shown not necessarily to be the case. Shift-share analyses in France and Denmark in the last decades of the 20th century show that shifts out of the big cities more than counterbalance their structural advantages. However, this is not necessarily the case everywhere and in all periods.

Explicitly or implicitly, national and EU as well as local government policies aiming at strengthening economic development in weak regions were originally based on the traditional economic base model and focussed on the manufacturing sector. This contribution shows that there are strong arguments in favour of pulling much of the service sector actively into these policies.

References

BEYERS W.B. (1999), *Trade in Services: Modeling the Contribution to the Economic Base of Regions,* Paper, North American Regional Science Association Meetings in Montreal.

BLUMENFELD H. (1955), *The Economic Base of the Metropolis: Critical Remarks on the "Basic-Nonbasic" Concept,* Journal of the American Institute of Planners, 21, 4, p. 114-132.

CAPRON H., DEBANDE O. (1997), *The Role of the Manufacturing Base in the Development of Private and Public Services,* Regional Studies, 31, 7, p. 681-693.

CHRISTALLER W. (1933), *Die zentralen Orte in Süddeutschland,* Jena: Gustav Fischer.

CUADRADO-ROURA J.R., RUBALCABA-BERMEJO L., BRYSON J.R. (eds) (2002), *Trading Services in the Global Economy,* Cheltenham: Edward Elgar.

GIDDENS A. (1990), *The Consequences of Modernity,* Cambridge, Polity Press.

ILLERIS S. (1989), *Services and Regions in Europe,* Aldershot, Avebury.

ILLERIS S. (1994), *Proximity between Service Producers and Service Users,* Tijdschrift voor Economische en Sociale Geografie, 85, 4, p. 294-302.

ILLERIS S. (1996), *The Service Economy: A Geographical Approach,* Chichester,

Wiley.

ILLERIS S. (2002), *Is Growth in Cities Contagious? How Cities and Towns influence Regional Economic Development, p. 30-35* in European Cities in a Global Era: Urban Identities and Regional Development, Copenhagen, Ministry of the Environment.

ILLERIS S. (2003), *Shifts and Structural Components in Regional Development: Denmark 1982-2000, p. 81-94* in R. Domanski (ed), Recent Advances in Urban and Regional Studies, Studia Regionalia 12. Warsaw: Polish Academy of Sciences.

INSEE (Institut National de Statistique et des Etudes Economiques), (1996/2000), *L´Emploi départemental et sectoriel de 1989 à 1994/de 1996 à 1998.* Paris.

KRIKELAS A.C. (1992), *Why Regions grow: A Review of Research on the Economic Base Model,* Economic Review, Federal Reserve Bank of Atlanta, July-August, p.16-29.

LE ROY A. (1997), *Les activités de services: Une chance pour les économies rurales,* Paris, L´Harmattan.

NIJKAMP P., RIETVELD P., SNICKARS F. (1986), *Regional and Multiregional Economic Models: A Survey,* In P. Nijkamp (ed), *Handbook of Regional and Urban Economics, vol. I.* Amsterdam: North-Holland.

REICH R.B. (1991), *The Work of Nations,* New York, Vintage Books.

SCOTT A.J. (1988), *Metropolis: From the Division of Labor to Urban Form,* Berkeley & Los Angeles, University of California Press.

SMIDT M. de (1967), *Stuwend en verzorgend: Een verkenning van de ontwikkeling der konceptie,* Bulletin Geografisch Instituut Utrecht, 4, p.7-39, 70-82.

SOMBART W. (1907), *Das Begriff der Stadt und das Wesen der Städtebildung,* Archiv für Sozialwissenschaft und Sozialpolitik, p.1-9.

TIEBOUT C.M. (1962), *The Community Economic Base Study,* New York, Committee on Economic Development.

Journal of Urban and Regional Analysis,
vol. I, 1, 2009, p.17-26

THE REGIONAL DIMENSION OF THE SME SECTOR IN ROMANIA

Victor PLATON, *Daniela* ANTONESCU
Institute of National Economy, Bucharest, Romania

Abstract: Situated in a permanent process of adaptation and transformation, the SME sector recorded a significant national quantitative and qualitative leap. At the regional level, development of the SME sector is determined by a number of local factors, which distinguish and emphasize the importance of this sector, providing clues that lead to some courses of action that can be considered when developing strategies or development programs. Overall, regional disparities in the development of SME sector are relatively small, except for the region of the capital Bucharest-Ilfov, which is distanced from the other regions in particular with respect to the performance achieved.

Key Words*: SME sector, regional development, Romania*

The Regional Structure of the SME Sector

In Romania, the number of SMEs is different from one region to another owing to some differences in the development level, entrepreneurial spirit and culture. The biggest number of SMEs is located in Bucharest – Ilfov Region (68471) and the smallest is in South – West Region (26.163), as shown in the table bellow.

Table 1

Spatial distribution of SME in Romania, 2002

Region	SME – Total	
	Number	*%*
Total Romania	319816	100
North – East	37240	11.6
South – East	40828	12.8
South	36086	11.3
South – West	26163	8.2
West	28577	8.9
North – West	43728	13.7
Center	38723	12.1
Bucharest – Ilfov	68471	21.4

Source: *Estimations according to The Romanian Statistical Book 2003., INS., Bucureşti 2004*

The discrepancy between this two regions is 2.6:1. The other regions have shares from 8.9 % (West Region) to 13.7% (North-West Region).

If the SMEs from commerce, tourism, restaurants and mining industry are left out, the discrepancy between Bucharest – Ilfov Region and South – West Region increases to 3.9:1. The other regions have percentages from 9 to 9.8% (South and West Regions), 10.8% (North – East and South – East Regions) and 14.1 – 15.4% (Centre and North – West Regions).

The SMEs distribution by industrial branches shows some differences from one region to another. The mining industry and the utilities represent only 0.1-0.2%. The manufacturing industry oscillates form 11.5% in South and South-East Regions to 18.9% in Centre Region. The construction sector has a share of 4.3% in South and South-West Regions and 6.1% in Bucharest- Ilfov Region.

The most significant share is in the trade sector, the percentage is between 49.5% for the Centre Region and 61.2% for the South-East Region.

The relative importance of the tourist activity (hotels and restaurants) is between 2.1% for Bucharest-Ilfov Region and 6.6% for The West Region.

Transport and telecommunication have a very small representation in the South Region (4.3%) and the best representation in North-West Region (7.6%). The real-estate and industrial services sectors have significant regional discrepancies, the percentage fluctuating between 4,9% in the South Region and 16.9% in Bucharest-Ilfov Region.

The education sector has normally a share of 0.2-0.3% excepting the North-West Region, where the percentage is significantly different (1.9%). The health and social assistance sector varies between 1.0% for the South Region and 1.8% for the West Region.

As well, the share of SME offering other common and social services is fluctuating between 0.9% for the South Region and 2.9% for the Bucharest-Ilfov Region.

Territorial distribution of the number of employees from the SME sector

The territorial analysis of the number of employees in the SME private sector during 2001 shows increases by more than 3000 jobs in Bihor, Braşov, Galaţi, Iaşi, Timiş and Bucharest. Decreses in the employment demand have been noticed in Argeş, Bacău, Botoşani, Buzău, Călăraşi, Caraş - Severin, Covasna, Dâmboviţa, Gorj, Ialomiţa, Mehedinţi, Neamţ, Olt, Sibiu, Suceava, Teleorman, Vâlcea and Vrancea. The above-mentioned evolution suggests that any increase in the employment requested in the private SME sector depends upon the regional degree of development and the labour force available

According to the enterprise classification, the following trends can be noticed:

- Even if the general trend shows a decrease in the labor force demand from the SME, there are some exceptions - Bistriţa - Năsăud, Braşov, Călăraşi, Ilfov, Timiş - where the number of employees slightly increased.
- The small enterprises increased by more than a thousand the employees number in Bihor, Bistriţa-Năsăud, Braşov, Dâmboviţa, Galaţi, Gorj, Hunedoara, Ilfov, Prahova, Timiş and Bucharest. Decreses in the number of jobs were noticed in Argeş, Buzău, Călăraşi, Caraş - Severin, Covasna, Giurgiu, Neamţ, Sibiu, Tulcea and Vrancea.

- The medium size enterprises registered increases by more than 2000 new employees in Arad, Bihor, Brăila, Iaşi, Timiş and Bucharest. Decreases in the number of employees were noticed in Bacău, Botoşani, Buzău, Călăraşi, Dâmbovița, Gorj, Ialomița, Mehedinți, Mureş, Olt, Suceava and Vâlcea.

According to the trends mentioned, the share of the SME sector increased in Bucharest and Timiş with 0.4% in 2001 compared to the previous year. Decreases of 0.2% were noticed in Buzău and Neamț, while the other counties exhibited changes of +/- 0.1%.

The territorial distribution of SME employees in 2001 shows that 43% of the labour force demand is due to eight counties with a high level of economic development: Bucharest (18%), Cluj (4.1%), Timiş (4.1%), Prahova (4 %), Bihor (3.7%), Braşov (3.6%), Constanța (3.9%) and Iaşi (3.2%).

The employees distribution according to SME classification shows that in 2001 small enterprises are given higher importance in Bihor, Bistrița - Năsăud, Braşov, Buzău, Cluj, Constanța, Dâmbovița, Dolj, Galați, Giurgiu, Gorj, Hunedoara, Ialomița, Iaşi, Mehedinți, Olt, Suceava, Teleorman, Tulcea, Vâlcea, Vrancea and Bucharest. It is noticed that the usefulness of labour force in this type of enterprise is present both in the economically highly developed counties as well as in those with rural statuses.

The employees share of small enterprises is higher than the national average in Arad, Bistrița - Năsăud, Botoşani, Cluj, Constanța, Covasna, Harghita, Hunedoara, Ialomița, Maramureş, Sălaj, Satu - Mare, Sibiu, Suceava, Vaslui, Vâlcea.

SMEs are much better represented in regard to the remunerated labour force in Alba, Arad, Argeş, Bacău, Bihor, Botoşani, Brăila, Călăraşi, Caraş - Severin, Dâmbovița, Iaşi, Ilfov, Mureş, Neamț, Olt, Prahova, Satu-Mare, Sibiu, Timiş, Vaslui, Vrancea.

The regional classification of the counties shows that, during 2001, the increase of labour force demand generated by private equity SME was located in areas with high social labour productivity, above national average (Bucharest-Ilfov, South-East and West Regions) or in regions with traditional entrepreneurial habits (Centre and North-West Regions). All the other regions show decreases in labour force demand or no action at all in this sector.

The changes in shares owned by each type of SME show different trends:

- the decrease of personnel for micro-enterprises were more rapid than the national average in the North-East, South-East, South, South-West Regions and slower in the West, North-West, Centre and Bucharest-Ilfov Regions;
- the increase of the demand of labour force due to small enterprises was higher than national average in the South-West, West, North-West and Bucharest-Ilfov Regions and lower in the North-East, South-East, South and Centre Regions;
- the increase in the employment openings for medium enterprises was, compared to the national average, slower in the North-East, South, South-West and Centre Regions and more rapid in the South-East, West, North-West and Bucharest-Ilfov Regions.

The analogy between the distribution of employees by enterprise type on at national and regional level shows a perspective of the correlation between private equity SME and the use of paid labour force. The following conclusion can be drawn:

- the micro-enterprises generate relatively more working places in the South-*East, West*

and Bucharest-Ilfov Regions;

- the small enterprises generates relatively more working places in *West, North-West, Centre and Bucharest-Ilfov Regions;*
- The medium size enterprises have a more significant role in labour force employment in *North-East, South, West and Centre Regions.*

Added value of the SME sector

The added value generated by SME sector increased in all categories of SMEs during 2001 both in real and in nominal terms, with remarkable values for the West Region (167.5% nominal terms and 124.5% real terms), the North-West Region (161.3% and 119.9%), the Bucharest-Ilfov Region (160.1% and 119%) and the South Region (159.9% and 118.9%). According to enterprises types, the micro-enterprises realized the highest increases in the overall SME value (Fig. 1).

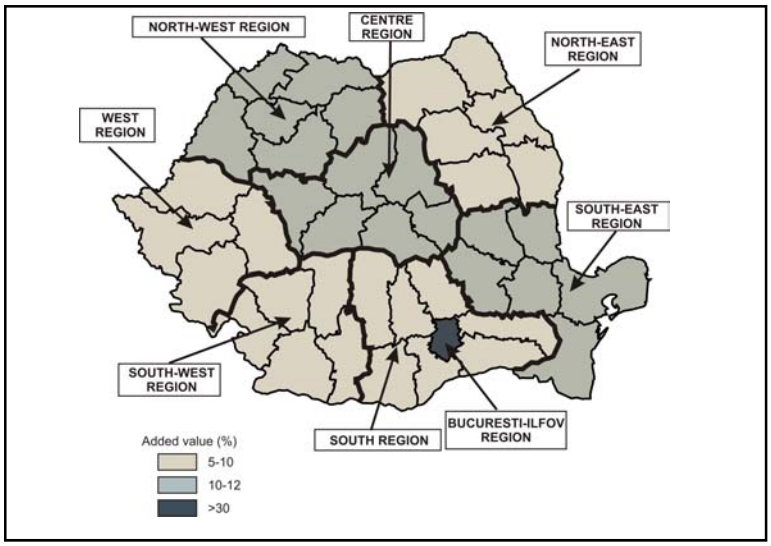

Fig.1 - **The added value structure on a regional level SME sector (2000 and 2001)**

During 2001, as well as in 2000, the region of development Bucharest-Ilfov had the most important contribution to the total added value for the overall SME (31.3% and 31.5%) and for the types of enterprise classification also, the next important regions being the Centre and North-West Regions (Table 2). The added value structure of private equity SME, by types of enterprises and by development regions did not change significantly in 2001 compared to 2000.

Turnover

The share of each county in the SME turnover, during 2000-2001, has not changed significantly. However, a decrease of 1% of the private equity SME share is noticeable in Bucharest. For the entire SME sector, the micro-enterprises have the highest share in the overall turnover for 2000 and 2001; the following counties had values above the average: Giurgiu (55.9% and 46.8%), Olt (49.1% and 46.6%), Vrancea (46.4% and 46.1%), Gorj, Dolj (with 45.8% for 2000 and 45.3% and 45.9%) and Buzău (45.5% and 53.5%).

Table 2

The added value structure for SME sector (%)

Development region	2000				2001			
	Total SME	Micro	Small	Medium	Total SME	Micro	Small	Medium
North-East	9.7	9.1	8.4	11.3	9.3	8.4	8.6	10.4
South-East	10.3	11.2	9.6	10.5	10.1	10.5	9.2	10.6
South	9.8	10.0	8.9	10.4	9.8	9.8	8.7	10.9
South-West	5.2	6.1	4.6	5.3	5.1	5.5	4.7	5.0
West	8.9	8.3	8.7	9.5	9.4	8.3	9.4	10.3
North-West	12.3	12.3	12.6	11.9	12.5	12.1	12.9	12.4
Centre	12.5	12.0	12.3	13.0	12.3	12.1	12.0	12.8
Bucharest-Ilfov	31.3	31.0	34.9	28.2	31.5	33.2	34.5	27.6
SME Sector Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source:*C.C.I.R. data, 2002*

In all regions of development, the overall SME turnover increased in 2001 compared to 2000 in nominal as well as real terms; the highest increases were noticed in the West and North-West Regions. The other regions had values of the turnover bellow the private equity SME sector total turnover. The highest increases were noticed in the micro-enterprises area (Fig. 2).

The turnover structure according to size and development region hasn`t changed significantly in 2001 compared to 2000, the micro-enterprises being prevalent in the South-West, South-East, South, Bucharest-Ilfov and North-East Regions and the medium enterprises being prevalent in the North-West, West and Centre Regions.

In regard to the regional SME contribution to turnover, there were no changes in 2001 compared to 2000, Bucharest-Ilfov Region owning 30% of the SME sector turnover.

Except for the Bucharest-Ilfov Region, all other regions had lower turnover shares in 2001 compared to the employees share in the overall SME value.

The share of every region in SME turnover value decreased in 2001compared to 2000, except for the West and North-West Regions, where values increased, and for the South-West Region, where it remained the same.

Income

The county distribution of the personnel expenditure highlights the high percentage (27.3%)

owned by Bucharest, showing the higher level of payment (remuneration) compared to the national average.

The next seven important regions (counties) according to employed labour force in private equity SME (Cluj, Constanța, Iaşi, Timiş, Bihor, Braşov, Prahova) own 23.5% from the overall personnel expenditure.

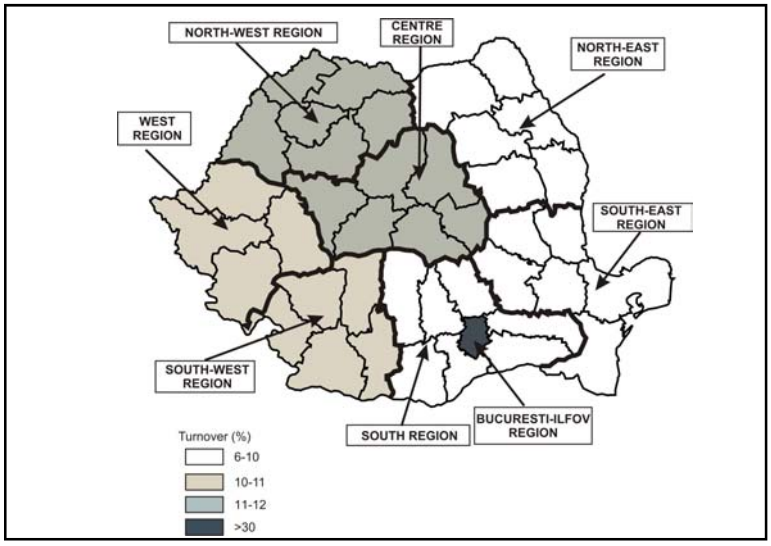

Fig.2 - **Turnover structure at regional level SME Sector (2000,2001)**

The percentages owned by counties in overall personnel expenditure showed some persistence during 2001, consisting of changes by +/- 0.1%, excepting for Bucharest (0.5% decrease) and Timiş County (0.5% increase). Important fluctuations have been ascertained in the percentage of personnel expenditure at the local level for all three types of enterprises.

The share of micro-enterprises varies between 18.8% - 36.4%, the small enterprises share ranges between 22.8% to 36.7% and the medium size enterprises share is between 36.3% to 54.8%. This highlights a stronger dispersion of the micro-enterprises share and a smaller dispersion of the medium size enterprises in the overall personnel expenditure. Indirectly, it shows that the medium size enterprises offer better standards for employees remuneration while micro-enterprises have better coverage for labour force utility and capitalization.

The changes in the share of SME types during 2001 show a stronger increase of the personnel expenditure for micro-enterprises and a slower increase for small and medium enterprises. An exception from this rule are Satu - Mare and Timiş counties, for micro-enterprises, and Bistrița - Năsăud, Botoşani, Dâmbovița, Galați, Giurgiu, Gorj, Sălaj, Vaslui, Vâlcea counties and Bucharest for small enterprises. This trends results in diminishing the discrepancies between the three types of enterprises regarding the personnel expenditure.

The analysis by development regions reveals the distinct importance of the Bucharest-Ilfov Region, which owned 29% of the overall private equity SME personnel expenditure, during

2001. The other development regions owned shares ranging between 5.5% (South-West Region) and 12.6% (Centre Region). The regional distribution of personnel expenditure is very different from the distribution of the number of employees. This is a consequence of distinct discrepancies between regional levels of personnel expenditure. Compared to the national average, the above - mentioned indicator has a value higher than 100% for the Bucharest-Ilfov Region (143.75%) and lower values for the rest of the regions: 80% for the North-East Region, 93.22% for the South-East Region, 87.5% for the South Region, 75.4% for the South-West Region, 93.2% for the West Region, 87.32% for the North-West Region and 92.65% for the Centre Region. It becomes obvious that the regional level dispalys a strong correlation between the social labour productivity level and the private equity SME personnel expenditure level.

A stronger increase in personnel expenditure compared to the national trend was noticed during 2001 in the South-West, West and North-West Regions and also a slower increase for the North-East, South, South-West and Bucharest-Ilfov Regions, leading to a decrease in regional discrepancies regarding the personnel expenditures.

The tendency of decreasing the discrepancies between personnel expenditure levels was obvious during 2001 inside different regions of development, between different types of enterprises; the expenditure increased faster for micro-enterprises and slower for the other two types of enterprises. In every region, the share of micro-enterprises personnel expenditure expanded and the shares of small and medium enterprises diminished. The only exception was the South-West Region, regarding small enterprises.

According to these trends, the regional shares ranged between 24.3% and 27.7% for micro-enterprises, 27.9%-35.7% for the small enterprises and 39.4%-47.7% for the medium enterprises.

The personnel expenditure level was bellow the national average for micro-enterprises and above the national average for small and medium enterprises. The exceptions from the rule were North-East, South and West Regions, regarding small enterprises.

Regional profiles for the SME sector

According to the previously performed analysis, a few regional characteristics can be identified for the SME sector. These are shown bellow.

North-East Region. SME represents a very important part of the regional economy, with a share of 11.7% of the total SME on national level, both in 2000 and 2001. The share per 1000 inhabitants has he lowest value compared to the other regions during 2000-2002 (12.18 SME/1000 inhabitants - 2000; 12.27 SME/1000 inhabitants - 2001 and 9.17 SME/1000 inhabitants - 2002). The turnover for private equity SME on national level during 2000 - 2002 has a small share, despite of the large population and area of the region. The SME distribution according to economy sectors (commerce, services, industry) fits with the national trend. The private equity is prevalent and due to micro and small enterprises.

South-East Region. Even if the SME number is higher in this region (53000 SME compared to 47000 SME in North-East Region) and takes over a larger share of the labour force available due to big industry closings, the SME are still not well developed. An impediment is the restricted access to financing due to high interest loans. As a consequence, the share of

micro-enterprises is high in the total number of SME (91% during 2000-2001). This sector must be supported by developing specific financial instruments and mechanisms. The share of 18.14% per 1000 inhabitants in 2000 and 13.7% in 2002 were above the national average during 2000-2001 and bellow it in 2002. The private equity is prevalent in this sector. Both in 2000 and 2001, the private equity SME turnover was 11% of the total SME turnover at the national level.

South Region. Due to the industrial decay and the setting up of a convenient institutional climate, the privatization process materialized by creating SMEs with specific orientation: services, commerce, import-export activities and manufacturing. The absence of a DME regional development strategy led to setting up this kind of enterprises especially in the large cities. In 2000, the number of SMEs per 1000 inhabitants was 13.73, in 2001, 13.29 and in 2002, 13.73; these numbers placed this region before many others at the national level. 92% of all SME located here are micro-enterprises. At a regional level, free will has a great importance, and is represented by family associations and self employed individuals. Their evolution at the regional level was positive. The SME turnover for this region was 10% of the overall SME turnover at the national level, both in 2000 and 2001.

South-West Region. The SMEs number per 1000 inhabitants was 12.13 in 2001 and 10.79 in 2002. At the regional level, more than 99% of the local enterprises are SMEs; in 2001 the number of SMEs was lower by 0.5% than in 2000. The SME flexibility permitted that all economy sectors should be covered. An increase of their number was noticed in sectors such as services and industry, previously dominated by large enterprises. SMEs have a constant contribution to the GDP increase as well as to the high level of employment in the region. The region still has the lowest share in total private equity SME turnover (5-6% in 2000 - 2002).

West Region. The micro-enterprises have the highest share in the overall SMEs number (over 90%), the small enterprises have 8% and the medium enterprises only 2%. These numbers are similar during 2000 and 2001. The SMEs number per 1000 inhabitants was 16.53 in 2000, 17.21 in 2001 and 13.34 in 2002. The increase in SME number was mostly with respect to micro-enterprises. The foreign investments also increased in this period, especially regarding their quality (a smaller number of investors brought more investment funds). In this region there are investment funds coming from more than 70 countries (USA, Italy, Germany, France, Austria, Hungary, Yugoslavia, Luxembourg). The services sector is improving due to the increasing share of population employed. It is still not well enough developed. The commercial sector is developing and most of the micro-enterprises are in this economy sector. In order to support the economical activities, a specific infrastructure was developed, including the free-zone Curtici, Commerce and Industry Chambers, business incubators, consultants etc. This infrastructure has some deficiencies: the lack of informational system and of programs to sustain this type of activity.

North-West Region. The SMEs number per 1000 inhabitants is higher than the national average, 19.28 in 2000, 19.41 in 2001 and 14.9 in 2002. This highlights the stronger development of this region compared to the others. The SMEs structure is: 91% micro-enterprises, 7.5% small enterprises and 1.5% medium enterprises; the shares remained unchanged during 2000-2002. The SMEs activity was mainly in services area. The private equity SME turnover for this region was 12% from the national total value both in 2000 and in 2001. The shares were 35% for micro-enterprises, 40% for small enterprises and 25% for medium enterprises.

Centre Region. Most of the small and medium enterprises are with private equity and,

according to the restructuring process, the number of public equity enterprises is decreasing; e.g., the number of private and mixture equity enterprises (in 2001 there were 15.57 SME per 1000 inhabitants and 14.5 SME in 2002). Most of the active SMEs at the end of 2000 were involved in commercial activities while the services and industrial activities were poorly represented. The percentage of SMEs in this region in 2000 was 11.8% of all private equity SME and in 2001 it increased by 0.3%. Just like in all other regions, the micro-enterprises are prevalent - 90%. The small enterprises have only 8% and the medium enterprises have 2% during 2000-2002. The main economical activities bringing down foreign investment funds are food industries, chemistry and wood industries, manufacturing and construction materials. The SME contribution to the regional turnover was 11.5% in 2000 and just slightly higher in 2001.

Bucharest-Ilfov Region. In Bucharest and Ilfov county, the SME evolution was more active than in the rest of the country. In 2000 there were 35.38 SME per 1000 inhabitants, 35.47 in 2001, 27,26 in 2002, comparing to a national average of 14.17 SME per 1000 inhabitants in 2002. The development of the private sector is highlighted by the creation of more than 25% of the national total Ltd enterprises, almost entirely build up with private equity.

Bibliography

ALONSO MENDO F. , FITZGERALD G. (2005), *A multidimensional framework for SME e-business progression.* Journal of Enterprise Information Management.

CIUTACU C., PLATON V., PAVELESCU F. (1999), *Orientări strategice ale dezvoltării regionale a economiei româneşti*, Institutul de Economie Națională, Bucureşti.

HOUGHTON K., WINKLHOFER H. (2002), *Internet adoption in exporting SMEs: Development of a conceptual model,* American Marketing Association, Conference Proceedings.

LEVY M., POWELL P. (2005), *Strategies for Growth in SMEs: The Role of Information and Information Systems,* Butterworth-Heinemann2005.

MIRON D. (2002), *Economia Uniunii Europene*, Editura Luceafărul.

SHU-CHING CHAN, JIN-YING LIN (2007), *Factors Influencing the Website Comprehensiveness of Small to Medium-sized Enterprises: An Empirical Study,* International Journal of Management.

PLATON V., TURDEANU Andreea, ROTARU A., ANGELA ISPAS Angela (2003), *Planificarea regională în contextul noii construcții europene: metode, principii, politici; analize şi metode utilizate pentru planificarea fondurilor structurale,* Institutul de Economie Națională, Bucureşti.

PLATON V., CIUTACU C., MAZILESCU Roxana, ISPAS Angela (2002), *Elemente privind fundamentarea politicilor de dezvoltare regională la nivelul regiunilor de cooperare transfrontalieră cu Ungaria şi Bulgaria,* Institutul de Economie Națională, Bucureşti.

PLATON V., CIUTACU C., ISPAS Angela (2001), *Elemente metodologice privind fundamentarea politicilor de dezvoltare regională; analiza SWOT şi cooperarea transfrontalieră,* Institutul de Economie Națională, Bucureşti.

TETTEH E., BURN J. (2001), *Global strategies for SME-business: applying the SMALL framework,* Logistics Information Management.

TIU WRIGHT L., UL-HAQ R., OKTEMGIL M. (2006), *Integrated marketing for SMEs in the global marketplace,* Journal of Direct, Data and Digital Marketing Practice.

Anuarul Statistic al României.

*** (2003), *Carta Albă a IMM-urilor din România*.

*** (2004), *Evoluția sectorului IMM în anul 2002,* Ministerul Finanțelor Publice.

*** (2001), *Evoluția sectorului IMM în perioada 1998 – 2000,* MIMM, Bucureşti.
*** (2001), *Strategia Guvernului de dezvoltare a sectorului IMM,* MIMM, Bucureşti.
*** (2003), *Întreprinderi Mici i Mijlocii, Programe de finanțare 2002-2003 , MIMMC,* 2003.
*** (2004), *Întreprinderi Mici şi Mijlocii, Programe de finanțare 2003-2004*, ANIMMC, Bucureşti.

*** (2003), *The new SME definition: User guide and model declaration*, European Commission.
*** (2007), *SMEs fail to embrace potential of the internet.* New Media Age.
*** (2003), SME in Europe – Candidate Countries, Raportul Comisiei Europene.
*** (2004), Strategia Guvernului României pentru Stimularea IMM-urilor în 2004 – 2008.
*** (2008), Consiliul Național al Întreprinderilor Private Mici şi Mijlocii din România, www.cnipmmr.ro.
*** (2006), Societăți comerciale cu participare străină de capital, Sinteza statistică, CCIRMB, 2002- 2006;

www.eu.int/competition

www.europa.eu.int

Journal of Urban and Regional Analysis,
vol. I, 1, 2009, p.27-39

NOTES ON SPATIAL-STRUCTURAL CHANGE IN URBAN SOUTH AFRICA -THE 1990S

Hermanus S. GEYER
Stellenbosch University, South Africa

Abstract:Informal businesses used to be something that was only tolerated in the former black townships during the years of apartheid. Since then the informal business sector has become an integral part of the central business setup of cities in South Africa. It not only serves to widen the security net of the urban poor in cities, it also represents the outcome of the democratization process in the country over the past fifteen years. Yet, there has been a tendency amongst local authorities to take steps to reduce the footprint of this sector in the urban environment in recent years. This trend ties in with the new approach of government to transform South African cities to become 'world class' centres - a step that is aimed at making the cities more visually acceptable to visitors from abroad. In this paper an attempt is made to demonstrate the importance of the informal sector within the urban business makeup and to show what role it played in the spatial-structural evolution of the urban economies during the 1990s. The paper analyzes the structure of the urban business sector as a whole and structurally links the formal and informal sectors, demonstrating the importance of both sectors in the economic makeup of the cities. It analyses the structure of the informal sector and shows how different layers of the sector potentially relates to the formal urban sector.

Key Words: *Informal sector, formal sector, business anatomy, economic structure*

Introduction

This paper deals with changes in the focus of business development and the business climate in South Africa before and after the political take-over. It discusses the impact these changes had on the business structure of urban areas all over South Africa since the political takeover in 1994.

The history of entrepreneurship in South Africa

Entrepreneurship essentially deals with the way in which business is conducted. It deals with potential of conducting, expanding or improving the quality of business and methods how to achieve those goals. Innovation is a central theme in entrepreneurship. For many years not all the population groups enjoyed equal opportunities in the development of business skills in South Africa (Geyer, 1989a; 1994). Through the policy of apartheid the black population groups were particularly disadvantaged and as a result the levels of development of entrepreneurship amongst the population groups became severely skewed over the years. The lack of opportunities given to the black groups to develop their entrepreneurial skills is clearly indicated in Figure 1 (Geyer et al., 2000). The figure shows how the economic areas of urban centres that were located in former white controlled areas were much more developed than those of urban areas located in black areas.

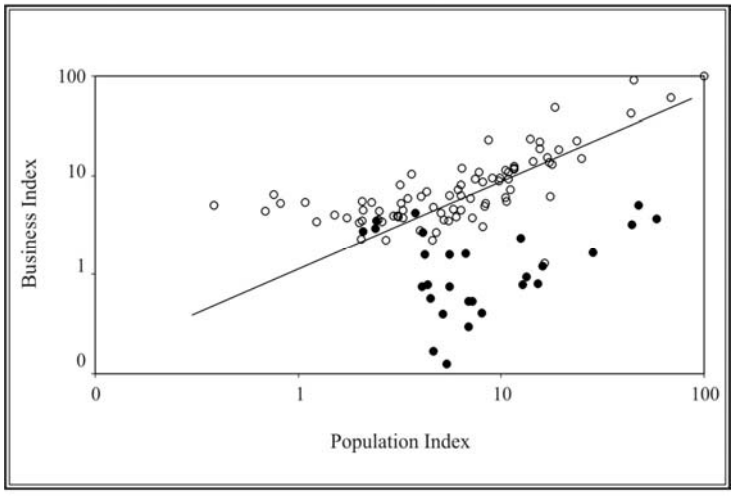

Fig.1 - **Provision of services in a selection of SA urban centres, 1996** (Source: Own calculations, 1996)

The human activities model (Figure 2, Geyer, 2001, 2002b) portrays the layers of possible social and economic activities in any given area. Depending on global, national and local market conditions each layer holds the potential for a variety of business activities (Geyer 2002a). For many years the black population were only allowed to participate fully in all layers of activities

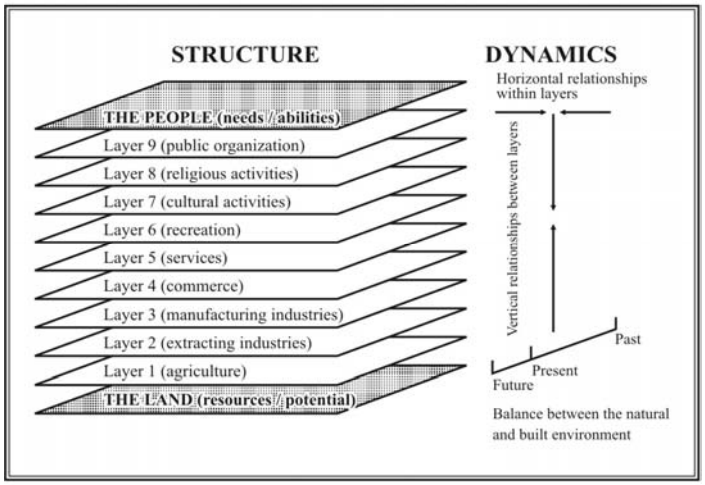

Fig.2 - **A human activity model** (Source: Geyer,2001)

in the Bantustans. In white controlled areas they were not allowed to own businesses in the first three layers of the model and in the initiation of activities in the other layers they were limited to designated black residential areas.

In addition to these negative local conditions global forces also impeded the development of entrepreneurship in South Africa

Globalization

Changing divisions of labour. During the colonial era manufacturing occurred mostly in First World states while the colonized states served as sources of raw material, expanding markets for produced goods, and receptor areas for excess labour. During this period production and trade in the latter revolved around the primary sector. This led to the first international division of labour of the twentieth century.

When the colonial era ended after World War II the South African government started concentrating on import substitution which reduced the country's level of specialization and at the same time its competitiveness in areas in which it had a competitive advantage. Increasing labour costs in the First World and comparatively low labour costs and high levels of productivity in certain peripheral countries triggered post-Fordism and led to global industrial sprawl – the second international division of labour. Newly industrialized countries benefited mostly by the evolving second division of labour.

Global political changes in the 1980s, but particularly during the 1990s when Second World economies in Europe were liberated, led to the formation of global super power blocks. Western and Southern Europe started concentrating on their own human and market potential and those of the liberated Central European nations, North America on its Latin American neighbours and Japan on its neighbours in the Pacific Rim (Lipietz, 1997; Geyer, 2006), while global regions such as Central and Southern Africa were lagging behind (Geyer and van der Merwe, 2006). This brought about the current third international division of labour.

How Africa relates to globalization. The developing countries in East and South East Asia which responded early to the potential advantages that the second phase of international division of labour held, benefited the most from the global industrial sprawl. Africa did not. Although South Africa had the ability to keep pace with the developed world in almost all respects, and for most part did, especially amongst the whites, the rest of Africa south of the Sahara has been lagging behind. The most important reasons for this backlog include the following:

Locational disadvantages. Although historically, almost the entire Africa had colonial ties with Europe, strained relations with colonial powers after independence - much of them linked to their growing resistance to neo-liberalism and subsequent acceptance of static socialist policies - caused most African countries to struggle economically. More recently, in an era of global regionalization, locational disadvantages has exacerbated the situation.

Negative human development conditions. With only 16 doctors per 1000 of the population compared to 253 per 1000 in developed countries; an illiteracy rate of 41 per cent; and only 58 per cent of people having access to safe water, human development conditions are stacked against people in Africa. The result: a life expectancy at birth of 48.9 years compared with 77.7 years in developed countries and a mortality rate of juveniles of 169 per 1000 compared with 7

per 1000 in the developed world (Nepad, 2001).

A lack of infrastructure. Africa is also struggling with infrastructure. While there are 567 telephones per 1000 people in the developed world, there are only 18 lines per 1000 people in Africa. The improvement of communication infrastructure is also hampered by relatively high service provision costs in Africa—20 per cent of GDP per capita, compared to the world average of 9 per cent and 1 per cent in developed countries (NEPAD, 2001).

Crime and violence. Internal strife is a trademark of African politics. Economic hardship is more often than not an underlying cause.

Inward-looking economic policies with negligible attachments to the global economy. New African initiatives such as the New Partnership for Africa's Development (NEPAD) has done little to change the First World's apprehension about Africa's inability to transform itself economically and politically. Instead it has a wait and see attitude. In contrast, the newly industrialized economies of Asia such as Hong Kong, Indonesia, Japan, Malaysia, Singapore, South Korea, Taiwan and Thailand have been maintaining high economic performances for many years. This is because, on the one hand, they were able to consistently keep their levels of investment in education high to boost productivity and, on the other hand, have kept interest rates down to stimulate capital investment (Marshal, 1995)

Extreme levels of poverty. Half the African population lives on less than $1 per day, a factor that is impeding the population's ability to increase its productivity levels.

Scepticism amongst developed countries about the capacity of Africa to perform. Generally, African countries have been heavily dependent on development aid since their independence but, with few exceptions, have not been able to impress as development initiators and innovators.

Although South Africa is better off than most other African countries in almost all the departments listed above (accept for its high levels of unemployment lately and the concomitant high levels of crime and violence) it is against this negative background that entrepreneurship has to be nurtured in South Africa.

Changes in the urban business sector in South Africa

The anatomy of the business sector. Figure 3 serves as a diagrammatic representation of the anatomy of the business sector in South Africa. It refers to the following elements of the business sector:

- the sizes of businesses,
- types of business,
- their sectoral reach,
- class of businesses,
- their levels of sophistication,
- their location,
- their reach, and
- ways of communications

This figure enables one to trace the changes that have taken place in the business sector in South Africa over the years. Relative shifts in the balance of business sizes and between the

formal and informal sectors allow one to assess the ability of the business sector to compete in the global market at different time periods (Geyer, 2002a).

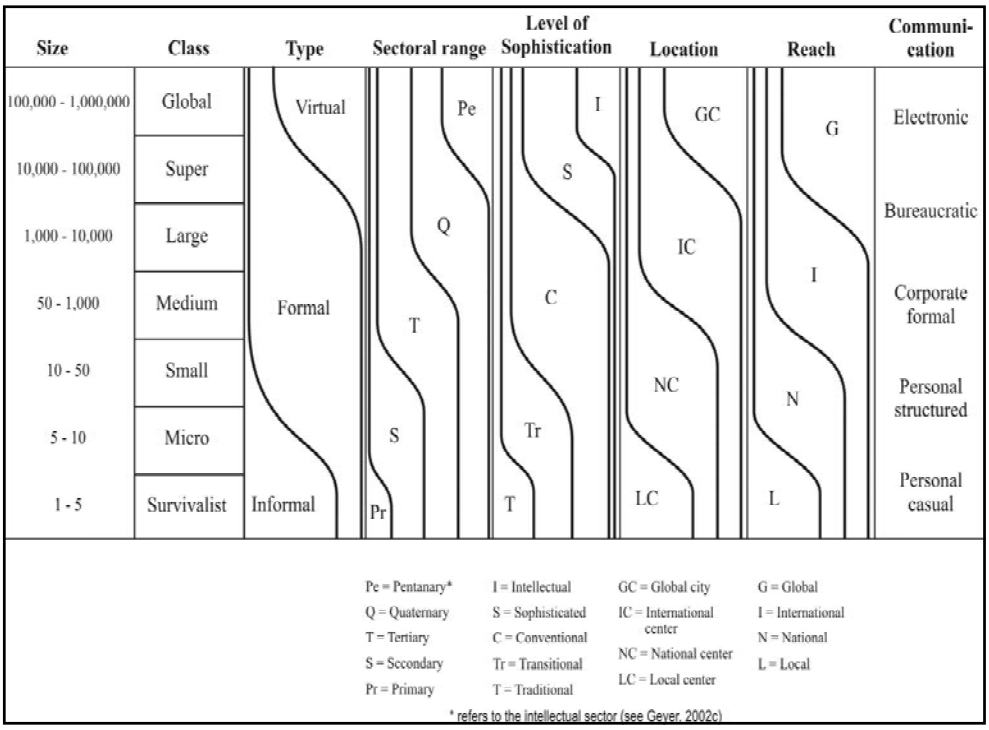

Fig. 3 - **Anatonomy of business sector**

Changes during the apartheid era. Although non-white people were prevented from meaningful participation as entrepreneurs during the years of apartheid a number of important changes occurred in the business sector in South Africa during the period which boosted small business development:

❑ Protectionism in 1950s, assisted by boycotts during the 1960s and 70s caused the blossoming of local businesses. White small business owners were particularly advantaged by the sanctions while small black owned businesses were prevented from opening up businesses in what were regarded as 'white' urban areas.

❑ During the 1970s the development of American-styled local franchised businesses began to become fashionable in South Africa. Large, divisional shops which offered wide ranges of groceries and household goods sprang up in towns and cities of all sizes all over the country. This lead to a decline in the clients of traditional small single owner general businesses in urban centres, especially in smaller towns.

❑ By the early 1990s, when it became clear that apartheid was coming to and end the gradual opening up of the South African market to the world outside lead to an increase in the range of franchised businesses. The result was a dramatic increase in production lines and in the variety

of outlets. Many local small businesses tapped into the new production lines that became available in the global market.[1)]

❑ The opening up of trading opportunities as a result of the relaxation of petty apartheid policies which prevented black entrepreneurs from participating in urban economies caused many black entrepreneurs to enter the informal business sector. Initially, these traders were mostly concentrated in black residential areas, as they were during the years of apartheid. However, the relaxation of trading regulations and the scrapping of trading restrictions in areas that were previously prohibited for blacks caused this sector to spill over into the central city areas.

The changing economic morphology since the mid-1990s. Over-urbanization is a well-known phenomenon all over the world, especially in developing countries (Gugler, 1990). Features that are generally associated with the process include unemployment, underemployment[2)] and misemployment[3)]. Although the forms of over-urbanization that started to manifest itself in urban South African since the mid-1990s are far from uniform, few cities, if any, managed to completely escape the effects of the phenomenon. They are:

a. large flows of lowly skilled (mostly black) migrants to cities;
b. an increase in competition in the manual labour sector;
c. an inability of many of the new in-migrants to effectively compete for employment in the formal urban sector;
d. rising crime levels, underemployment and misemployment in cities overall;
e. the continuation of the apartheid urban morphological growth model, i.e. (parts of) city centres loosing momentum (but now faster than before) while the poor continue to live on the outskirts of urban areas and higher income groups in the suburbs (Geyer, 1993);
f. parts of former predominantly white residential areas becoming predominantly black;
g. an increase in informal urban activities in central urban areas;
h. a decrease the number of higher income shoppers in parts of city centres; and
i. capital flight from central city areas to the outlying residential areas.

Generally, these trends held significant consequences for urban South Africa, notably the spatial-economic restructuring of cities. Informality increased in parts of cities where only the formal sector used to trade causing the formal businesses there to adapt to changing markets and trading conditions. In certain central city areas - Pretoria, Johannesburg, and Durban in particular - the effects of these changes were significant. In others the negative effects of the change were less significant, even largely averted - such as Cape Town. In cases where the negative effects of over-urbanization in central city areas were severe six clearly distinguishable trends were visible:

a. the economic deterioration of parts of CBDs coupled with an increase in informal activities in those areas;
b. the development of new shopping centres or the revival of existing shopping centres in parts of CBDs;
c. the transformation of the fringes of CBDs from residential into business zones;

1) Similar changes have been observed in Turkey in recent years (Nebahat and Yonca, 2002; Zoltan, et al., 2001)

2) Underemployment refers to the underutilization of labour, i.e. when not all the labour is being utilized optimally, such as part time employment.

3) Misemployment refers to labour that is occupied but the activities do not contribute positively to social welfare, such as prostitution, and burglary.

d. The development of new business corridors along main transport corridors leading towards CBDs, or routes connecting CBDs with major business zones elsewhere in the cities;

e. the development of new up-market shopping centres in suburban nodes that are regraded as safer and economically more viable locations for higher income shopping; and

f. the location of specialized commercial and service businesses inside residential areas.

Possible reasons for the spatial-economic transformations

Premature economic deterioration of parts of the CBD. Reasons for the premature deterioration of parts of the CBDs of cities could be ascribed to the following factors:

a. large scale infiltration of informal businesses into those parts of the CBDs;
b. the deterioration of the built environment, physically and socially; and
d. a decline in the number of high income shoppers.

Economic concentration within the CBD and suburbs. Businesses started leaving negatively effected areas of CBDs and moved to secured shopping centres elsewhere in the central business areas or suburban areas. In smaller urban areas where demand in suburbs were not sufficient, large shopping centres tended to develop inside the CBDs. The reasons for the relocation of businesses to the shopping centres are the following:

a. a lack of security in negatively affected parts of the CBD;
b. easier secured parking close by shopping facilities;
e. shopping safety;
f. protection against the elements;
g. one-stop shopping; and
h. the entertainment value of shopping at shopping centres.

Economic sprawl along the CBD fringe. Some specialized commercial and service functions tended to move towards the fringes of CBDs. Reasons that were usually given for the relocation to home conversions along the CBD fringe are the following:

a. a lack of security in the CBD;
b. a decline in the number of customers in the CBD;
c. the availability of low cost residential buildings in the zone of urban decay along the fringes of the CBDs;
d. lower rents;
e. greater financial security;
f. the possibility of creating a more professional, cosy, intimate, or other specialized business atmosphere; and
h. safe parking close-by.

Economic corridor development. Certain specialized commercial and service functions tended to relocate from inside the CBD to the locations along major traffic arterials. Intra urban development axis forces play an important role in the corridor development along major collector routes in cities (Geyer, 1987, 1989d). Most of the factors that cause economic sprawl also apply to businesses that relocate to transport corridors. Additional factors that cause this phenomenon are:

a. the increased visibility of sites from main collector roads; and
b. the need of businesses for greater access to a larger number of vehicles.

Economic decentralized concentration. Certain previously deteriorating suburban shopping centres have been showing new signs of life and several new centres have sprung up in

SECTOR	LOCATION	SIZE	SOPHISTICATION
Formal 1. Commercial	City centre Traditional Security shopping centre City centre fringe sprawl Suburban centre Corridor between nodes Inside residential area	Small to large	Low to high
2. Industrial	Industrial area Urban fringe	Small to large	Low to high
Semi-informal 1. Commercial	City centre Side walks Parks Main road junctions	Small to medium	Low to high
2. Industrial	Residential area Main road junctions	Small to medium	Low to high
Transitional (informal) 1. Commerce	City centre Side walks Parks Main roads Stop streets Junctions	Small to medium	Low to medium
2. Services	City centre Side walks Parks Residential areas	Small to medium	Low to medium
3. Industrial	Residential area Main road junctions	Small to medium	Low to medium
Traditional (informal) 1. Commerce	City centre Side walks Parks Main road junctions	Small	Low
2. Services	Residential area	Small	Low
3. Industrial	Residential area Main road junctions	Small	Low

Fig.4 - **Hypothetical structure of the informal economic sector in urban SA and how it ties in with the formal sector**

suburban areas during the 1990s. Apart from the positive impact that the deterioration of CBDs or parts of them had on the revival of suburban shopping centres in cities, other reasons for their survival included:

a. greater accessibility from people's homes in suburbs;
b. higher levels of security than in traditional shopping streets in CBDs; and

c. greater financial security for tenants and property owners.

Isolated economic decentralized activities. Certain highly specialized economic activities such as art galleries, specialized clock repair services, specialized jewel sales, and professional services tend to relocate to higher income residential areas. These relocations are possible because:

a. such activities often target a relatively small but lucrative market; and
b. security is a priority, but
c. accessibility is not.

Stratification of the informal sector. Initially, the distribution of informal businesses in black neighbourhoods seemed to have had an amorphous structure. Businesses seemed to have been haphazardly distributed. But since the dramatic increase in the number of informal businesses and especially since it became more widely distributed throughout the cities it started attaining an ordered structure. Three distinct layers of informal businesses that structurally tie into the formal urban economic sector (see Figures 4) are now discernable (Geyer, 1989c). At the bottom is the traditional economic layer of activities. These activities are more or less associated with traditional ways of preparing food, producing goods, and providing social, health and financial services to the traditionally oriented segments of society. The transitional layer consists of traditionally oriented activities that have undergone significant innovations to also accommodate the more modern ideas, customs and needs of urban communities. At the top there are the semi-formal activities. Products that are offered in this layer are by and large more sophisticated and technologically advanced goods and services that are put on offer on the informal urban market. Many of these goods and services are also available in the formal sector, but at much reduced prices since overhead costs are lower. They also include cheap manufactured goods that originate mostly from the Pacific Rim – an example of how, as indicated on Figure 3, globalization also impacts on the lower levels of urban economic activities.

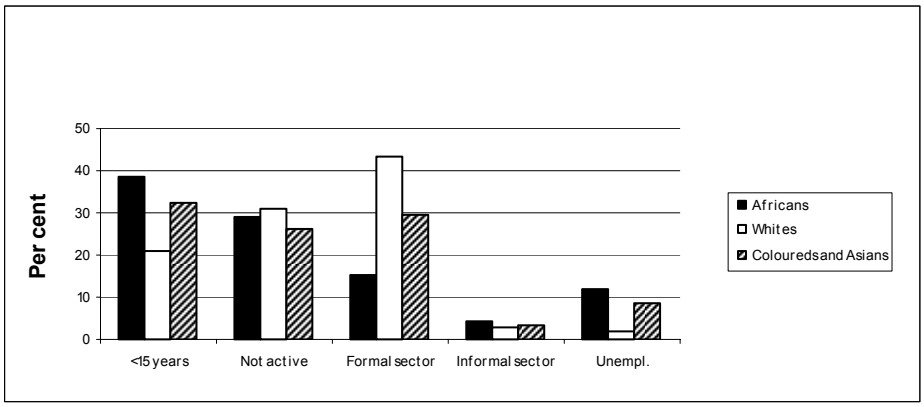

Fig.5 - **Economic participation by population group, SA 1995**
The business profile of South Africa during the mid-1990s

As could have been expected, a larger proportion of the white population group was employed in the formal economic sector during the mid-1990s while larger proportions of the black population group were active in the informal sector (see Figure 5). Although there were much less large and medium-sized firms in the country (Figure 6), they provided most of the

employment opportunities (Figure 7).

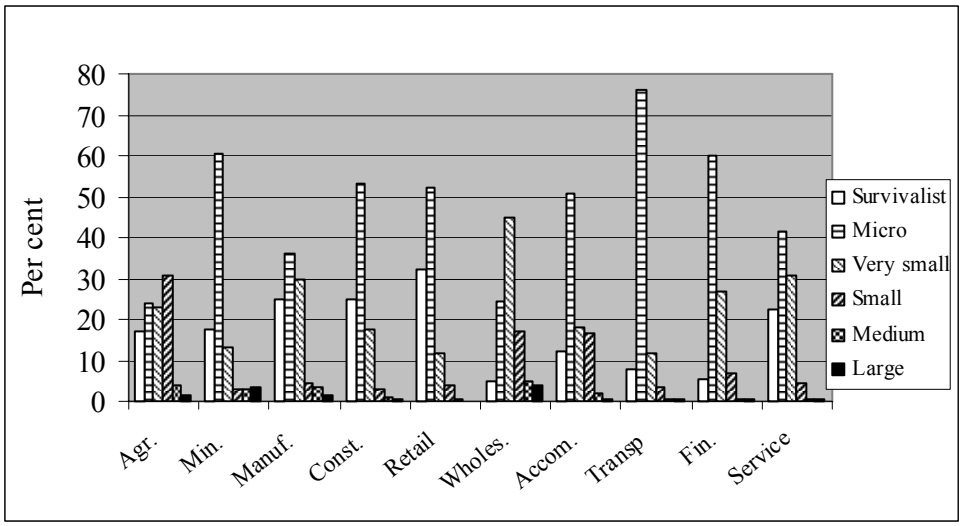

Fig.6 - **Distribution of private enterprises per economic sector, SA 1995**

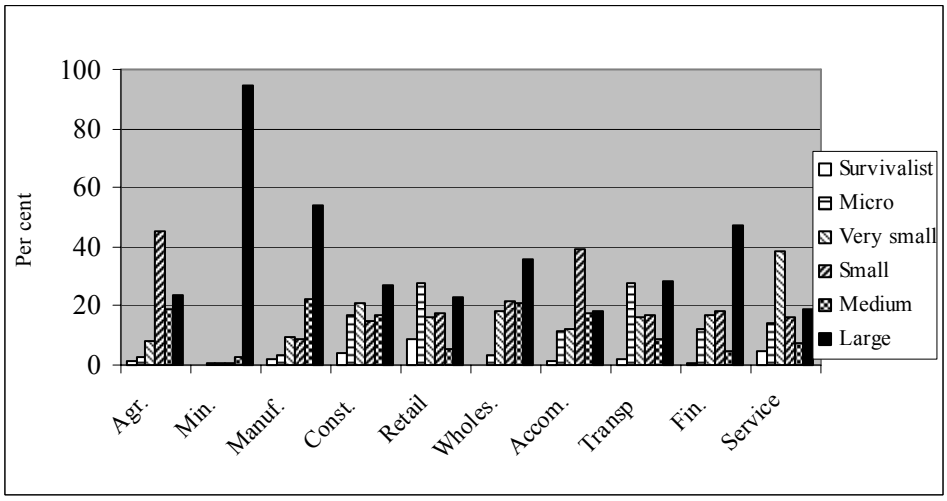

Fig.7 - **Distribution of employment, SA 1995**

Most entry level businesses – i.e. survivalist businesses and micro businesses that did not provide any employment other than for the business undertaker him/herself – were located in the informal settlements (Figure 8). In accordance with Figure 8, the highest percentage of large and medium-sized business in Figure 9 were found in the provinces where large metropolitan areas are located, i.e. Gauteng (GT), KwaZulu-Natal (KN), and the Western Cape (WC), while a larger percentage of businesses at the entry level were located in the more rural provinces of the country, i.e. the Eastern Cape (EC), Northern Province (NP), the North West province (NW), Mpumalanga (MP) and the Free State (FS).

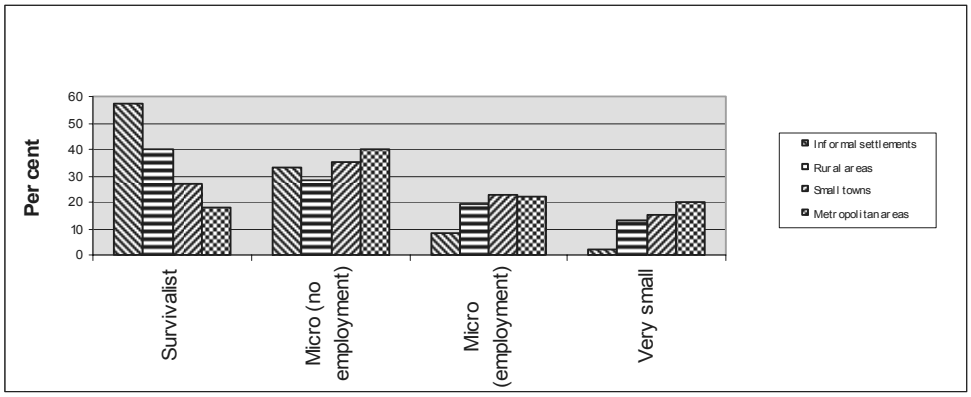

Fig.8 - **Enterprise by locality in SA, 1995**

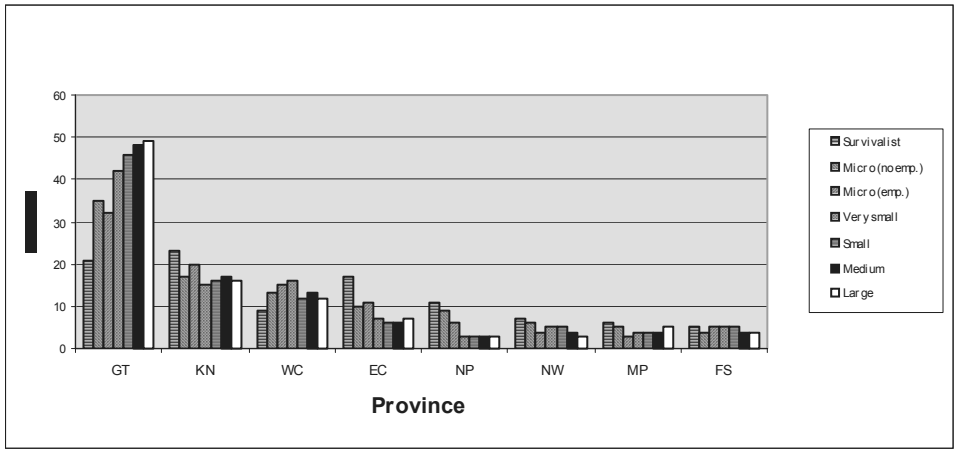

Fig.9 - **Enterprise by province, 1995**

In recent years a number of business actors and activities, focussing on the small business sector, have been established at all levels of decision making. These include the current National and Provincial Small Business Councils as well as economic and business centres of various kinds at the local government level. Diagrammatically, the current structure of organized business at the formal and informal sectors is shown in Figure 10. Although the links between the formal and informal sectors that are shown in the figure are not working well in all areas, the potential for such links are nevertheless there.

Conclusions

A significant proportion of the South African population never had sufficient opportunities to properly develop their abilities as entrepreneurs during the years of apartheid. Since democracy has been restored significant changes have occurred in the economic structure of cities.

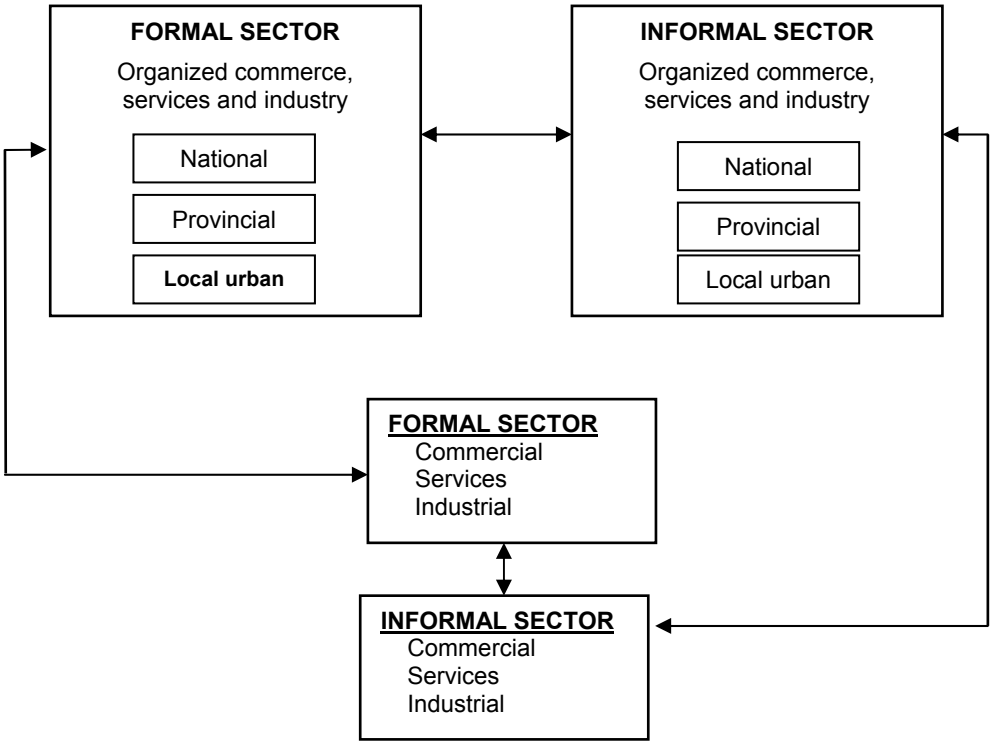

Fig. 10 - **Link between the formal and informal urban economic sectors in SA**

In the country. In this study changed that have occurred during the early years of democracy has been studied. The huge inflow of migrants from rural areas that were experienced in cities at the time lead to an unprecedented increase in informal economic activities in urban areas of all sizes. This has put in motion a train of related structural changes. While the informal sector had gained ground in parts of the central business districts of cities causing a change in the character of central city areas there, business that have remained in such areas had to reorientate themselves to cater for the changing market. Others simply moved. Some of the latter moved to the fringes of CBDs transforming old residential areas into new business zones. Others moved to security shopping centres inside the CBDs, or established themselves along main roads leading away from the CBD, or moved to security shopping centres inside the suburbs.

This business structure that have become cemented over the past fifteen years is a product of the political democratization process in South Africa. Informal activities are an integral part it. Steps that are currently being taken by local governments to marginalize the informal sector in their new drive to transform urban areas into 'world class' cities and to make them more 'presentable' to foreign visitors, are harming the informal business sector significantly. As a sector that contributes hugely to the widening of the survival net of the urban poor, this trend could make it increasingly difficult for many of these people to survive in South African cities in the future.

References

GEYER H.S. (1987), *The development axis as a development instrument in the Southern African development area,* Development Southern Africa, 4, p.271-301.

GEYER H.S. (1989a), *Industrial development policy in South Africa - The past, present and future,* World Development , 17, p.379-396.

GEYER H.S. (1989b), *The integration of the formal and informal urban sectors in South Africa,* Development Southern Africa, 6, p. 29-42.

GEYER H.S. (1989c), *The terminology, definition, and classification of development axes,* The South African Geographer, 16, p. 113-129.

GEYER H.S. (1993), *African urbanization in metropolitan South Africa – differential urbanization perspectives,* GeoJournal, 30, p. 301-308.

GEYER H.S. (1994), Development ideology and the political transition in South Africa - changing perspectives, *Planning Perspectives*, 9, p. 377-404.

GEYER H.S. (2001), *Development planning transition in South Africa,* In H. C. Marais, Y. Methien, N.S. Jansen van Rensburg, M.P. Maaga, G.F. de Wet, C.J. Coetzee (eds), Sustainable social development: Critical dimensions. Pretoria: Network Publishers, p.143-152.

GEYER H.S. (2003), *South Africa in global context: the view from above and below,* Annals of Regional Science**,** 37, p. 407-420.

GEYER H.S. (2002), *The fundamentals of urban space,* in H. S. Geyer (ed.) International handbook of urban systems: studies of urbanization and migration in advanced and developing countries, Edward Elgar, Cheltenham, Aldershot, UK, p.3-18.

GEYER H.S. (2006), *Introduction: the changing global economic landscape,* in H. S. Geyer (ed.) Global Regionalization: Core-peripheral migration and economic trends, Edward Elgar, Cheltenham, Aldershot, UK, p.3-40.

GEYER H.S., van der Merwe I.J. (2006), *Sub-Saharan Africa - a region economically delayed* (ed.) Global Regionalization: Core-peripheral migration and economic trends, Edward Elgar, Cheltenham, Aldershot, UK, p.187-224.

GUGLER J. *Overurbaniztion reconsidered*, in Gugler, J. (ed.) The urbanization of the Third World, Oxford University Press, London, p.74-92.

LIPIETZ A. (1997) *The post-Fordist world: labour relations, international hierarchy and global ecology.* Review of International Political Economy, 4: 1-41.

MARSHAL R. (1995), *The global job crisis,* Foreign Policy, No.100, p. 50-68.

NEPAD (2001), *New Partnership for African Development*, www.polity.org.za/misc/ mapomega.html.

SOUTH AFRICA (1995) *Household survey*, Central Statistical Services, Pretoria.

TOKATLI N., ELDENER B. (2002), *Globalization and the changing political economy of distribution channels in Turkey,* Environment and Planning A, 34, p. 217-238.

ZOLTAN J. A., MORCK R. K., YEUNG B. (2001), *Entrepreneurship, globalization and public policy,* Journal of International Management, 7, p. 235-251.

Journal of Urban and Regional Analysis,
vol. I, 1, 2009, p.41-53

ROMANIAN SMALL TOWNS SEARCHING FOR THEIR IDENTITY

Daniela ZAMFIR, *Cristian* TĂLÂNGĂ, *Ilinca Valentina* STOICA
University of Bucharest, Romania

Abstract: Romanian small towns - urban settlements of less than 20000 inhabitants, having a polarizing function with respect to the socio-economic activities in the deeply rural areas - are considered an interface between rural and urban communities. Determining the identity of small towns is rather difficult, because complex and varied political, social and economic changes occurred in the previous century. Thus, three distinct phases have been established: before 1950 the towns had a rather strong rural character; in 1950-1989 their identity was completely changed under the communist regime; after that, they somehow regained their initial identity (the one before 1950), or promoted it at higher levels. There is a discrepancy between the present stage and that before 1989: the previous identity was conventional and constrained whereas today it develops in a natural process conditioned only by the town itself and by the choice of its inhabitants.

Key Words *: identity, small towns, functional profile, Romania.*

Introduction

The concept of "identity" is a very complex one. Its approach implies a thorough knowledge of the characteristics of towns and of the historical, socio-economic and political changes which caused their emergence and dynamics. The present paper analyses the numerical and population evolution of the small towns in the interval 1912-2007 and the changes on their functional profile. In our opinion, these topics are the most important aspects in finding the identities of small towns.

In Romania, small towns represent the urban settlements with less than 20 000 inhabitants. They are considered the basic unit of national settlements, having a polarization function of the socio-economic activities in closed rural areas. This function is induced by geographical analyses and legal documentation within the "Planning the National Territory Development" in force, section "Network of Localities".

At this moment, small towns, defined according to a dimensional criterion, represent more than half of the Romanian urban localities. These entities entail various demographic and economic aspects, and also historical and regional influences; they are fundamentally different and, at the same time, similar. The two characteristics may seem paradoxical when associated. However, they represent a link between rural and urban communities. More exactly, all small towns are situated at the level of rural and urban mixed characteristics within the national system of settlements. Therefore, they are defined both by urban and rural characteristics: demographic behaviours, economic functions, settlement patterns, life standard - in fact a very complex landscape revealing a rather curious mixture. The "small town" is ambivalent and hybrid, strange and singular. This makes its identity and sets it apart from the superior - medium or high - urban units and from the nearby rural areas.

There are 161 small towns in Romania. They have a well-balanced territorial distribution in the main relief units and practically cover the whole country; however, the majority is in the mountainous area (41 towns) and in tablelands (42). These categories of towns represent old urban units and they are, generally speaking, the result of a long development process. Some others are post-war towns, established to balance the network of settlements (at the county or area level) or to polarize deeply rural areas.

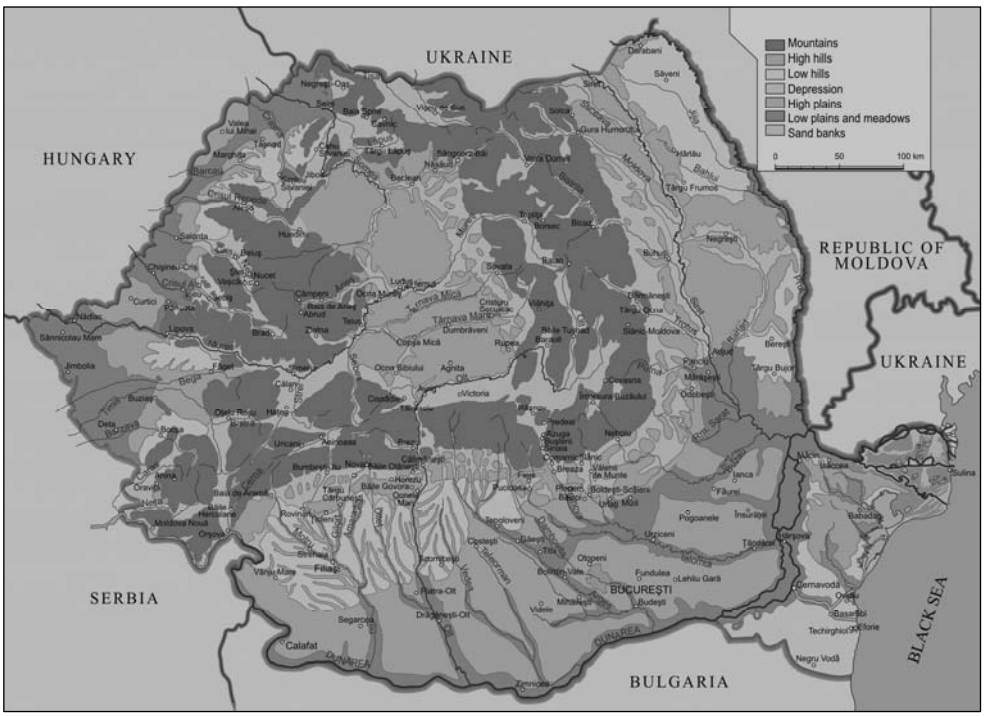

Fig. 1 - **Well-balanced distribution of small towns in Romania**

Depending on their position in the national network of settlements, mainly versus a town from a superior category or versus a deeply urban area, there are several types:[1)]

- Isolated towns in the national network of settlements with varied functions and acting as a relay between medium-sized towns and rural areas (Agnita, Târgu Lăpuş, Ineu, Câmpeni, Moldova Nouă, Chişineu Criş, Sulina, Urziceni a.s.o.);
- Towns situated close to urban centers or integrated in urban areas, which represent a source of commuters for nearby towns (Boldeşti-Scăieni, Otopeni, Bolintin Vale, Cisnădie) or tourist places (Valea Prahovei cluster) or mining towns (Ţicleni, Rovinari, Baia Sprie).

The conclusion is that the towns situated in rural areas have better chances to develop, due to their geographical position, economic level and facilities; they could have an inter-regional function, but, if so, they need both improvement and services. “Isolation” in this case may have a positive function as regards the small towns situated nearby urban densities which, in time,

1) Ianoş I. (1987), *Oraşele şi organizarea spaţiului geografic*, Editura Academiei, Bucharest.

would be assimilated by them and become “vast dormitories”, totally depending on the nearby city and finally loosing their own identity.

Emergence Stages of Small Towns

Before discussing the emergence stages of small towns (and not only) in Romania, several aspects should be clarified in order to ascribe the administrative status of “town” in Romania, i.e. by law. The method is questionable, because during the socialist regime only few towns had been given this status on the basis of a correct decision able to prove that they deserved to become towns.

Related to the emergence stages, several “genetic” types can be established which reveal, to a certain extent, the arbitrary aspect of political decisions:

a) towns, as a consequence of a locality natural development;
b) towns, as a result of changing the administrative status of several localities;
c) new towns, as a result of some arbitrary political decisions.

In 1912, at the beginning of the 20th century, small towns represented 2/5 of the Romanian urban population. If eighty years later they represented only 1/8, at present the share is even smaller. The decreasing tendency of the population concentrated in small towns is not a characteristic of Romania. At the same time, the stage of enhancing the urbanization process had in view, mainly, big towns or cities. Small towns, as the base of urban pyramid, represent a very dynamic category. Among the contemporary small towns, there are some with deep ori-gins in the Middle Ages or even in Antiquity - the towns nearby the Danube: Orşova, Hârşova, Isaccea, and Măcin. Out of the 96 towns existing in the first half of the 20th century, only 29 still exist; the rest had different evolutions (8 of them returned to the rural locality status, while the majority changed into superior categories). The development process to new towns had different phases in time. Thus, between 1912 and 1948 the network of small towns increased: in 1930, 28 localities were declared towns. At the same time, 12 towns returned into medium-sized towns. Between 1984 and 1990, five times more towns were declared than in the previous period of time. Conferring the town status to a great number of rural localities in the post-war period was a process based on the existence of several urban rudimentary or embryonic criteria (Deică, Erdeli, 1994). Among these localities, there were also mining centers of extractive industry or administrative centers at the local level. Simultaneously, by conferring the “town” status, those towns became centers of the new-born industry. Thus, we can say that industry was the main factor in the emergence of these towns.

Although small towns developed during a long period of time, several important stages stand out in their evolution, namely: before 1948, 1949-1967, 1968, 1969-1988, 1989, 1990-2002 (Fig. 2). These stages were chosen considering that small towns centralized considerably in these periods of time, two of them representing the years in which the administrative status changed for many settlements in Romania.

In Romania, the present is a time of open possibilities, mobility and varied enterprises at all levels. Under the above-mentioned circumstances, the very nature of the village-town interactions is redefined. Following the gradual breakage of rural isolation and the busy interactions between rural communities and the nearest urban centre, the inhabitants move to the nearest town. The displacement phenomenon develops due to schooling facilities and to the training level which has considerably increased in the past few decades. If in the past, the

2) Deică P., Erdeli G. (1994), *Les petites villes de Roumanie*, Institute of Geography, Romanian Academy, Bucharest.

nearest town was given preference over others due to its administrative aspects or to children's schooling, at present the movement has become more and more frequent. Everywhere, the traditional market-towns have been replaced by small centers offering rather special services and goods; trade, workshops, and sometimes small industries have developed due to a new generation of economic agents who take advantage of all the opportunities, or give a solution to the needs pending from the previous communist regime. Along with these changes of the relations between rural areas and small urban settlements, but with no obvious cause, the population dynamics of the towns situated on the top of urban hierarchy has altered: several towns have slowed down while rural areas experience a certain positive evolution. Within these changes of spatial configuration, and against the new economic background, it is obvious that small towns are more likely to interfere with these changes, because they are situated at the border between rural and urban communities.

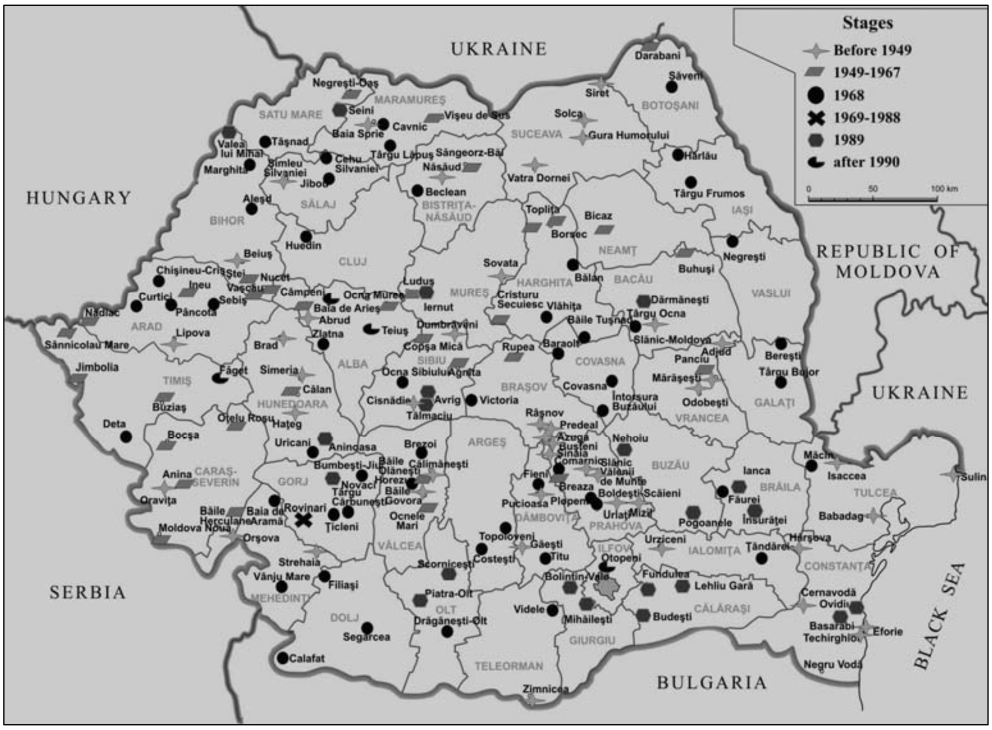

Fig.2 - **Emergence stages of small towns**

Several parameters have been calculated to find out the identity of small towns: the attractiveness coefficient, the development level or growth index, and the degree of rurality.

Small Towns – An Interface between Rural and Urban Communities

The notion of "small town" is, by its essence, relative. Seen from a county capital point of view, small towns are analyzed as being part of the rural community; seen from a rural area point of view, small towns include elements of the urban system. It is not easy to determine, in a strict manner, the limits or boundaries between rural and urban communities: several small towns

have complex characteristics of both rural and urban settlements. Then, how can we differentiate small towns from rural localities which "represent something more than simple communes in the hierarchy?" (Renard, 1997). However, beyond this vague limit between rural and urban areas, small towns should be valuated taking into account the local or regional background, density and urbanization level, which are basic parameters; thus, a small town integrated into an urban density will not have the same characteristics as an isolated one. Therefore, the isolation level of the town and its approachability degree should be considered as well.

To better illustrate the interface aspect between rural and urban communities we have chosen, out of many parameters, only three very significant ones which show the likeness between some of the small towns and rural community, namely: the attractiveness index, the growth index and the rurality index.

If nowadays we analyze the attractiveness of small towns in comparison with the area around them, we can still see the strong consequences of the interfering socialist policy. Therefore, the study of the attractiveness qualification of that urban category seemed highly relevant, by defining the attractiveness index. It was calculated as a simple ratio between the entire population at the locality level and the population with a permanent residence in that area. If its value exceeds 1 or 100 (if the final result multiplies by this number), the area is attractive; if the value is below this level, then it is a source of labour and population for other localities, superior towns namely. In 2002, the index value was, as regards small towns, between 96.78% (Bălan) and 104.63% (Predeal) (Fig. 3). The difference is considerable and the two towns confirm the theory that the former industrialized towns are no longer attractive for the surrounding area, because the industrial giants of the socialist period have disappeared. They have been replaced by towns of tertiary level, generally traditional, that have thus regained their place in the hierarchy. Almost 70% of the small towns have lower values than 100%, being "repellent" to environment and incapable of attracting people. This is a direct consequence of the troubled economy after 1990, the majority having an unstable profile because of the changes in industry (Copşa Mică, Călan, Ocnele Mari, Găeşti, Strehaia, Mizil, Vlăhiţa, Ţicleni, Scorniceşti, etc). Only 30% of these small urban centers are attractive, especially those with a well developed tertiary sector (Sinaia, Eforie, Sovata, Rupea, Otopeni, etc.), those which resumed their agricultural profile (Însurăţei, Valea lui Mihai, Fundulea, Lipova, etc.), or those situated in deeply rural areas, which represent the only "chance" for the population of the nearby rural area (Sulina, Abrud, Negru Vodă, Segarcea).

The conclusion is that the towns with important industrial activities in the past have become less attractive whereas the attractiveness of the small towns with no significant industrial activities has increased as a consequence of the land allotment Law no. 18/1990, or of the development of some small tertiary poles which offer employment (even seasonal work).

The method of calculating the ***development index*** (Hull score) is quite simple:
$Gi = 50 + 14 (I_1 + I_2 + I_3 + ... I_n)/n$, taking into account the following indexes: inhabited surface (+), migratory balance (-), physician/inhabitant, population share of over 65 years old in the total population (-), population occupied with agriculture (-), share of illiterate persons in the population of over 12 years old (-), infant mortality (-), phone license (+); these data are standardized for all cases.

3) Renard J. (1997), *Les bourgs ruraux*, in Bourgs et Petites villes, Acte du Colloque de Nantes, Presses Universitaires du Mirail, Coll Villes et Territoires, Toulouse.

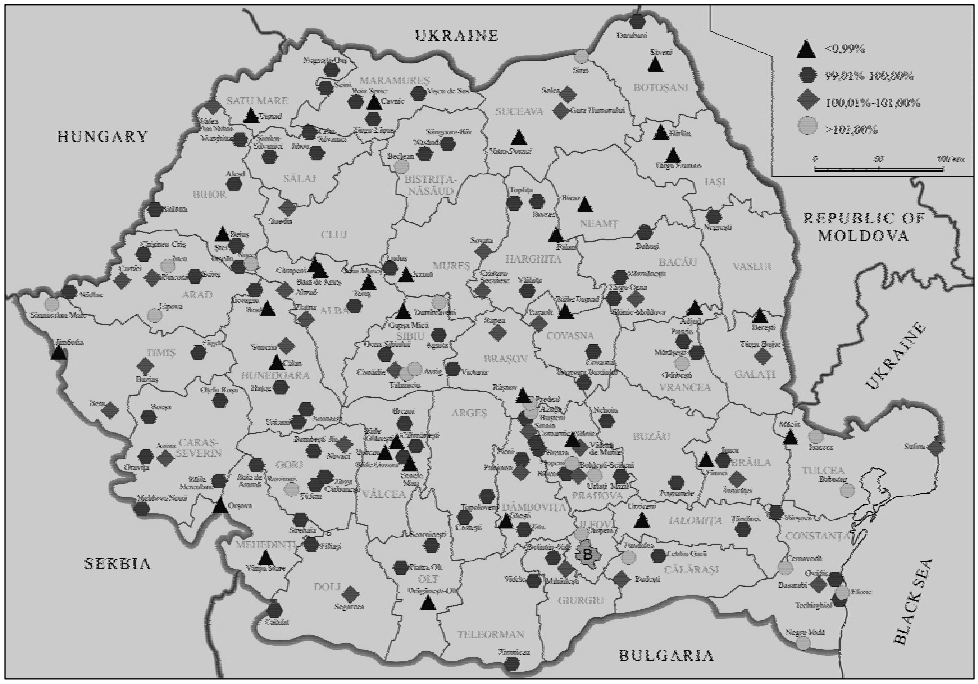

Fig. 3 - **Attractiveness index**

There have been established several classes of values which reveal a diversity of socio-economic criteria in small towns, the HULL score oscillating between 48.5 and 52.0 (Fig. 4). The smallest values are concentrated in the southern and south-eastern regions of the country (they cover the Romanian Plain and the south of the Moldova Tableland), where the towns are relatively new: many of them were declared towns between 1968 and 1989. For this reason the socio-economic development is insignificant as well, since they have not a genuine urban tradition. At the upper limit are the towns in the Prahova Valley, well known for their urban attractiveness, but also other towns with a rather important industrial development in the past (Plopeni, Năsăud, Pucioasa, Fieni, Găeşti), those with tourist potential (Băile Herculane, Eforie, Băile Govora), and those with national importance as regards railway transport (Jibou, Făurei).

Degree of rurality has another calculating method, based on the rural population share in small towns (the share of population in the included localities), as well as population occupied in agriculture (essential for establishing the agricultural profile of small towns). The values are standardized and then the weighted average is calculated with the following formula:

$$RP_I = (2\text{pop. occ. in agric.} + \text{rural pop. share})/3$$

The highest rural degree (excessive – over 0.4) is met in south and south-east, where there are many towns with agricultural function (Vânju Mare, Mihăileşti, Pogoanele, Însurăței, Ianca) or with a great share of population in the included localities (Baia de Aramă). Also high rural levels (0.20-0.40) have the small towns situated in the Sub-Carpathian or mountainous areas, where the share of the "rural" population is considerable (Fig. 5).

The majority of towns have an average rural character (0.20-0.10); this category includes the towns with a smaller rural population or a (less) significant population share occupied in agriculture.

The smallest rural level is characteristic of those towns which either had a specific industrial development in the 1970s–1980s – Cavnic, Vlăhița, Bocşa, Copşa Mică, Victoria and so on) or of the resorts (the majority of the population being occupied with services) – Slănic-Moldova, Sinaia, Vatra Dornei, Borsec, Băile Tuşnad etc.

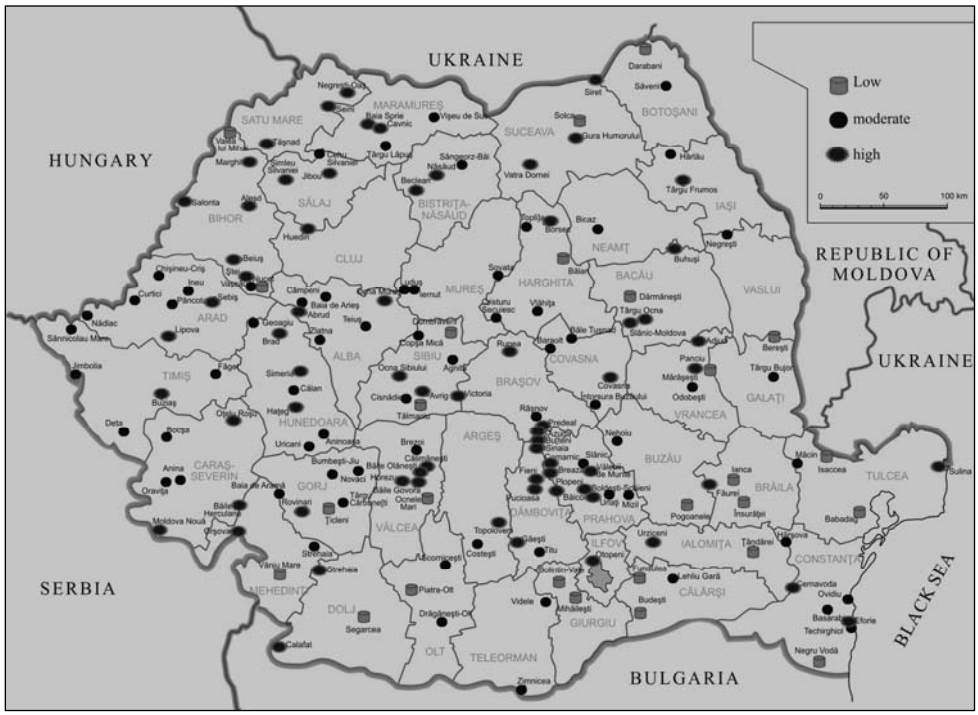

Fig. 4 - **Territorial distribution of the development index by towns (2002)**

There are other cases too, but the majority of these towns are characterized by specific rural aspects, thus having an ambiguous status.

Functional Profile of Small Towns

The economic changes in small towns, especially in 1975-1985, represented the main factor in their functional and demographic differentiation, the basic restructuring of their occupied population depending on the economic sectors.

The main functional types were established on the basis of the statistical records in the population censuses in 1966, 1992 and 2002, related to occupied population structure. In addition, there were some other adjustments to the economic profile of towns; thus 10 types were established. Statistical values were not absolute, but were used as a rough guide only, the correlation with the economic profile being facilitated by the existence of some similar

approaches in the geographical literature. The main three functional types are the following: industrial, farming and services; they had, roughly, a share of 60% of the total occupied population in one of the three fields.

The complex type is characteristic of towns with a share of about 30% occupied population in the three sectors (primary, secondary, tertiary). The following functional types are derived from the above-mentioned ones: industrial and services, services and industrial for the small towns with a share of 40-60% occupied population for the first domain and 40% for the second one, respectively. A specific study was made on the change of the analyzed functional type, underlying the factors with a very important function in the configuration and dynamics of the present structures.

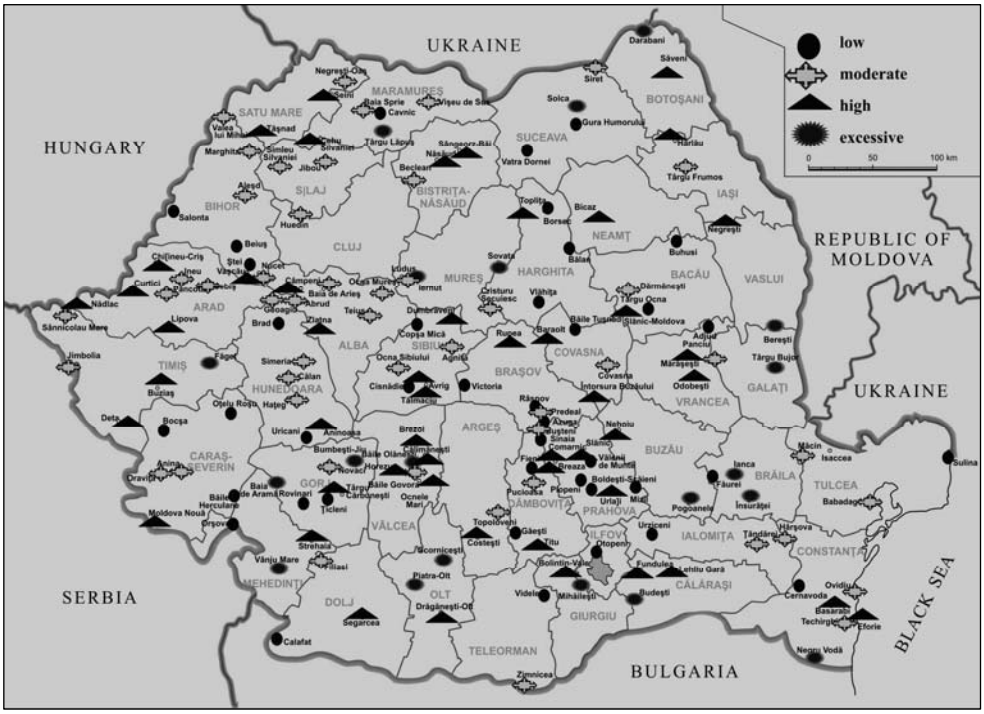

Fig. 5 - **Rurality degree of small towns in Romania**

Before initiating a regional analysis on the functional types of the towns, the small towns should be presented in the two census years, namely 1992 and 2002. The comparative study reveals the significant changes with a great economic impact on the small towns, the most important one being a decrease in the number of towns with industrial profile and an increase in the number of the service-oriented ones (even if in the majority of cases it is trade and not other tertiary activities). It can be noticed an increasing number of small towns with primary activities, but also a simultaneous decrease of the industrial sector share in the activities of these towns (Fig. 6).

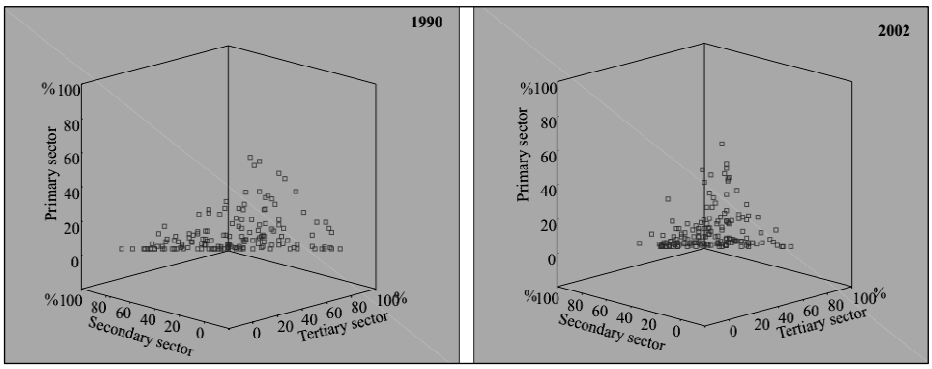

Fig. 6 - **Functional profile of small towns**

The real phenomenon is, actually, the economic diversification within towns which, before 1990, were super-specialized (industrial mono-functional), by a significant emergence of the tertiary sector (a very normal and predictable phenomenon).

With respect to the functional structure, the most numerous towns have industrial and service functions (23) and service and industrial ones (22), representing 28% of the total number of small towns. They are followed by towns with industrial function (42), which represent 26.01% of the total number of small towns. These types are related, especially, to the forced industrialization policy and exploitation of natural resources, characteristic of the former political regime. The services were expanded after 1990, not due to their extraordinary development, but to the decline of industrial activity, the result being that their statistical share increased considerably; it was rather a "natural" gradual normalization, since the tertiary process represents the main characteristic of towns in the developed countries.

The *towns with industrial and service functions* represent 14.4% (23) of the total number of 161. They are concentrated in the south and north-west of the country, in rural areas, and have a significant local polarization function, a result of their important demographic growths in 1966-1992: between 20% and 100. The industrial function is given by the existence of some industrial units, usually small, and the service one by the traditional commercial or transport or tourist and spa (Slănic Moldova) functions of some of them. The industrial units exploit, usually, some local agricultural, forest or non-metallic resources (Mizil, Moldova Nouă).

There are 22 *towns with service and industrial functions*, i.e. 13.6% of the total. This category includes many towns which combine tourist and industrial functions. Additionally, there are those which have transport and industrial activity functions, related to the main function, and another category represented by the towns with commercial and industrial functions (Tg. Frumos). This category also includes industrially developed towns in the socialist period, but which lost ground after 1990, because of the economic restructuring. In exchange, service function improved, both for their population and for the nearby area ((Filiaşi, Negreşti Oaş, Buhuşi).

The *industrial towns,* 42 in all, have a 26.01% share, being situated in deeply industrialized areas and having mining functions (Aninoasa, Rovinari, Baia Sprie, Cavnic); some other industrial towns are in Prahova and Sibiu counties. Depending on the viability of industrial units,

as well as on the environment quality, some of them registered population growth (Baia Sprie, Bocşa, Bicaz, Râşnov s.o.), whereas others, a decrease in population (Anina). In the latter case, we should mention the significant influence of mass migration of the German population after 1990. The spatial distribution of the industrial towns reveals the areas with an exacerbated industrial development (Hunedoara-Gorj group, Harghita group, Sibiu and Prahova group). In comparison with 1992, the number of towns with industrial profile has decreased significantly, with more than 10%, many of them changing their profile into a service or complex one, especially those with artificially developed industry (Scorniceşti, Jimbolia, Siret, Beclean, Năsăud) or those which have turned to their tradional service functions (Sinaia, Buşteni, Azuga).

The *service-function towns* (Băile Herculane, Băile Govora, Călimaneşti, Predeal, Băile Tuşnad, Techirghiol, Eforie, Făurei) have a spa or resort function (except for Făurei which is a very important national railway junction); their influence on the nearest rural area is small. They increased in 1992-2002 and are 26 at present, meaning 16.14% of the total of small towns. There are also service-function towns having polarization role (Ineu, Sebiş, Oravița, Rupea, Şimleul Silvaniei, Huedin); their industrial function has considerably decreased lately.

The *towns with mixed functions* (Odobeşti, Mărăşeşti, Segarcea, Videle) are either former rural settlements with agricultural function which benefitted from many industrial units with a capitalization role of local resources (Segarcea), or former industrial towns (Iernut, Baraolt). Some of them are situated in deeply rural areas, being important attraction poles (Târgu Lăpuş, Săveni). The three main sectors have relatively equal shares in the structure of the occupied population.

The *towns with agricultural functions* are 17 in all (10.5% of the total of small towns), represented by localities situated in agricultural areas (Fundulea, Budeşti, Drăgăneşti Olt, Pogoanele, Mihăileşti). Their characteristic is the localization in agricultural areas, even if Mihăileşti is in the influence area of the Capital. All these towns are located at inferior levels of the urban hierarchy, both at national and county level. Their demographic dynamics is a regressive one, overlapping the preservation of the initial functional structure. Many of them have an agricultural profile, also due to the great number of constitutive localities in which the population is occupied especially with agriculture (Vânju Mare, Ianca, Târgu Bujor).

Evolution of the Small Town Identity – Past, Present and Future

In the previous century, the identity of the Romanian small towns underwent significant changes. There was a rather “closed system” with massive inputs (represented by an increase in both the number of towns and in their population) that, under the influence of political and economic changes, generated quantitative and qualitative modifications in their structure. After the 1989 Revolution, some of them regained part of their initial identity (that before 1950) or reached a higher level.

Thus, three periods of time could be detected:

- Before 1950, the towns were deeply rural, having similar activities to those of rural communities;
- 1950-1989, when their identity was completely changed, because of the communist regime; this was the main reason for all the negative changes. Therefore, some distortions appeared both in the national and regional urban systems, mainly because of the state brutal interference in their physical and functional configuration (Ianoş, 1997).

Among the most important reasons generating indirect distortions were the socialist industrialization and "cooperativization" of agriculture; the direct ones were related to the manner in which the administrative status of "towns" was decreed; assignment of new urban functions; and territorial and urban systematization policy. Preponderant urban industrialization determined an increased attractiveness for the rural population and a boom of small and medium-sized towns.

Cooperativization of agriculture favored the depopulation of villages by labor force migration to the new working places in towns which could not meet the requirements of the new economic changes imposed by a super-centralized regime.

The emergence of new towns had a direct impact on the urban system. If, before 1966, the new towns were decreed in a rather isolated manner, especially for some national industrial activities, after that they were decreed at the same time, in groups (for example, 51 in 1968 and 23 in 1989); other criteria were also taken into account, some rather subjective (for example the communes in which some great personalities of the regime were born).

The greatest changes were determined by the synergic action of the new municipalities, which gained this function after political and administrative restructuring in 1968. Their geographical distribution and the huge funds changed them into "genuine aspirators" of labour and material resources. Their excessive development comparative to other towns generated new distortions in the urban system, both hierarchical and territorial, with negative impact mainly on small towns and rural settlements, which suffered a significant depopulation.

The territorial and urban systematization policy was another direct reason for increasing the distortions in the Romanian urban system. Territorial development programmes, with the county as basic administrative unit, had in view the municipality, especially in the smallest ones:

After 1989, in a democratic political regime, several towns tried to regain their former identities "stolen" by the communist regime. Following economic restructuring, numerous industrial units closed down and economy reoriented. Therefore some inhabitants chose to take back their former agricultural activity and others to work in industrial units and part time in agriculture. These towns had an economic direction to services.

The obvious difference from the former stage is that, if before 1989, the identity was conventional and constrained, nowadays it is about to be achieved in a natural process conditioned only by the town and its inhabitants. Also, if in the past the majority of ideas determining a specific direction came from outside, nowadays local and personal decisions can be chosen and implemented, not necessarily with a national executive supervision.

The future of a town is very difficult to predict on a medium or long term. However, research on size and activity changes within a town reveal some interactions leading to a conclusion on their evolution. Thus, the position of a town comparative to the others, together with which it makes up a system, is an important factor in analyzing the evolution of that town. From geographical point of view, relative size and specialization, a conclusion can be drawn as regards dependency on historical background, its former adaptation, and its evolutional direction; also the effect entailed by the competition with other towns.

The identity of small towns, defined on the basis of their position in the national hierarchy of settlements, does not exclude spatial diversity, which is both the result of the geographic

environment and of the former policy. Small towns have been identified separately in units in rural areas, industrial ones, and those situated close to a city or a big town. A similar size corresponds to different geographical positions. Besides their spatial distribution, the varied characteristics of the small towns and the changes which influenced them in time are even more important.

Conclusions

During their evolution, some small towns extended and changed their administrative status: they became medium-sized towns. Likewise, they might have known a significant population growth, but still remained small towns. They could change because the environment got deeply urban or industrialized. In all cases, small towns are not a static category in time; on the contrary, they can be considered as unstable and fugitive, with varied "inputs and outputs" as a whole.

Between diffusion and polarization, small towns represent a frail territorial aspect, remaining always structural, but with powerful changes in its structure, in the activity elements, in its permanent progressive direction.

This hypothesis can be verified and analyzed by the way in which small towns changed from the functional point of view during the 20th century; also how this urban hierarchy level is integrated within the Romanian territory.

Bibliography

BRUYELLE P. (1972), *Le role des petites villes en milieu urbaine: l'exemple de la region du Nord,* Bulletin de l'Association des Geographes Francaises, no 400-401.

CATTAN Nadine, PUMAIN Denise, ROZENBLAT C., SAINT-JULIEN Therese (1994), *Le systeme des villes europeennes, Coll. Villes, Economica, Paris.*

CATTAN Nadine, SAINT-JULIEN, Therese (1999), *Devenir urbains: les villes petites et moyennes,* L'information Geographique.

CHAMPION A. G. (1998), *Population trends of small and medium-sized towns in non-metro regions*, Revue de Geographie de Lyon, Volume 73, no 1.

DE MAXIMY R. (1987), *Un developpement fonde sur les petites villes?,* Annales de Geographique, no 535.

DEICĂ P., ERDELI G. (1994), *Les petites villes de Roumanie*, Institutul de Geografie al Academiei Române, Bucureşti.

DI MEO G. (1997), *Bourg et petites villes, nouvelles actives, nouvelles fonctions*, in Bourgs et petites villes, Acte du Colloque de Nantes du 23-25 mars 1995, Presses Universitaire du Mirail, Coll. Villes et Territoires, Tolouse.

EMSELLEM Karine (1999), *Les petites villes roumaine*, Paris I-Sorbonne, doctorale dissertation.

GIRAULT F.(1997), *Les petites villes frncaises, entre metropolisation et France profonde,* în Bourgs et Petites villes, Acte du Colloque de nantes du 23-25 mars 1995, Presses Universitaire du Mirail, Coll. Villes et Territoires, Tolouse.

IANOŞ I. (1982), *The place and function of small towns*, Terra no. 3.

IANOŞ I. (1987), *The Town and Structure of the Geographical Space. Economic Geographic Study on the Romanian Territory*, Editura Acdemiei, Bucureşti.

IANOŞ I, TĂLÂNGĂ C. (1994), *The Town and Romanian Urban System on the Present Economic Background,* Institute of Geography, Bucureşti.

IANOŞ I. (1994) *On the central place functions of the rural settlements in Romania,*

Revue Roumaine de Géographie, 38.

IANOŞ I., TĂLÂNGĂ C. (1996), *The Structure and Dynamics of Small Towns in Romania*, Geographical Regional Conference, vol. II, Timişoara.

IANOŞ I., HUMEAU J.P. (2001), *Teoria sistemelor de aşezări umane*, Editura Tehnică, Bucureşti.

IANOŞ I. (2004), *Dinamica urbană*, Editura Tehnică, Bucureşti.

KAYSER B. (1972), *Les petites villes francaises,* Revue de Geographie Alpine, vol 60, no 2.

LABORIE J.P. (1979), *Les petites villes*, Edition CNRS, Paris.

LABORIE J. P. (1997), *Les petites ville et la metropolisation,* in Bourgs et petites villes, Acte du Colloque de Nantes du 23-25 mars 1995, Presses Universitaire du Mirail, Coll. Villes et Territoires, Tolouse.

LUGANE J.C. (1994), *Les petites villes face a la metropolisation,* Espace et Societe , no 73.

MATHIAN H., PUMAIN Denise, SANDERS Lena (1998), *La transition urbaine: du pre- au post-industriel,* în Des oppida aux metropoles, Archaeomedes, Coll. Villes, Anthropos, Paris.

PUMAIN Denise (1999), *Quel role pour les villes petites et mozennes de regions peripherique?*, Revue de Geographie Alpine, no 2, tom 87, Berna.

RENARD J. (1997), *Les bourgs ruraux,* in Bourgs et Petites villes, Acte du Colloque de Nantes, Presses Universitaires du Mirail, Coll Villes et Territoires, Tolouse.

SANDERS Lena, MATHIAN H. (1998), *Attraction urbaine et contexte d'urbanisation,* in Donnees urbaines, Anthropos, Paris.

TĂLÂNGĂ C. (1994), *The Way and Size of the Industry Restructuring Process within Romanian Villages ,* An. Univ. Bucharest, XLIII.

VEYRET-VERNER Germaine (1970), *Essai de definition et de clasification des petites villes*: *leur insertion dans un reseau urbain,* Revue de geographie alpine, LVII, no. 1.

ZAMFIR Daniela, BRAGHINĂ C. (2001) *Geographical Considerations on the Small Towns' Hierarchy* , Geographical Conferrences, „University" Publishing House, Bucharest.

*** (1938-1941), *General Romanian Population and Settlements Census on December the 29th 1930,* I-X, ICS, Bucharest.

*** (1970), *General Romanian Population and Settlements Census on March the 15th 1966*, I-II, DCS, Bucharest.

*** (1980), General Romanian Population and Settlements Census on January the 7th 1977, I-II, DCS, Bucharest.

*** (1980), General Romanian Population and Settlements Census on January the 5th 1977, I-II, DCS, Bucharest.

*** (1994), *General Romanian Population and Settlements Census on January the 7th 1992*, I-III, CNS, Bucharest.

***** (**2004**),** *General Romanian Population and Settlements Census on March the 18th 2002*, I-IV, INS, Bucharest.

Journal of Urban and Regional Analysis,
vol. I, 1, 2009, p.55-66

THE REGIONAL STRUCTURE OF SERBIA[1)]

Radmila MILETIC, *Marina* TODOROVIC
Geographic Institute "Jovan Cvijic", Serbia

Abstract: This paper approaches some of the characteristics of the regional development of Serbia, from the perspective of two models of territorial organization: one is governmental (administrative and statistical), and the other is functional. The imbalances in the levels of development of various territorial units of Serbia (regional disproportions) are the consequence of many structural disharmonies, material limitations, and problems with population structure, during many years, all worsened by political and economic events at the end of the twentieth century. Also, in this paper we point out the main characteristics of undeveloped regions, the criteria with which we can define them, and a typology of the municipalities inside each such region.

Key Words : *Serbia, regional development, territorial organization, functional areas, undeveloped areas*

Introduction

The problems of regionalization and regional development are very complex, with many dilemmas and open scientific questions. Policies of regional development, the criteria for regionalization, tendencies and possibilities for a balanced development, etc., are very intensely considered today; we see this also by the number of research papers about it. Here are some of the authors who studied various aspects of regional development: in Romania – Ianoş I., Vert C., in Bulgaria – Slaveikov P., Stoychev K., in Hungary – Enyedi Gy., Horvát Gy., in Slovenia – Cerne A., in Finland – Antikainen J., Vartiainen P., and this theme is found also in the research of: Kuklinski A., Scott A. J., Storper M., Hamilton F.E.I, Lundmark M., Malmberg A. and others.

The first of these refers to the explanation of the term, and concept, of regions, how large they must be, the borders between them, their content, purpose, etc. On the other hand, the regional problems, the inequality in their level of development, and generally the problems of economic, social, infrastructural, and other inequalities, are a reality which the modern world must face (Veselinovic, 2005). These problems did not bypass Serbia either. In Serbia, "the extensive (not intensive) development, the great domination of the criteria of sector over the criteria of structure and space, and the domination of local over broader (regional and national) long-term developmental aims, inevitably produced: . i) unequal development, ii) non-rational positioning of activities and population within the region, and, iii) great polarization between municipal centers on the one hand, and rural surroundings on the other hand, in the

1) The presented research results are a part of the Project of the Geographical Institute "Jovan Cvijic" of the Serbian Academy of Sciences and Arts, titled: "Modalities of Geopotentials Valorization in Undeveloped Regions in Serbia", financed by the Ministry of Science and Environmental Protection of the Republic of Serbia.

level of development". Industrialization and its consequences (de-agrarization and urbanization, both spontaneous, without much planning), which happened during the second half of the previous century, produced great consequences in the geo-spatial structure of Serbia and caused a strong disproportion of the economic, functional and socio-demographic development, at various levels.

For many years, efforts have been made to overcome these regional disproportions in Serbia, but mostly without success. Regional development was not seen as an integral part of the entire social-economic development. Regional differences were seen in only one of their aspects, namely, the level of development, while other economic, social and even political aspects were neglected. The main idea was, to somehow arrange for a faster development of the undeveloped regions; a certain amount of financing was prepared for this, and a supportive mechanism was defined (The Strategy of Regional Development of Serbia, 2007). The aims of this regional development were defined in a generalized manner, and the talk about it was repeated for years, but the policy failed. The undeveloped regions lagged more and more behind. This approach inevitably produced a deepening of the regional and structural developmental problems. The consequences are evident today, in the space of the Republic of Serbia, because "A specific regional configuration was formed, with various developmental possibilities but also with a very deep gap" (Deric, Perišic, 1995). Much of the space of Serbia is a depopulation zone, and the resources there remain unused. At the same time, there is an over-concentration of population and economy in the developed centers, which has negative consequences in economic, social, spatial and ecological spheres.

The complexity of the inherited regional problems of the Republic of Serbia, plus the new invention, the regional "transitional poverty" (poverty because of transition) has reached such proportions, that it was imperative to start defining a new concept of regional development. In this context, the primary aim of the strategy of regional development of the Republic of Serbia ought to be a design of new institutional solutions and regulative mechanisms.

The territorial organization of Serbia - administrative and functional aspects

The notion of "region", the concept itself, has been a matter of some discussion. As mentioned by Đorđević J., Đorđević D. (1997), the idea of "region" depends on "identification, selection, and analysis of appropriate indicators, or criteria, which depends on the existence of appropriate statistical basis and documentation, but also on the ruling theoretical views and paradigms in the theory of regional development." Because the term "region" is used in various scientific and technical disciplines and approaches (geography, economy, statistics...), there are also varying definitions and criteria as how the exact borderlines between one region and the next should be determined. More details about the topic of regional development (seen from the geographical aspect) on the territory of Serbia can be seen in the papers: Vasović M., Djuric V., Radovanovic M., Stojkov B., Veljkovic A., Deric B., Perisic D., Djordjevic D., Tosic D, Tosic B., Todorovic M., Vojkovic G., Lješevic M, Miljanovic D., Grcic M. etc.

In this paper, we will emphasize the comparison of two different aspects of the territorial organization of Serbia on a meso-level: the administrative-governmental aspect, and the functional aspect.

Regionalization of Serbia seen from the aspect of administrative-territorial organizing has a long tradition. Through the history, "a zupanija, srez, okrug (district), inter-municipal regional communities are some of the patterns of territorial organizations of Serbia at the meso-level, between the highest level (the national government) and the municipal level" (Stojkov, 1997). In

mid-1970, the constitution of Serbia was altered in such a manner that a possibility was given for the municipalities to form regions as their inter-municipal communities. Serbia consists of three parts, the Central Serbia, the province of Vojvodina in the north, and the province of Kosovo and Metohija in the south-west. In Central Serbia 9 of these inter-municipal regional communities were formed . The nine inter-municipal regional communities, or should we say "regions" were these: Belgrade as a special community, and Zajecar, Podrinjsko-Kolubarski, Juznomoravski, Podunavski, Kraljevo, Uzice (Titovo Uzice, at that time), Nis, Sumadija and Pomoravlje. And, indeed, Central Serbia was regionalized in this manner, but the "regions" so conceived did not advance as was expected: their general social development, and in particular their economic development, was disappointing. Tendencies appeared for multiplication of identical or very similar economic projects, each "region" trying to have a complete, all-inclusive, self-sufficient economy which would not have to buy or sell much to others (The Strategy of Regional Development of Serbia, 2007). What they should have done, but did not, was to specialize, each doing what they best can do, on the basis of their natural or man-made comparative advantages, and then, on this basis, to cooperate and exchange goods and services.

In the year 1991, the Serbian parliament adopted a new law, The Law about Territorial Organization and Local Self-Management. By this legislation, the Republic of Serbia was divided into 30 "districts", namely, 29 districts plus City of Belgrade. The primary aim was not regional differentiation to bolster development; the aim was to **govern** (each district was an extended lever of the power of the central government, each doing what they were told), but, partly, they were also economic units, and most of them were formed around a developmental center.

In this manner, districts were introduced into the system of political governance. According to Stojkov B. (1997: 56), thus was established a contour of regionalization of Serbia. The next, logical step was the adoption of the "Spatial Plan of the Republic of Serbia" (1996). Regionalization of Serbia was suggested, in this planning document, by the introduction of a system of centers (nodes; the nodal system) at a different level from the macro-regional (In the plan, the spatial differentiation (and delimitation) has not been done in precise agreement with the accepted macro-regional division. Opinions have been voiced about this discrepancy between the territories of macro-regions and the functional areas of regional centers, and also about the relationship between the macro-regions and the system of belts of development. More details in: Veljković, 2003). one (Belgrade – which is also the center of the Republic, and has international importance; and Novi Sad, Nis, Kragujevac, Uzice, and Pristina), and then regional, and sub-regional.

This Spatial Plan of the Republic of Serbia, adopted in 1996, defined the **functional areas,** and the intention was to achieve the following: "(a) rationalization of governance and more efficient performing of administrative functions relevant to everyday life and needs of the citizens; (b) organization of public services, more in accordance with the needs, opportunities and interests of the local communities; and (c) more efficient coordination of the activities and programs of the local communities. In accordance with a fixed set of criteria (*1) the importance and role of a town (or city) in a network of settlements, 2) the importance and role of a town as a center of development, 3) rational thresholds of functions and maximal permissible radius of the gravitational zone, 4) the level of socio-economic development of various parts of the territory of Serbia, 5) morphological composition of the terrain and conditions for connecting the smaller spatial units with various links, 6) directions and zones of traditional connections between towns and settlements around them, 7) principles of equality in the distribution of regional development, as one of the strategic aims of the Spatial Plan of the Republic of Serbia,1996)*,

Table 1

Functional areas and districts

Functional areas of the regional systems of settlements	The municipalities that belong to them	Districts
The districts and of regional systems of settlements (functional areas) are the same		
(1) Belgrade	Barajevo, Vozdovac, Vracar, Grocka, Zvezdara, Zemun, Lazarevac, Mladenovac, Novi Beograd, Obrenovac, Palilula, Rakovica, Savski Venac, Sopot, Stari Grad, Cukarica	City of Belgrade (1)
(2) Bor	Negotin, Kladovo, Bor, Majdanpek	Bor District (2)
(3) Zajecar	Boljevac, Zajecar, Knjazevac, Sokobanja	Zajecar District (3)
(4) Vranje	Bosilegrad, Bujanovac, Vladicin Han, Vranje, Presevo, Surdulica, Trgoviste	Pcinja District (4)
(5) Leskovac	Bojnik, Vlasotince, Lebane, Leskovac, Medvedja, Crna Trava	Jablanica District (5)
(6) Krusevac	Aleksandrovac, Brus, Varvarin, Krusevac, Trstenik, Cicevac	Rasina District (6)
(7) Cacak	Gornji Milanovac, Ivanjica, Lucani, Cacak	Moravica District (7)
(8) Nis	City of Nis (Nis, Niska Banja), Aleksinac, Gadzin Han, Doljevac, Merosina, Razanj, Svrljig	Nisava District (8)
(9) Pirot	Babusnica, Bela Palanka, Dimitrovgrad, Pirot	Pirot District (9)
(10) Prokuplje	Blace, Zitoradja, Kursumlija, Prokuplje	Toplica District (10)
(11) Valjevo	Valjevo, Lajkovac, Ljig, Mionica, Osecina, Ub	Kolubara District (11)
(12) Pozarevac	Veliko Gradiste, Golubac, Zabari, Zagubica, Kucevo, Malo Crnice, Petrovac, Pozarevac	Branicevo District (12)
(13) Smederevo	Velika Plana, Smederevo, Smederevska Palanka	Podunavlje District (13)
(14) Kragujevac	Aranđelovac, Batocina, Knic, Kragujevac-city, Lapovo, Raca, Topola	Sumadija District (14)
(15) Jagodina-Cuprija-Paracin	Despotovac, Jagodina, Paracin, Rekovac, Svilajnac, Cuprija	PomoravljeDistrict (15)
(16) Sombor	Apatin Kula, Odzaci, Sombor	West Backa District (16)
(17) Kosovska Mitrovica	Vucitrn, Zvecan, Zubin Potok, Kosovska Mitrovica, Leposavic, Srbica	Kosovska Mitrovica District (17)
(18) Pec	Decani, Đakovica, Istok, Klina, Pec	Pec District (18)

Table 1

Functional areas and districts

Several regional systems of settlements (functional areas) in one district		
(19) Loznica	Krupanj, Loznica, Ljubovija, Mali Zvornik	Macva District (19)
(20) Sabac	Bogatic, Vladimirci, Koceljeva, Sabac	
(21) Kraljevo	Vrnjacka Banja, Kraljevo, Raska	Raska District (20)
(22) Novi Pazar*	Novi Pazar , Tutin, Sjenica*	
(23) Uzice	Arilje, Bajina Basta, Kosjeric , Pozega, Uzice, Cajetina	Zlatibor District (21)
(24) Prijepolje	Nova Varos, Priboj, Prijepolje	
(25) Vrsac	Bela Crkva, Vrsac, Plandiste	South Banat District (22)
(26) Pancevo	Alibunar, Kovacica, Kovin, Opovo, Pancevo	
Discrepancy between the size of functional areas and the size of districts		
(27) Subotica	Backa Topola, Mali Idjos, Subotica	North Backa District (23)
	Ada, Kanjiza, Senta	North Banat District (24)
(28) Kikinda	Kikinda, Novi Knezevac, Coka,	North Banat District (24)
	Nova Crnja	Central Banat District (25)
(29) Zrenjanin	Zitiste, Zrenjanin, Novi Becej, Secanj	Central Banat District (25)
(30) Novi Sad	Bac, Backa Palanka, Backi Petrovac, Beocin, Becej, Vrbas, Zabalj, Novi Sad – city, Srbobran, Sremski Karlovci, Temerin, Titel	South Backa District (26)
	Indjija, Irig, Stara Pazova	Srem District (27)
(31) Sremska Mitrovica	Pecinci, Ruma, Sremska Mitrovica, Sid	Srem District (27)
(32) Pristina	Glogovac, Kacanik, Kosovo Polje, Lipljan, Obilic, Podujevo, Pristina – city, Urosevac, Stimlje	Kosovo District (28)
	Novo Brdo	Kosovo - Pomoravlje District(29)
(33) Gnjilane	Gnjilane, Vitina, Kosovska Kamenica	Kosovo - Pomoravlje District (29)
(34) Prizren	Gora, Orahovac, Prizren, Suva Reka	Prizren District (30)
	Strpce	Kosovo District (28)

Source: *Author's analysis, based on the publications of the Statistical Office of Republic of Serbia, and on the Spatial Plan of the Republic of Serbia (1996).*

**Functional area of Novi Pazar includes not only the municipalities of Novi Pazar and Tutin, which are the Raska District, but also the municipality Sjenica, which belongs to the Zlatibor District.*

the space of the republic was organized into 34 functional areas (and each had a center, which had to be a regional center, or higher)". So, these were "nodal units, and each had to have a center and to cover the territory of at least 3 municipalities, with at least 150,000 residents (or 100,000 in a border zone or in a populationally stagnant area)". At the same time, the network of functional units would be a planned unit of a lower order, inside a unit of higher order, for which a regional spatial plan would be adopted.

The comparison involves 30 districts in Serbia (29 districts and City of Belgrade), as administrative-territorial and statistical units (18 in Central Serbia, 7 in Vojvodina and 5 in Kosovo and Metohija) and 34 functional areas (21 in Central Serbia, 8 in Vojvodina, 5 in Kosovo and Metohija) defined in accordance with the above-mentioned criteria (Tabel 1). Looking from the aspect of (dis)agreement between these two models of territorial organization of Serbia, we may draw the following conclusions:

- the territory of 18 districts and their municipalities coincides exactly with the territory of 18 functional areas, which is the regional system of human settlements (15 in Central Serbia, 1 in Vojvodina and 2 in Kosovo and Metohija),
- the discrepancies in extent (which territories are included, or not) exist between 12 districts and 16 functional are:

- 4 districts (3 in Central Serbia and 1 in Vojvodina) are divided each into 2 regional systems of settlements,
- the functional territory of 5 regional systems of settlements (3 in Vojvodina and 2 in Kosovo and Metohija) extends across the limits of their own districts, because they include different municipalities from other, neighboring districts,
- because of this, the extent of 3 other functional areas (Zrenjanin, Sremska Mitrovica, Gnjilane) has been made smaller than their own districts, which means, the functional sphere of influence of the center is smaller then it should be in accordance with the administrative-territorial principle of grouping of municipalities.

Regional disparities and undeveloped areas

Regional disproportions are interactively connected with the unbalanced structures of population, with material limitations, and with structural disharmonies lasting for many years. To this, we should definitely add the effects of political-economic events during the last decade of the 20th century in and around Serbia – a drastic reduction of economic activity, a fall in living standards, arriving waves of refugees, etc. (Miletic, 2006).

According to the *Strategy of regional development of the Republic of Serbia for the period 2007-2012* (2007), an index was used to determine the degree of development. This was the Index of Developmental Endangerment (IDE). It is a complex index, whose methodology was developed with the aim of granting direct and indirect regional support. With this Strategy, the districts became, for the first time, units of observation, and general units; the IRU points to the 5 developmental dimensions of each district – economic, demographic, educational, infrastructural, and ecological. Each of these dimensions of development is further divided into several (representative) indicators. The IDE is made up of the total of 13 indicators, and, of them, the greatest influence on the forming of the index is exerted by the economic indicators (6); demographics, education and infrastructure are represented by two indicators each, and there is only one indicator based on ecology. As the *Strategy of regional development of the Republic of Serbia for the period 2007-2012* specifies, the indicators are: Indicators of the

economic dimension of development: S_1 – GNP per capita (2005); S_2 – average earnings per employee (average 2003-2005); S_3 – employment rate (2004-2005); S_4 – unemployment rate (2004-2005); S_5 – index of development of SME per capita (2005); S_6 – the number of unemployed per 1 free job opening still unclaimed because no one has taken that job (average 2004-2005); Indicators of the demographic dimension of development: S_7 – rate of growth of the population (1971-2002); S_8 – index of ageing (how old the citizens are; 2002); Indicators of the educational dimension of development: S_9 – the achieved level of education of the young people, between 20 and 24 years of age (in 2002); S_{10} – HDI (human development index, 2002-2004); Indicators of infrastructural dimension: S_{11} – percentage of local and regional roads with modern road surface (with what percentage they participate in the total local and regional road surfaces (2002-2004); S_{12} – PTT per 100 inhabitants (2002-2004); Indicator of the ecological dimension of development: S_{13} – percentage of population with no access to water-supply system (with pipes) nor to sewerage (2004).

The IDE index was the basis of territorial differentiation of regional support given to each district. When this methodology was applied, the results showed that the differences between the various districts are 1 : 6.8 because the Jablanica district was 6.8 times more endangered developmentally (index 134%) then the City of Belgrade whose IDE was the lowest (19.8%). But, when we look at the individual values of the indicators (S_1-S_{13}), we notice two poles of development. In the above-mentioned Strategy of regional development of Serbia (2007) there is information that, of the 13 indicators going into IDE composite, Belgrade achieves maximum values (1.000) in as many as 8 indexes (S_1, S_2, S_5, S_6, S_7, S_8, S_{10}, S_{13}), while for the Jablanica district the majority of indicators (9 of them) are at the values between 0.000 and 0.100 (S_1, S_2, S_3, S_4, S_5, S_6, S_7, S_{12}, S_{13}).

According to the analysis of the levels of development a categorization and a typology of the regions was made. The **undeveloped part** of the Republic of Serbia includes 37 municipalities (with the total of 12.4% of the population of Central Serbia and Vojvodina, no data for Kosovo and Metohija). Inside this part of the country, two basic groups were discerned, and typology made for them (Table 2):

1) economically undeveloped areas, and,
2) areas with special developmental problems

Economic dimension of the already-achieved development of the municipalities is the basic dimension for defining an area as undeveloped. In this context, two indicators were used as the most representative for the level of development of a municipality, and, simultaneously, for structural changes: those were the national income per capita (the 2002-2004 average) and the unemployment rate (the 2004-2005 average), while an additional criterion was the drop in population (the amount of depopulation) that happened from 1971 to 2002.

As for the national income per capita (average for the years 2002 to 2004), as many as 29 municipalities had values below 50% of the average of the Republic of Serbia. These were mostly the municipalities who, for several decades now, have this “tradition” – they are “traditionally” undeveloped. On the basis of this, these municipalities were placed in the first group, the *economically undeveloped areas*. The main characteristics of this group are: several decades of non-development in the south of Serbia and in the south-west – the Stara Raska (municipalities of Tutin, Sjenica, Novi Pazar, Prijepolje and Priboj), plus the new kind of poverty, the transitional one. These areas are now facing a cumulative economic problems (no industry, collapse of the large systems, undeveloped small-enterprising ventures, slow process of privatization), structural problems (high unemployment) and social and demographic problems. Of these 29 municipalities, seven do not reach even one third of the average Serbian

national income per capita, although, actually, two of the seven are industrial centers – Bor and Majdanpek. Situation is worst in two districts in the south of Serbia – Jablanica and Pčinja – in which, of the total of their 13 municipalities, as many as 10 have been given the status of undeveloped ones.

Table 2

Undeveloped areas

	Criteria	Number of municipalities
1. Economically undeveloped areas	- national income per capita < 50% of the level of the Republic as a whole (average for the years 2002-2004)	29 municipalities: Majdanpek, Presevo, Bosilegrad, Medvedja, Tutin, Trgoviste, Bor, Sjenica, Zagubica, Svrljig, Lebane, Crna Trava, Vlasotince, Bela Palanka, Razanj, Prijepolje, Novi Pazar, Krupanj, Doljevac, Priboj, Bojnik, Vladičin Han, Bujanovac, Varvarin, Kursumlija, Mali Zvornik, Dimitrovgrad, Srem. Karlovci, Brus
2. Areas with special developmental problems		8 municipalities + AP Kosovo i Metohija
(a) demographically endangered areas	- population reduced by more than 40% (during the years 1971 to 2002)	5 municipalities: Gadzin Han, Babusnica, Zabari, Rekovac, Malo Crniće
(b) border-zones with structural and demographic problems	- population reduced by more than 20% (1971 to 2002) - unemployment > 60% (average for 2002 to 2004)	3 municipalities: Nova Crnja, Sečanj, Bela Crkva
(c) Serbian municipalities and communities inside the Autonomous Province Kosovo and Metohija		municipalities + settlements
Total		**37 municipalities + Autonomous Province Kosovo and Metohija**

Source: *According to Strategy of regional development of the Republic of Serbia for the period 2007-2012 (2007: 37, Tab. 16)*

On the map of regional under-development, there is also the second group of the undeveloped areas – the *areas with special developmental problems* (eight municipalities in Central Serbia and Vojvodina + Kosovo and Metohija): intensive demographic emptying, structural problems in

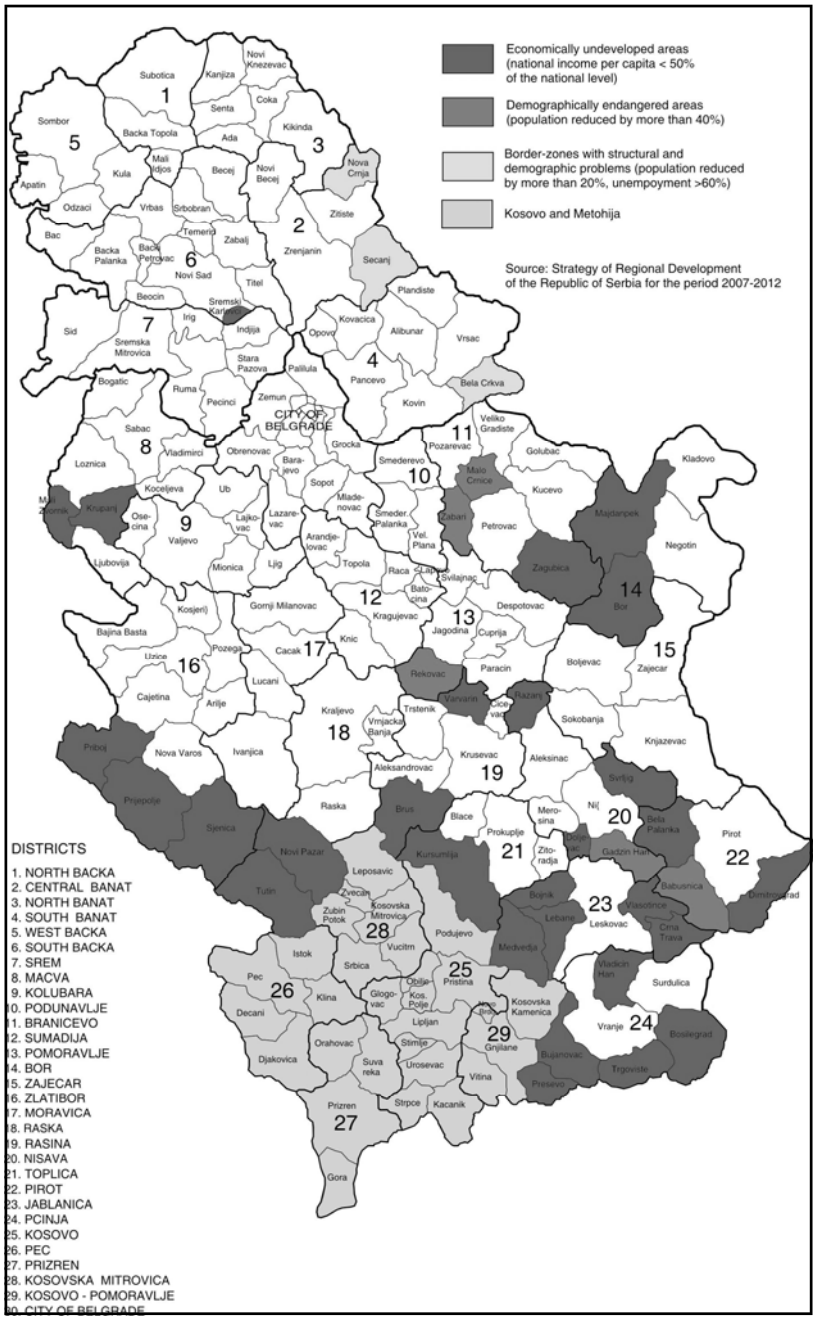

Fig. 1 **– Undeveloped areas of the Republic of Serbia**

the economy, position in the border zone, and the difficult economic position of Serbian municipalities and Serbian community in the province Kosovo and Metohija. Because of their specific characteristics, this group of municipalities consists of three subgroups:

a) the first subgroup consists of the demographically endangered areas (five municipalities) in which a huge fall in the number of inhabitants, over 40%, happened from 1971 to 2002,
b) the second subgroup consists of the border areas with structural and demographic problems (3 municipalities) in which, besides the un-adjusted economic structure and the lack of human resources, the border position is a severe limiting factor,
c) the third subgroup consists of the municipalities and the settlements in the Autonomous Province (AP) Kosovo and Metohija, where the Serbian population is in a specific, difficult economic position, and the unemployment is extremely high.

When we compare the categorization of municipalities presented in this Strategy of regional development (2007). with the categorization made by the previous Law about the Insufficiently Developed Regions of the Republic of Serbia (the Law was published in: Službeni glasnik RS, br. 35, 1995), 59 municipalities were included: 37 in Central Serbia and AP Vojvodina, and 22 municipalities in AP Kosovo and Metohija we can conclude that as many as 24 (of those 37) municipalities on the territory of Central Serbia have not altered their status.

The events in the 1990s, disintegration of the political-economic space of Yugoslavia, worsening of the conditions for economic activity because of various developmental limitations (economic isolation, undeveloped marked environment, impoverished economy, lack of investment, etc.) left a deep scar in the functioning of all parts of the economy; especially hard-hit were the extractive industry (mining) and the processing industry. Once-strong industrial centers, the regional centers of mining and traditional industry, were also in great difficulties. The status of devastated area was granted to several municipalities in eastern Central Serbia: Majdanpek, Bor, Knjazevac, Dimitrovgrad; in mid-Central Serbia, Kragujevac and Kraljevo; in western Central Serbia, Priboj, Prijepolje, Loznica; and in southern Central Serbia, Leskovac etc. Some of these municipalities were placed in the category of undeveloped areas.

Closing considerations

Regional inequalities in Serbia are of such proportions, that, obviously, the Republic needed a developmental document, in which would be clearly seen the paths towards a more balanced regional development. The *Strategy of Regional Development of the Republic of Serbia for the Period 2007-2012* (2007) is the first strategic developmental document defining in a consistent and integral manner the main developmental priorities (in the area of regional development), and ways of achieving them in the coming years. According to this Strategy, the main aims and strategic directions of the regional development in Serbia are the following: “1) sustainable development, 2) increasing the competitive abilities of each region, 3) reduction of poverty and regional inequalities, 4) discontinuing the negative demographic trends, 5) continuing the process of decentralization, 6) economic integration of Serbian communities in AP Kosovo and Metohija, and 7) building-up of the institutional regional infrastructure”.

According to this strategic document of the Government of the Republic of Serbia, the role of the state will be only to remove or reduce the limitations which are now constraining the life in the endangered regions. The people in those regions ought to improve their own situation, but the government should make it possible for them to achieve such auto propulsive development. This refers in particular to the areas with special developmental problems: good conditions

should be created so that investors may arrive and that the inflow of capital may begin. Then, the threatened areas will, themselves, compensate for their own structural weaknesses.

However, the contemporary developmental-and-integration flows (globalization, sustainable development, regional integrations) and expected activities in the direction of joining the EU, demand from us that the territorial units of Serbia should be classified by a statistical methodology harmonized with the EU methodology for this. Namely, the Republic of Serbia must carry out its economic regionalization if it wants to have access to the EU funds. Into the statistical system of Serbia, a nomenclature, called NUTS, must be introduced; this will mean the European statistical standard for the gathering, processing, and presenting of the data, at the level of spatial units, the same as in the statistical system of EU[2)]. Especially important in this are the regional statistical data, namely, the indicators on the basis of which an assessment will be made about acceptability, when Serbia becomes a candidate for aid from the structural funds of EU. In the *Strategy of Regional Development of Serbia* (2007), three options have been suggested for the regionalization of Serbia.

The first version is that there should be four statistical regions NUTS 2, quite unequal in the size of their population: 1) the City of Belgrade, 2) Central Serbia (without Belgrade), 3) AP Vojvodina, (4) AP Kosovo and Metohija.

The second option for regionalization is based on a rather more equal number of people in each region (no less than 1.6 million, and no more than 2 million). In practice, City of Belgrade, AP Vojvodina and AP Kosovo and Metohija could fit into this, while the Central Serbia (without Belgrade) would be divided into two regions, about equal in population: Western Central Serbia and Eastern Central Serbia, the cities of Kragujevac and Nis being their centers.

But there is the third option, which is the most functional from the perspective of economic regionalizing so as to approach the EU funds, and also for a more precise determination of the levels of development, for the creation of regional institutions (regional developmental agencies) and statistical-analytical monitoring. The third option says that the Republic of Serbia, including its province Kosovo and Metohija, should be divided into nine economic regions – City of Belgrade (this is the same as in NUTS 2); Eastern Vojvodina (it is called Banat); Western Vojvodina (that is Bačka and Srem); Central Serbia would be divided into four regions, namely, eastern, southern, western, and middle region; and, Kosovo and Metohija would be divided into two regions, Western and Eastern. Vojvodina has its own, historic regionalization, into three regions, Srem, Banat and Backa, but, Srem is much smaller, and has a much smaller number of inhabitants, so it would not become an economic region, it would be one region with Backa.

And, finally, the creation of a new regional policy of Serbia implies also a reform and building-up of institutions at the national, regional and local levels. The reasons for the making of this new policy are, as the *Strategy…* says,"(a) internal – because previous regional policies had

2) Each member-country of the EU and each country which is a candidate to join EU has already performed the NUTS 1 division into regions, and from there follows the division into NUTS 2 regions, and finally these are divided into NUTS 3 regions. The primary criterion for deciding into which NUTS category an administrative unit may be placed, is the number of inhabitants (and there are certain standards as to the proportion between the greatest and smallest permissible number of inhabitants), but there are also the following criteria: the desirable size of the territory; homogeneity of the statistical regions; natural-geographic differences; history and tradition; and, geopolitical circumstances – the structure of the economy and the level of development of each region.

meager effects, the aims were not achieved, regional inequalities have become even worse than before, and the local developmental potentials are not being used; (b) external – the necessity to harmonize the regional policy with the principles which must be accepted if Serbia is to join the EU and use the EU structural funds". But, the developmental regions in Serbia (the statistical regions) must develop their own innovative potentials, reduce the wasteful practices (with money) and reduce their disconnectedness, increase their own abilities to compete with each other and with the world. The main instrument for all this should be the regional developmental program, and it should be implemented in a manner that would make the investors interested. This will create the conditions needed for achieving a greater degree of the over-all functional integration of the space of the Republic of Serbia. Such integration is the main strategic direction presented in the Spatial Plan of Serbia.

References

DERIC B., PERISIC D. (1995), *Teritorijalizacija regionalnog razvoja Srbije (Territorialization of regional development of Serbia)*, Prostorno planiranje, regionalni razvoj i zastita zivotne sredine, Posebna izdanja 26, IAUS, Beograd, p. 3-7.

DJORDEVIC J., DJORDEVIC D. (1997), *Koncepti regiona i regionalizacije u planiranju i neke perspektive njihove primene u procesu regionalizacije Srbije (Concepts of region and regionalisation in planning and same prerequisities for their application in the regionalisation process)*, Geografska struktura i regionalizacija Srbije I, Zbornik radova knj. 51, Geografski institut "Jovan Cvijic" SANU, Beograd, p. 17-29.

MILETIC R. (2006), *Odabrana obelezja neravnomernog regionalnog razvoja u Srbiji, (Selected indicators of uneven regional development of Serbia),* Glasnik Srpskog geografskog drustva, sv. LXXXVI – 1, Beograd, p.177-190.

STOJKOV B. (1997)**,** Drustveni iprivredni značaj regionalizacije Srbije (Social and economic importance of regioalisation of Serbia), Geografska struktura i regionalizacija Srbije I, Zbornik radova knj. 51, Geografski institut "Jovan Cvijic" SANU, Beograd , p. 53-70.

VELJKOVIC A. (2003), *Tipovi regiona i njihova primena u prostornom planiranju (Types of regions nad their application in the phisical planning),* Geografska struktura i regionalizacija Srbije II, Zbornik radova knj. 53, Geografski institut "Jovan Cvijic" SANU, Beograd, p. 1-30.

VESELINOVIC P. (2005), *Regionalna politika u funkciji ravnomernijeg regionalnog razvoja Srbije,* Regionalni razvoj i demografski tokovi balkanskih zemalja, Ekonomski fakultet, Nis , p.19-29.

X X X (1996), *Prostorni plan Republike Srbije (The Spatial Plan of the Republic of Serbia),* Sluzbeni glasnik Republike Srbije, Beograd.

X X X (2006), *Opstine u Srbiji 2005 (Municipalities of Serbia 2005)*, Republicki zavod za statistiku, Beograd.

X X X (2007), *Strategija regionalnog razvoja Republike Srbije za period od 2007. do 2012. godine (The Strategy of Regional Development of Serbia for the Period 2007-2012),* Sluzbeni glasnik Republike Srbije, br. 21, Beograd.

Journal of Urban and Regional Analysis,
vol. I, 1, 2009, p.67-84

SMALL AND MEDIUM-SIZED ENTERPRISES IN REPUBLIC OF MOLDOVA

Igor G. SÎRODOEV
Institute of Geography, Chisinau, Republic of Moldova

Abstract: The paper examines the role of SME sector in Moldova's economy and its likely implications in the RD processes. Several key features of the relationship between knowledge economy, RD and SMEs are emphasized, and also their effect on regional and local communities. Then, a summary of RD particular features in Moldova is presented. The role of SME sector, examined in terms of its performance by ownership and activity types, as a whole and by main firms' categories (micro-, small, and medium-sized) is analyzed. Small enterprises have been considered as the most adequate solution for promoting RD in general case. National-level analysis is completed by regional insight into the sector as a whole. Finally, some critical aspects of SMEs' role in RD in Moldova are discussed.

Key Words *: small and medium-sized enterprises, enonomy, Moldova.*

Importance of small and medium-sized enterprises for regional development

Regional development (RD) represents downscaling economic processes in order to address the needs of regional and local communities. It is seen as an appropriate instrument, especially in Europe, for promoting development of the regions and diminishing discrepancies within countries. Italian's and Greece's experience of governmental regulation of RD processes has shown that state implication into this problem is not a quite successful solution. Therefore, concepts of the region have been restructured at the European level, being considered as an appropriate operational space for focusing objectives, funds distribution and project implementation (Ianoş and Heller, 2006). The region is still considered as a territorial base for national economic growth, as localization of such a growth. However, the accent in region's view has been progressively moving from a planning unit to a self-structured entity.

With the rise of "knowledge economy" (Cooke, 2002) learning becomes the most profitable advantage of an economic entity, while "innovation becomes crucial term in international technical-economic competition' (Lundval, Johnson, 1994). In such a way, region's "learning capacity" becomes critical factor in the modern approach to regional development. How can this capacity be enhanced?

Baumol (2004), for example, has pointed out that small and medium-sized enterprises (SMEs) have an important role to play in the innovation process, especially as the source of new inventions that are usually taken up to be developed and diffused throughout the economy by larger companies. Following this mainstream idea, EU have reconsidered the role of SME sector, the development of the latter has become a central pillar of the Lisbon Agenda to increase dynamic character and competitiveness of the European economy by 2010

(EC Commission, 2005). Increasing regions' learning capacity, according to the same document, is considered through, among others, developing innovation poles linking regional centers, universities and business.

Moreover, I. Ianoş and W.Heller (2006) emphasize three the most innovative actors at the regional level, considering "…that SMEs, as palpable products of the local, that regional institutions, as regulators of the network of places, and universities, as a result of existence of critical population mass and actors of socio-economic life, are main generators of knowledge".

Assessing briefly the impact of the three key factors of knowledge production in Moldovan regional development, we can summarize the following:

- Regional institutions are not consolidated, due to the particularities of Moldavian administrative and territorial organization and to the absence of regional administrative authorities (Sirodoev, 2007);
- Universities are concentrated mainly in capital city, and the "critical mass" at the regional scale cannot be achieved in the will make possible an emergence of the genuine network of regional universities in the near future (especially in the south);
- Small and medium-sized enterprises are mainly concentrated in Chisinau and their regionally differentiated contribution to development, although varied, is characterized by the general trend of weakness.

Apparently, none of the key factors/actors of the knowledge production is favorable for Moldova. However, when promoting knowledge economy, in this particular case, extending the SME sector would require the lowest investments and result in quicker profit. Indeed, the SME sector has lesser dependency on a "critical mass", does not require redrawing administrative organization of the country, has enjoyed legal support almost since the very beginning of market economy in the country (for about 14 years). In such a way, SMEs become one of the best choices to provide knowledge production in national economy. But why are they particularly important for regional development?

If we consider that regional development achieves overall development of the country by addressing and satisfying regional and subregional needs, then there is a need of certain structures to perceive and solve the latter. In the market economy, promoted in Moldova, such structures should be a part of the market system, and SMEs entirely fit this requirement.

On the one hand, SMEs are very sensitive to local and regional circumstances; on the other hand, they are able to solve local and regional problems following interests of local communities (Ianoş and Heller, 2006). They act in local/regional space, and "good health" of this space contributes to their prosperity as well. There is a clear relation of feed-back, having the highest intensity in the case of small enterprises.

Two types of activities should be differentiated by their impact on RD. Production is needed to attract external flows into the region for further development. However, production strongly depends on local resources (especially, material) and is less sensitive to local problems. Services mainly depend on human resources and are less dependent on materials. They are more sensitive to local/regional needs and can better solve the latter. However, it is very likely that services, in the case of Moldova, will bring less external investments.

In its turn, the SME sector, regardless of the type of activity, has different impact depending on the size of firms as well. Micro-enterprises clearly depend on the local circumstances and are

able to solve specific needs in only two cases: acting within associations or at sub local level (street, neighborhood). Small enterprises optimally work with the authorities in the case of local communities, sometimes abiding to the local requirements, sometimes positively responding to local challenges. They are preferable for small to medium-sized communities. Medium-sized enterprises play better their role in the case of medium-sized to large communities, where small companies have insufficient financial or human capacity.

Of course, there are many problems faced by the SME sector in its contribution to the economic development of the country and they cannot be resolved in every case. However, SMEs have definitely a positive effect on equitable development of local communities (Jeppesen, 2005).

Having pointed out the role of the SME sector in global and local processes, we should answer the question: what about regional development?

Regional development in Moldova: summary[1)]

Regional development is a new issue for the post-Soviet Moldova. Historically speaking, Moldova has traditionally had two approaches to administrative-territorial organization - regional (based on counties) and raional (based on the classic Soviet administrative-territorial units). The raional pattern has a greater impact on the present situation that would be cost-intensive to change.

Regional disparities, accentuated during the transition period, highlight the opposition of the capital city to the rest of the country (not as impressive as in Hungary, but still important), the double exposure of monoindustrial towns to poverty, and political conflict in the eastern part of the country. To diminish these discrepancies, an EU-based institutional structure for the coordination of the RD process is being implemented, but it is in early stages, with limited effects by now. “Standard” RD policy objectives, common to many other eastern European countries, are the basis of the national RD policy. But the latter does not have an appropriate framework for implementation due to the incipience of regional structures and the lack of clear separation between regional/local and central competences.

Main RD related problems occur in planning, public administration and local public finance. Problems of RD organization and planning refer to fragmentation of central authorities, which have weak cooperation at the same level; the lack of a clear view on RD related issues results in vagueness and absence of clear solutions to be applied. Public administration problems include increased fragmentation, which accentuates the alveolation of the settlement system; the small size of local budgets and limited qualified human resources; deconcentration preferred instead of decentralization; and lack of stability in administrative-territorial organization. All these result in a dependency on central authorities and even in the formation of the dependent mentality. Local public finance problems affect equalization schema, extra revenues threshold (just 10% of local authorities enjoy them), restrict possibilities of local investments, increasing the reduction of capital investment from local budgets, and the instability of state support policy. Special issues refer to the frozen internal political conflict in the eastern part of the country, insufficient cross-border cooperation within the euro-regions, and labor force migration that causes social and economic problems common to many other eastern European countries.

1) Mainly drawn on Sirodoev, 2007, in which an extensive analysis of the RD issue in Moldova is given.

Within the last year, the RD law was finally adopted. It creates the legal framework for the implementation of regional policies. As expected, this law presents many drawbacks and unclear formulations and needs to be improved. The most important drawback consists in the law's non-universal character: not all the administrative-territorial units fall under the force of the law. Six regions of development have been created, being differentiated in the most logical way: region of development "South" (SRD), region of development "Center" (CRD), and region of development "North" (NRD). This separation has been made following more or less precisely the lines of soviet traditional territorial-economic organization structures - economic regions. The other three regions were created relying on the political logic: Chisinau, Transnistria, and Gagauzia. The latter declined the idea of forming one and the same region of development with southern raions. Its decision is based on relative financial and political autonomy. Therefore, the southern part of the country will still be very fragmented and all administrative and financial efforts will be divided between the two regions, none of which is able to compete with other regions of development.

In order to overcome the current problems, the identification of effective RD policies is needed. According to the identified needs, an appropriate theoretical concept using EU and non-EU best practices should be adopted and appropriate institutional structures (the Romanian, Polish or Slovenian examples, adjusted for local circumstances, would be suitable) should be created to increase the flexibility of the RD process. At the same time, planning instruments should set a general framework rather than a detailed action plan, putting an accent rather on the self-structuring capacity of regions than on planned measures. More competences, responsibilities, and financial resources should be assigned to the local and regional levels of administration, in this way the needed flexibility will be achieved. RD funding should be secured by a specifically designated fund, financed from various types of sources. In addition, RD related policies should include a framework for solving political conflicts. Cross-border cooperation should be broadened, first of all, but not limited, to ecological and tourist oriented cooperation. Our final recommendation is that the main problems of labor force migration and remittances are not how to bring them to an end, but rather how to use them with greater benefit to the country. If conditions are created for attracting remittances to the economy with a preference for productive investment rather than financing household consumption, the question of working abroad will shift, in our opinion, from a keen necessity to an optional choice.

A possible way to achieve the proposed recommendations consists in developing the SME sector. It has an advantage of being the most flexible part of national economy. The SME sector is the most appropriate for investing remittances, because it does not require big amounts of money. But, at the same time, the effect of such investments will overpass the limits of this sector.

Developing the SME sector in underdeveloped areas will increase economic capacities and financial independence of local communities, creating the base for their adequate self-reliant development. Development of local market and self-reliance will contribute to the intensification of relationships between settlements within the economic space. It will lead to diminishing the intensity of alveolation and destructive fragmentation within the national settlement system in the favor of increasing integration processes, especially on the medium and lower hierarchical tiers of the national settlement system (Sirodoev, 2006a). But a well-integrated, "healthy" settlement system, as a lofty goal, is a reflection of "healthy" economy. In such a way, it is expected that, through developing the SME sector, regional policies will achieve better results by the most efficient use of local resources.

Thereupon, the main purpose of this paper consists in analyzing the present state of the SME sector in order to show-up its sensible features appropriate for promoting a national

RD policy.

Moldova's SME sector: introduction

The SME sector plays a very important role in national economy: by 2007, it has included 98.3% of all the enterprises registered in the country. Almost 60% of employees in the national economy work in SMEs. Micro-, small and medium-sized enterprises have a share of 45% in the all enterprises' turnover (revenues from sales) and bring 35% of the all enterprises' profit. In absolute values, the above figures for SME sector are as follows: 39.3 thou. enterprises, 343.5 thou. employees, 66.8 bil. MDL (about 5.5 bil. USD) of turnover and 3.8 bil. MDL (about 0.3 bil. USD) of net profit before taxation.

Legal background. Since the beginning of the transition period, legal facilitation of business activities of small firms has been being one of the national authorities' greatest concerns. The very first law regarding facilitating small business was adopted in 1994 (Legea nr. 112-XII/20.05.1994). Under the force of law were only micro- and small enterprises as juridical people having fewer than 50 employees.

In 2006, the new law on small and medium-sized enterprises (SMEs) came into force (Legea nr. 206-XVI/7.07.2006). This way, business facility has been extended on the medium sized enterprises as well, following the threshold used by the EU. The new group should comply with three criteria: maximal manpower should be fewer than 250 employees, annual revenues from taxes (turnover) should be less than 50 mil. MDL and total annual assets should be less than 50 mil. MDL. Compared to the previous situation, the new law has added under the force of law physical people with an economic activity and corresponding to the criteria mentioned above, as well as all kind of non-commercial organizations and producers of excisable goods. Several types of firms do not enjoy facilitations from this law: dominant enterprises in their economic sector, insurance, financial and gambling companies, investment funds, exchange offices, and firms, having among their founders or shareholder (with shares exceeding 35%) legal or physical people that do not comply with the present law. Finally, of course, the law is applied to the firms with entirely private capital.

The organization for developing the SME sector, under the Ministry of Economy and Trade, is responsible for the implementation of specific national policies. Special funds serve as financial provision of national policies in the field. There is no specific fund created or budget quota allotted for this purpose. Generally, the new situation is not as liberal as it was under the previous law. In particular, local administration is not quite free to promote SMEs from the sector it considers useful to local communities, but needs to coordinate their activities with the central authorities and national policies. Virtually, this situation confines somehow SMEs restructuring activities within local communities in their economic aspect. Therefore, interests of local communities are subordinated to the national ones.

In total, we cannot say how many firms are subject of this law as long as we do not have data on the share of shareholders. However, there are 38.6 thou. of non-public firms (more than 98% of all SMEs) that can be potentially included under the force of the law.

The Government recognizes that SMEs represent an important part of the knowledge economy to be created and promoted in Moldova. Since 2006 it has extended and varied its activities for facilitating and promoting small and medium-sized business by diversifying legal background and adopting strategies related to SMEs. At the same time it is aware of the poor situation and underdevelopment of the SME sector, pointing out the following main problems: restrained

access to financial sources, especially to long-term credits, lack of the pledge needed for applying for credits, and underdeveloped entrepreneurial culture (National strategy of development for 2008-2011).

In order to solve these problems and promote further development of the SME sector, the Government has planned for the following four years to implement more or less radical measures particularly focused on SMEs (National strategy of development for 2008-2011):

- create the legal and institutional background;
- facilitate access to credits;
- develop entrepreneurial spirit through education;
- extend consultation services;
- stimulate innovating culture;
- intensify the public-private dialog;
- set a special accent on facilitating SMEs in rural areas.

Governmental actions for facilitating activities within the SME sector have a double impact. On the one hand, there is no doubt that their contribution is quite beneficial for the enterprises in this sector (and the example of the performance of medium-sized enterprises recently included under the law is very suggestive in this regard). On the other hand, the Ministry of Economy and Trade recognizes that these measures are far from being satisfactory and very special attention should be paid to this sector in the future (National strategy of development for 2008-2011).

Although there is an apparent balance between lofty and practical goals in the legal documents (especially national and sectoral strategies and action plans), civil society and eco-nomic actors have justified doubts about the successfulness of their implementation. Moreover, imbalances between declared goals and accomplished objectives constitute one of the most significant political problems in Moldova (Mocanu, 2007)[2)]. This situation is caused not just by bad intentions/incompetence of central authorities, but by low activity of local public administration as well. For instance, according to the governmental annual report on the first year of implementation of the latest Strategy particularly focused on SMEs (Strategy on supporting SMEs development for 2006-2008) central authorities had initiated actions within all five strategic objectives of the document in 2006. However, none of the local authorities had implemented measures within all the objectives. Many ATUs had not implemented any action in accordance to the Strategy (Drochia, Floresti, Ocnita, Gagauzia). Special attention should be paid to the fact that raions where the SME sector is the least developed (Soldanesti, Telenesti, Singerei, Causeni, Stefan-Voda) had not done anything for its promotion on their territories. In their turn, ATUs more or less actively involved in implementing the objectives of the Strategy at the SMEs level show performance above the country average (Chisinau, Balti, Briceni, Hincesti, Orhei, Straseni).

Bearing in mind this dichotomy of the governmental measures' effects, it is quite hard to make a credible prognosis of the impact of legal background on the SME sector. However, one could expect positive impact of such measures for the entire sector followed by rising territorial imbalances of the SMEs' performance.

Short description of quantitative data. The sector of small and medium-sized enterprises in

2) It is curios that this publication does not include the situation within the SMEs sector among the most significant problems having been faced by Moldova in 2007.

Moldova enjoys separate statistical monitoring as long as it falls under the force of the specific law. The latest act, adopted in May 2006, has extended business facility on the medium-sized enterprises as well. Before that date, just for 2005 some of the indicators have been calculated retrospectively. In such a way, available sequence of data goes back for three years. In the case of small and micro-enterprises this sequence is longer, but is not differentiated by firm categories and its analysis in the perspective of the new law is almost useless.

Primary quantitative data, presented in the paper, have been extracted from NBS's (National Bureau of Statistics) public sources: statistical yearbooks and specific information notes (BNS, 2006; BNS, 2007; BNS, 2008), being further processed. This short period does not allow making a credible analysis of the sector's temporal dynamics; therefore, it has been involved in a very restraint manner.

General characteristics. The structure of SME sector by categories of enterprises varies depending on the indicator. In terms of the total number of units, micro-enterprises dominate with no doubt (table 1). This unevenness is not as clear in the distribution of the number of employees, where medium-sized enterprises have the highest proportion (slightly more than 40%). In the distribution of turnover and profit small enterprises have the greatest share; however, their role is not exclusively dominant due to the important contribution of medium-sized enterprises.

Table 1

Characteristics of the categories of enterprises within the SME sector in 2007

Firm category	Number of enterprises		Average number of employees		Turnover		Profit	
	thou. units	*%*	*thou. pers.*	*%*	*mil. MDL*	*%*	*mil. MDL*	*%*
Medium	1.8	4.6	140.8	41.0	24881.2	37.3	1486.0	39.3
Small	7.2	18.3	111.7	32.5	30230.0	45.3	1855.1	49.1
Micro	30.3	77.1	91.0	26.5	11675.4	17.5	436.4	11.6
SME sector	39.3	100.0	343.5	100.0	66786.6	100.0	3777.5	100.0

Source: National Bureau of Statistics

If we look inside the characteristics using specific indices, the situation appears to be different. The average size of a firm within the SME sector is nine employees, only because of the domination of the micro-enterprises in the sector's structure. At the same time, mean medium-sized firms have 78 employees, 16 people work in a mean small firm, while a mean micro-enterprise consists of three workers. Similar differentiation appears when analyzing other indices as well. Revenues (turnover) per enterprise depend on the firm's size: the highest figure is in the mean medium-sized firm (almost 14 mil. MDL), the lowest one is in the mean micro-enterprise (about 0.4 mil. MDL), while the mean small enterprise is somewhere in the middle with 4 mil. MDL. Revenues per person, that reflect employees' efficiency, change the hierarchy. It appears that the personnel is used the most efficiently in the small firms, where every person is responsible for 270 thou. MDL, 1.5 time more than in the medium-sized enterprises placed secondly (177 thou. MDL); micro-enterprises are on the third place with 128 thou. MDL. Theamount of profit per employee has the same distribution: every person in small firms brings almost 17 thou. MDL (more than 1 thou. EUR), while in medium-sized firms this figure is just 10.6 thou. MDL, and in micro-enterprises it is less than 5 thou. MDL. This efficiency in using the personnel is reflected on firms' profitability (share of profit in turnover):

medium-sized and small enterprises are quite close (5.97% and 6.14% accordingly), while profitability of micro-enterprises is slightly lower (3.7%). In such a way, we can conclude that *small enterprises plays very important role in the SME sector, being, at the same time the sector's most efficient category*.

The SME sector is continuously growing: the number of SME has increased by 11%, amount of turnover has risen by 23% and net profit has increased by 116% in the last year. However, the situation is different for the three groups of firms within this sector. While micro- and small enterprises have shown constant progress in the last 5 years, figures for medium-sized enterprises did not look as optimistic until their inclusion in the new law. Undoubtedly, extending business facilitating over the entire SME sector will bring benefits to the medium-sized enterprises as well, and first signs of improving their financial situation appear already in their evolution in 2007. It refers especially to the turnover of the firm. On the general slowing-down trend of decreasing number of medium-sized enterprises and employees within, the increase of the amount of revenues and profit in 2007 is remarkable especially because of the highest figures in the sector (30% vs. 28.5% for micro-enterprises and 16.8% for small firms in the case of turnover and 153.1% vs. 74.7% and 103.6%, accordingly, in the case of profit).

Examining the specific indicators, we distinguish signs of the same trends described above. The general trend of change reflects rising efficiency and dynamics of the entire sector. Once again, small enterprises represent the sector's pivot with a constant growing trend. However, medium-sized enterprises, after extending the law on business facilitating over them, show the highest figures of growth. For instance, comparing them to the secondly placed category: 22% vs. 16% for micro-enterprises in the case growing revenues per firm, 31% vs. 16% for micro-enterprises in the case of increasing personnel efficiency or 96% vs. 74% for small enterprises in the case of rising profitability. Should we expect that medium-sized enterprises would replace in a couple of years small ones in their role of SME sector's pivot? It will be possible to answer this question just after the law on SME sector will have been in force several more years.

Ownership structure of SMEs

Statistical monitoring allows us analyzing SME sector by two key parameters: ownership and activity structure. Five types of ownership are monitored: public (entirely public capital), private (entirely private national capital), mixed (public and private national capital in different proportions), foreign (with capital originated completely outside the country), and joint ventures (enterprises with mixed, national and foreign, capital). In the following analysis we will operate with these terms, opposing, for instance, private firms to foreign and so on, although both, in absolute terms, can be private.

Contribution to the market. Among the total number of 39.3 thou. enterprises (Table 2) private ones, having the proportion of about 90%, dominate the entire sector, followed at a very big distance by enterprises with participation of foreign capital of various shares (almost 8%) and enterprises with public capital of various shares (less than 2%).

In terms of other indicators, these figures slightly change but general situation is the same, evidencing clear domination of SME with private capital; differences are produced just because of fighting for second place. For instance, if we speak about average number of employees,

Table 2

Ownership structure of the SME sector's enterprises in 2007

Type of ownership	Number of enterprises		Average number of employees		Turnover		Profit	
	thou. units	*%*	*thou. pers.*	*%*	*mil. MDL*	*%*	*mil. MDL*	*%*
Public	0.7	1.8	27.3	7.9	1707.6	2.6	150.0	4.0
Private	35.3	89.8	275.3	80.1	56199.5	84.1	3331.9	88.2
Mixed	0.3	0.8	9.7	2.8	741.7	1.1	96.1	2.5
Foreign	1.4	3.6	15.3	4.5	3548.1	5.3	43.9	1.2
Joint ventures	1.6	4.1	15.9	4.6	4589.7	6.9	155.6	4.1
Total SME	39.3	100.0	343.5	100.0	66786.6	100.0	3777.5	100.0

Source: National Bureau of Statistics

private enterprises embrace about 80% of employees in SME sector; on the second place are situated enterprises with public capital (almost 11%), while enterprises with foreign capital (having more than 9% of employees) occupy just the third place. A similar hierarchy is observed when analyzing the profit: private on the first place (88% of the SME sector's profit), public participation (6.5%) and foreign participation (slightly more than 5%). However, this situation changes if we analyze revenues: private enterprises (84% of the SME sector's revenues) are followed firstly by firms with foreign capital (12%) and secondly by firms with public capital (4%).

Across the categories of firms, private companies exclusively dominate compared to other types of ownership: from 92% of all micro-enterprises to 72% of all medium-sized enterprises. Companies with participation of foreign capital are on the second place in the categories of small (8%) and micro-enterprises (7%), while public companies are second numerous among medium-sized firms (almost 17%). In terms of average number of employees, values of difference have the same order: domination of private companies falls in the range of 70-91%. Next succession is similar to the previous with slight difference of figures: public companies embrace about 1/5 of employees in medium-sized enterprises, while companies with participation of foreign capital occupy the second place with 8% in each of the remaining categories. As for turnover, foreign companies definitely occupies the second place (obviously, after private ones). Share of private companies in the total categories' turnover falls within the range of 76-90%, while share of foreign companies varies from 16% among medium-sized enterprises to 10% in each of small and micro-enterprises. Companies with the participation of public capital occupy the last place with quite small values (only their share among the medium-sized enterprises is a little bit bigger - about 7%).

The distribution of profit is completely different. Although private companies play the leading role across categories, we should emphasize losses of micro-enterprises with participation of foreign capital (foreign enterprises had lost in 2007 about 30 mil. MDL, while joint ventures about 11 mil. MDL) in the proportion of about 12% of the micro-enterprises' profit. However, in 2006, public and mixed companies and joint ventures within the category of micro-enterprises had ended the year with losses, while foreign companies had contributed to the category's profit by 21 mil. MDL (about 8% of the category's profit). In the case of small and medium-sized enterprises, the trend is apparently more stable. The share of private enterprises varies from 78% to 91%. Public enterprises had a contribution of 13% (comparing to 9% of the companies with foreign capital) to the medium-sized enterprises' profit and of 3% (6% in the case of

companies with foreign capital) to the small companies' profit.

The issue of profit is quite controversial. In our opinion, it should be assessed as a moving average sum at least for three years. However, we do not have the necessary sequence of data; only information for the two last years is available. The year of 2006 was very difficult in SME sector, and many categories of firms ended it with losses. From this viewpoint, 2007 was much better. In such a way, profit and profitability varies very much from year to year and should not be considered as constant for certain type of enterprise.

One important conclusion follows from this analysis: the SME sector is definitely dominated by private companies. At the same time, companies with participation of foreign capital follow them as turnover across all the firm categories. Public capital is more interested in medium-sized enterprises where its contribution is higher (especially to employment - 1/5 of all the employees).

Efficiency assessment. Looking inside specific indicators allows us emphasizing some particular features among the ownership types of the entire SME sector. Firstly, we should remark large size of the enterprises with participation of public capital (especially, in the medium-sized category): 39 people in the case of entirely public firms and 32 people in mixed ones. On the second level, enterprises with foreign capital have 11 employees in foreign firms and 10 people per average joint venture. Private firms are the smallest - just 8 employees per firm in the entire SME sector.

This hierarchy roughly maintains within the categories of firms; however, some changes appear on the lower levels. The category of medium-sized enterprises public firms has the largest, with 102 employees on average. They are followed by joint ventures (81 empl. on average), then private and foreign (76 people and 73 people accordingly), and, finally, by mixed enterprises (68 people per enterprise). The enlargement of foreign enterprises in the last 2-3 years is quite remarkable, against reducing in size firms with local capital. Small enterprises show the same domination in size of firms with public capital (26 people for mixed and 19 people for public); firms with private and foreign capital are quite close to each other, having on average 14-16 people per enterprise. Inside the category of micro-enterprises the hierarchy pulls out public enterprises on the first place (6 employees per enterprise), followed by foreign (4 people) and other types with 3 people on average per firm.

As a common feature for the size of enterprises, we should remark the domination of the firms with participation of public capital; they can be bigger, on average, than other categories by 25-65% depending on the category. For the entire SME sector this figure is equal to about 2.5 times. At the same time, private companies are constantly among the smallest in the sector, while enterprises with foreign capital change their position in the hierarchy from category to category.

Analyzing the overall turnover per enterprise in the SME sector, we see the hierarchy changed. Joint ventures are those that operate, on average, with the largest amount of revenues (2.9 mil. MDL) followed by foreign firms (2.5 mil. MDL per firm). Enterprises with public participation are on the third place with 2.4 mil. MDL, and private firms are the last with 1.6 mil. MDL per enterprise. The difference in revenues by property types indicates rather different activities than ownership. It is more credible that foreign capital concentrates in the most profitable sectors of national economy (like communication and informatics) than that its simple presence increases firms' performance.

Across the categories the situation remains the same, enterprises with foreign participation occupies the top of hierarchies. Joint ventures are leading among medium-sized (23.3 mil. MDL) and small (5.8 mil. MDL) enterprises, while foreign firms occupy the first place among micro-enterprises (0.6 mil. MDL). Unlike firm size, companies with public capital operate with the lowest amounts of revenues irrespective of the ownership type, while private ones occupy intermediate position between the two big types. Last place of private companies in the entire SME sector statistics is explained by big number of private micro-enterprises that affect average figures of this firm type in the sector's average hierarchy. However, this deviation does not reflect real situation in the sector.

Same situation is observed in the hierarchy analyzing distribution of revenues per person. Enterprises with participation of foreign capital dominate both in entire SME sector and across the firms' categories. The difference between them and secondly placed private companies can achieve almost 50% (in the case of medium-sized enterprises), while in the case of public enterprises (which occupy the last place) this figure can be 3 times higher.

However, in terms of personnel efficiency private enterprises tend to occupy the leading role. As for the profit per employee, private firms occupy top of hierarchies in the most cases but one (medium-sized enterprises), when they are overpassed by joint ventures. In the entire SME sector there are 12 thou. MDL that fall at one employee of an average private enterprise. They are followed by mixed enterprises and joint ventures (9.9 and 9.8 thou. MDL accordingly), while a person in public enterprises has on average 5.5 thou. MDL; foreign enterprises close this hierarchy with just 2.9 thou. MDL per employee.

Examining this indicator across firm categories, we should emphasize the high efficiency of small private companies - 18 thou. MDL per employee - which is the highest figure. It is followed by small and medium-sized joint ventures with 13 thou. MDL per employee. Public companies have among the lowest values in all the categories.

Distribution of profitability is different from the one presented above. In this case, private companies have left the dominant position to enterprises with participation of public capital. In SME sector as a whole, mixed (public and private) companies have reached the profitability of 13%, followed by public companies with 9%. Private companies have achieved just 6%, while enterprises with participation of foreign capital do not exceed 3.5%.

In conclusion, we should say that there is no clear dominance of certain type of firms; however, some specific features can be pointed out. Public firms are usually bigger and have the highest profitability, but have the smallest turnover per firm. Private firms have the highest profit per employee, but are the smallest and the most dynamic. Firms with foreign capital usually operate with the largest amount of money; however, their profitability is the lowest.

Different **types of capital** are directed to different categories of enterprises. Thus, the public capital is directed more in creating small enterprises: 43% of all public enterprises are small (while mixed enterprises are distributed equally among the three categories, 1/3 each). Nonpublic types of capital prefer micro-enterprises as dominant category: their proportion is not less than 70%, small enterprises occupy about 18-21%.

Nevertheless, the largest proportion of revenues from sales falls with medium-sized enterprises for all types of ownership, excepting private. This proportion varies from ¾ for public enterprises to ½ for foreign; small enterprises occupy second place with the range of 22-38%. Microenterprises contribute with lesser share, from 1.6% (mixed capital) to 17% (foreign

enterprises). In the case of private capital the contribution of the three categories of enterprises changes in favor of small enterprises (47%) followed by medium-sized (34%), the remaining share being supplied by micro-enterprises.

Across the ownership types, medium-sized enterprises contribute to profit by the greatest share (63-82%), while small enterprises are on the second place (18-37%). Only in the case of private and foreign enterprises, small companies contribute with the greatest share (about 50-60%). In all the ownership types micro-enterprises occupy the last place with small contribution to general profit that does not exceed 14%. Moreover, companies with foreign capital have reported losses in the range from 7% (joint ventures) to 68% (foreign enterprises) of the total profit of each ownership type. However, reporting the losses does not mean that this type of capital, or this category of enterprises, has the highest investment risk, but the highest vulnerability. Conclusions about the profitability of certain type of company should be made after the long-term analysis at a more detailed level, for which we do not have enough data.

In terms of personnel efficiency, it looks like the hierarchy is stable across all the types of ownership: small firms have the biggest value of revenues per employee for each type of ownership; medium-sized companies occupy second place, while micro-enterprises are on the last place. In such a way, we have the right to say, to some extent, that small enterprises are the most efficient irrespective of the property type.

Economic activity structure of SMEs

Statistical data regarding activity of small and medium-sized enterprises are summarized into eight basic types of activity: agriculture, hunting, and forestry; manufacturing industry; electricity, heat, gas and water supply; construction; wholesale and retail trade; hotels and restaurants; transport and communications; real estate, renting and business services, as well as other activities.

Contribution to the market. In the SME sector as a whole, more than half of the sector's totals are due to the top three activity types: 60% of employees, 2/3 of enterprises and profit, 78% of revenues are concentrated in them (table 3). These dominant activities are: trade (on the first place across all the indicators), followed by manufacturing industry, construction, real estate and business services, and agriculture (that occupies the 3rd place just as number of employees). This situation reflects uneven distribution of SMEs in national economy, especially as for the domination of wholesale and retail trade.

Among medium-sized enterprises, agriculture and forestry occupy the leading position as regards number of enterprises and number of employees (28% and 31% accordingly). However, as for turnover and profit, its place is taken by construction firms (the latter occupy 3rd place in the hierarchy). Trade and industry have constant presence in the hierarchies: trade dominates as regards turnover and profit (46% and 26% accordingly), while industry accedes to the second place with respect to the number of employees (21%). In this category, it is difficult to point out the dominance of companies focused on trade activities, because of the dominance of agricultural activities in terms of the number of firms and employees. However, from the financial point of view, trade companies have the leading contribution to the category's totals.

As for *small enterprises*, retail and wholesale activities bring the leading contribution to the category's totals: they have a share of 36% of enterprises (2.6 thou. firms), 28% of the number of employees (31 thou. people), 58% of the category's revenues (17.6 bil. MDL) and 41% of the profit (762 mil. MDL). Manufacturing industry follows them on the second place for all the indicators but profit: 15%, 19% and 13% accordingly, while as for the last indicator it is not even in the top three activities. Construction has important shares in the category's totals (2nd and 3rd places). However, we should point out here the role of real estate and business services: these firms are relatively numerous in this category (3rd place - 0.7 thou. firms); they neither attract too many employees, nor have the highest turnover, but have a 14% contribution to the profit per category (264 mil. MDL).

Among micro-enterprises, dominance of companies focused on trade activity is even more evident: 43% of the number of enterprises (13.1 thou. firms), 40% of the employees within this category (36 thou. people), 59% of revenues (6.9 bil. MDL), and 30% of category's profit (131 mil. MDL). However, real estate and business services have here a slightly greater contribution (33%) to the profit, and, also, firms of this type a relatively numerous among micro-enterprises and attract quite big proportion of employees (both indicators equals 14%, second place). Manufacturing industry occupies the 3rd place for all the indicators but profit, where not just construction (15%, 3rd place) overpasses it, but transport and agriculture as well.

Table 3

Activity structure of the SME sector's enterprises in 2007

Type of activity	Number of enterprises		Average number of employees		Turnover		Profit	
	thou. units	*%*	*thou. pers.*	*%*	*mil. MDL*	*%*	*mil. MDL*	*%**
Agriculture, hunting and forestry	2.1	5.3	59.6	17.4	2871.2	4.3	380.4	10.1
Manufacturing industry	5.0	12.7	63.0	18.3	9352.8	14.0	555.4	14.7
Electricity and heat, gas and water supply	0.1	0.3	4.0	1.2	464.4	0.7	-6.8	
Construction	2.4	6.1	29.6	8.6	6553.4	9.8	611.4	16.2
Wholesale and retail trade	16.1	41.0	84.2	24.5	35870.6	53.7	1287.1	34.0
Hotels and restaurants	1.2	3.1	10.2	3.0	778.6	1.2	11.6	0.3
Transport and communications	2.8	7.1	26.1	7.6	5345.6	8.0	223.6	5.9
Real estate, renting and business services	5.2	13.2	32.9	9.6	3378.0	5.1	592.5	15.7
Other activities	4.4	11.2	33.9	9.9	2172.0	3.3	122.3	3.2
Total SME	39.3	100.0	343.5	100.0	66786.6	100.0	3777.5	99.8

* Calculated as a part of total SME profit, excluding losses

Source: National Bureau of Statistics

As for the organizational charts of the types of activity, medium-sized enterprises represent the preferential form of organization in agriculture and forestry: 74% of all the employees of this activity type work in medium-sized companies. However, the latter are the least numerous (just 24%), while micro-enterprises have the greatest share (48%). Because of this domination, medium-sized enterprises bring 57-60% of revenues and profit in agriculture and forestry type of activity, followed by small enterprises with a contribution of about 1/3 of the activity type's totals.

In the manufacturing industry, the organizational chart is quite similar to the previous, but the dominance of medium-sized enterprises is not as evident: about 47% of workers (about 30 thou. people) in this category are employed in the medium-sized firms; 34% of employees

work in in small companies. Against the previous activity type, the difference between contribution of medium-sized and small firms is not as bigger in this case: medium-sized firms have shares of 47% and 56% to revenues and profit, accordingly, while as for small companies this figures are just slightly less - 42% and 41%. Here we can point out the clear outsider - micro-enterprises: their contribution to manufacturing industry type's totals is more important than in the case of agriculture; however, small firms, by their share of contribution, are much closer to the leading category than in the previous case.

Electricity, heat, gas and water repeat somehow the same structure, moreover, the organizational chart of this type is closer to agriculture than to industry: in the total number of 0.12 thou. companies, medium-sized enterprises occupy the leading position with 75% of employees and 87% of revenues. However, because of the small number of companies of this type, this structure is not as typical as in the previous two cases.

In their turn, *construction activities* follow the different organizational chart: it is close to some extent to the manufacturing industries (in terms of contribution shares), but two leading categories have changed their places. In the total number of 2.4 thou. construction companies there are about 100 medium-sized enterprises, 700 small and 1600 micro-enterprises. These prefer to organize in small firms (42% of employees), however, medium-sized enterprises are not left too far beyond (38% of workers). As for turnover and profit, small companies have the largest contribution to the type's totals: 43% of turnover and 50% of profit.

Trade activities prefer the organizational chart based on rather "miniaturization" than large entities. Micro-enterprises attract 43% of employees in this activity type and represent 81% of the companies. However, their financial contribution is the lowest. Small enterprises have 50-60% contribution to revenues and profit, while medium-sized companies about 30%. These figures show the situation in which trade activities are dominated by very small firms having one or several subsidiaries, while large trade networks or wholesale companies have the greatest financial contribution to the trade activity's totals.

Hotels and restaurants' organizational structure is quite similar to the trade's one (not in size, but in proportions). However, financial contribution of the medium-sized companies (about 30 firms) is, undoubtedly, the most important. Moreover, this category of firms was the only that had brought profit two years ago, while just micro-enterprises have ended the last year with losses.

In *transport and communications* there is no clear domination of any category of firms, however, the preference is given to bigger entities: medium-sized and small enterprises represent ¾ of all the companies within this activity type (about 40% medium-sized and 35% small). As for financial contribution, small companies have a slightly bigger share (43-45%) than medium-sized ones (about 35-40%). Micro-enterprises, although the most numerous (¾ of all the transport companies), have the lowest financial importance for this activity type.

Apparently, *real estate and business services* have the most balanced organizational structure among all the presented types of activity: about 40% of employees prefer micro-enterprises, followed by 32% of those who prefer small firms, and 28% of people have chosen medium-sized companies. This way, micro-enterprises are the most numerous, but their financial contribution is the lowest (about ¼). Small enterprises have the biggest financial contribution of 45-46%, while the share of medium-sized ones is about 30%.

In conclusion, we can say that organization of production activities, including construction is

based rather on larger firms, while services (excepting transport) prefer smaller companies. In the first case, medium-sized firms have the greatest financial contribution to the totals per activity type, while in the second case the situation is not as clear. If the business is not too risky (like trade or real estate services), small enterprises have the most important share in the totals, but if the business activities are vulnerable (like hotels and restaurants), medium-sized enterprises category represent sufficient assurance of ending the year with no losses.

Efficiency assessment. Average figures for the entire sector of SME show that the biggest companies are within the electricity, heat, gas and water sectors, about 40 people per enterprise. This figure results in the highest turnover per firm. Firms within this activity types are constantly unprofitable, however, in the last three years the unprofitability of these firms have been diminishing. In a couple of years, if the trend will not change, they will start bringing profit. As for firm size, the energy sector is followed by agriculture (28 people), manufacturing industry (13 people) and construction (12 people). Average size of the companies of other activity types is below 10 people; trade companies are the smallest, on average (5 people).

Trade, construction and transport operate with the highest turnover per person (426; 221 and 205 thou. MDL accordingly), for other types of activities these figures are below sectors' mean value. Highest personnel efficiency is characteristic to construction, real estate and business services, and trade due to high values (above average) of profit per person (21; 18 and 15 thou. MDL accordingly).

As for profitability, trade activities are not among the leading activities: their level is even below the SME average per sector (3.6%). Here, the leading role is played by real estate and business services (17.5%), which can be considered the most profitable type of activity, and, what is the most important, it is constant in bringing the profit (only construction has the similar constancy of profit dynamics). This activity type is followed, surprisingly, by agriculture (13% profitability), and construction (9%). In addition, manufacturing industry has its profitability above (but very close to) the sector's average. In fact, this order is maintained for all separate firm categories, excepting industry in the case of micro-enterprises.

Within the category of medium-sized enterprises construction, transport and electricity firms are the biggest (above 100 empl. per firm), while trade companies are the smallest, very close to the lower threshold. However, the latter have the greatest turnover per firm, followed by firms specialized in construction and transport services. Same order is kept as for the revenues per person and personnel efficiency: trade, the leading activity, showing 0.7 mil. MDL of revenues per person, and more than 23 thou. MDL of profit per person. As regards profitability, average figure for this category of enterprises equals 6%, while in the case of business services it reaches its absolute maximum (18.3%).

The biggest companies among small enterprises are specialized in hotels and restaurants services, electricity, industry and agriculture and are quite close in size to each other (cca19-20 people per enterprise). Trade companies are the smallest, quite close to the category's lower threshold. As regards revenues per firm and per person, the order is the same as in the case of medium-sized companies, but with different figures. Trade, having the leading role, is characterized by 6.8 mil. MDL of revenues per firm and 570 thou. MDL per person. As for personnel efficiency, three activity types are above average and very close to each other (about 25 thou. MDL of profit per person): business services, having the leading role, are followed by construction and trade. The biggest figure of profitability, showed by business services, equals 17.2%.

Agriculture, electricity, construction, and hotels are the activity types, characterized by the biggest enterprises (about 4 people per firm) within the micro-enterprises category, in other types of activity average size is 3 people per firm. As regards revenues per firm and revenues per person, the top three activities are the same as in the two previous categories, but their order is different. Construction companies play the leading role as for revenues per firm (586 thou. MDL), followed by transport and trade, while as for revenues per person trade firms still keep their dominance, while construction is moved on the 3rd place. Business services and construction activities are quite close as regards personnel efficiency (about 11 thou. MDL per person); agriculture is on the third place (8 thou. MDL).

Examining different activity types from the point of view of organizational efficiency, we can summarize that:

- *small enterprises* are the most efficient form of organization of the activities in agriculture and forestry because all the indicators show their maximum values. Although, the range of profitability is not very big (difference between categories is about 2.5%);
- *medium-sized enterprises* can better solve problems of losses in electricity, heat, gas, and water supply sector;
- *both medium-sized and small enterprises* can be considered as optimal organizational form for manufacturing industry as long as medium-sized companies have better values in profitability, while small ones are better in personnel efficiency;
- both *medium-sized and small enterprises* can be optimal for construction activities, how-ever small ones give slightly better results of profitability and personnel efficiency;
- same forms, as for previous activity type, can be recommended for trade activities: *medium-sized and small enterprises* present much better evolutions than micro-enterprises;
- there is no doubt that medium-sized enterprises optimally respond to the specific situation within the hotels and restaurants type of activity, at least they present much better assurance of obtaining the profit;
- for transport *medium-sized and small enterprises* can present better solution, however, micro-enterprises are not the worst choice as well;
- for real estate and business services it is the most difficult to point at the best category, however, *small enterprises* can be recommended as the optimal organizational form;
- summarizing, small enterprises represent the most optimal organizational form for economic activities in the SME sector in Moldova irrespective to the type of activity. However, this statement cannot be final as long as medium-sized enterprises have enjoyed business facility specific to the SME sector just since May 2006. At least 4-5 year period of constant economic conditions is needed for the analysis in order to strengthen (or change) the conclusion above.

With respect to the efficiency of economic activity, *real estate, renting and business services have no rivals as for profitability and personnel efficiency within the SME sector*. Construction companies are on the 2nd place, presenting quite good figures of profitability and personnel efficiency. They are followed by wholesale and retail trade companies: profitability of these companies is quite low; they have high personnel efficiency and absolute incomes instead. Manufacturing industry and transport activities are very close to each other and can be considered as good for financial profitability as well.

Companies in agriculture and forestry have quite different situation in order to be presented above together with the other types of activity. In-depth analysis of their situation does not

constitute subject of this paper, however some characteristic features and possible explanations should be pointed out.

Statistical data show that agricultural companies have ended last year on the second place among all the activity types as for profitability, and personnel efficiency at a quite good level as well (although with not very impressive absolute values). At the same time, in 2007 in Moldova a drought occurred, that has been the most severe since 1940s. Damages from the drought have reached 1 bil. USD (Drought in Moldova, 2008). Against this background, high values of agricultural enterprises' activity can be explained by two possible causes: (a) national and foreign aid has been included in certain way (directly or indirectly) among the results of economic activities of the enterprises, (b) recent rise of the prices on agricultural products on the world market, implicitly in Moldova, has reflected on the accounting balance of agricultural enterprises. In any case, this increase does not serve as start point of the new trend, and it is expected that the situation will return to the "normal", i.e. very low profitability level, especially since evidences of a similar trend in anterior evolutions of this sector are absent

References

BAUMOL W. J., (2004), *Entrepreneurial enterprises, large establishments and other components of the freemarket innovation machine,* Small Business Economics 23, p.9–21.

COOKE P. (2002), *Knowledge economies: clusters, learning and cooperative advantage*. London and NY: Routledge.

IANOŞ I., HELLER W. (2006), *Spaţiu, economie şi sisteme de aşezări*, Edit. Tehnică, Bucureşti, (Space, economy, and settlement systems).

JEPPESEN S. (2005), *Enhancing competitiveness and securing equitable development: can small, micro and medium-sized sized enterprises (SMEs) do the trick?* Development in Practice 15(3-4), p. 463-474.

LA ROVERE R.L., HASENCLEVER L., ERBER F. (2004), *Industrial and technology policy for regional development*, Promoting clusters in Brazil, *TMSD* 2(3), p.205-217

LUNDVAL B.A., JOHNSON B. (1994), *The learning economy,* Journal of Industry Studies 1(2), p.23-42.

MOCANU G. (coord.) (2007), *100 cele mai presante probleme ale Republicii Moldova în 2007*, Chisinau, IDIS-Viitorul (100 the most pressing Moldova's problems in 2007).

SÎRODOEV I.G. (2006a), *Procesele de integrare la nivelele superioare ale sistemului de aşezări al Republicii Moldova,* Forum geografic, 1, p.48-53 (Integration processes at superior levels of Moldova's settlement system).

SÎRODOEV I.G. (2006b), *Procesele de fragmentare în sistemul de aşezări al Moldovei,* Buletinul Academiei de Ştiinţe a Moldovei. Ştiinţele vieţii, 2 (299), p.165-171, (Fragmentation processes in Moldova's settlement system).

SIRODOEV I.G. (2007), *Regional development policy in the Republic of Moldova: Reconciling public administration and regional development reform,* in: POP D. (ed.): Challenge of regional development in South-East Europe: Strategies for financing and service delivery. Budapest: FDI, http://lgi.osi.hu/publications_datasheet.php?id=368.

VENKATARAMANAIAH S., PARASHAR S.P. (2007), *Enhancing competitiveness of SMEs through industrial clusters,* The Indian experience, TMSD 6(3), p.227-243.

VIRKKALA S. (2007), *Innovation and networking in peripheral areas – a case study of emergence and change in rural manufacturing,* European Planning Studies, 15(4), p. 511-529.

X X X (2002), *Legea nr. 112-XII/20.05.1994 Cu privire la susţinerea şi protecţia micului business.* MO 69/30.05.2002 (Law on small business support and protection).

X X X (2005), Commission of the European Communities, *Implementing the Community Lisbon Programme: Modern SME Policy for Growth and Employment,* Brussels,

CEC

X X X (2006), *Activitatea micului business în Republica Moldova în anul 2005. Notă informativă.* BNS, http://www.statistica.md (Activity of the small business in Moldova in 2005).

X X X (2006), *Global Economic Prospect: Economic Implications of Remittances and Migration*, Washington, DC, World Bank.

X X X (2006), *Legea nr. 206-XVI/7.07.2006 Privind susținerea sectorului întreprinderilor mici şi mijlocii.* MO 126-130/11.08.2006 (Law on SME sector support).

X X X (2007), *Activitatea întreprinderilor mici şi mijlocii în Republica Moldova în anul 2006. Notă informativă.* BNS, http://www.statistica.md (Activity of the small and medium enterprises in Moldova in 2006).

X X X (2008), *Activitatea întreprinderilor mici şi mijlocii în Republica Moldova în anul 2007. Notă informativă.* BNS, http://www.statistica.md (Activity of the small and medium enterprises in Moldova in 2007).

X X X (2007), *Strategia de susținere a dezvoltării întreprinderilor mici şi mijlocii pentru anii 2006-2008: Raport annual privind implementarea Strategiei în 2006.* Chişinău: MEC, 2007 (Strategy on supporting SMEs development for 2006-2008: Annual report regarding implementation of the Strategy in 2006).

X X X (2008), *Strategia națională de dezvoltare pe anii 2008-2011.* MO 18-20/29.01.2008 (National strategy of development for 2008-2011).

X X X (2008), *Drought in Moldova*, Internet site: http://www.un.md/droughts/index.shtml. Last accessed on July 20th, 2008.

Abbreviations:

ATE – administrative-territorial entity
ATU – administrative-territorial unit
CRD – region of development „Center”
MDL – Moldavian leu
MEC – Minister of Economy and Trade
MO – Monitorul Oficial
NRD – region of development „North”
RD – regional development
SME – small and medium-sized enterprises
SRD – region of development „South”
USD – United States dollar

Journal of Urban and Regional Analysis,
vol. I, 1, 2009, p.85-93

THE REORGANIZATION OF ECONOMIC ACTIVITIES AND THE PERSPECTIVES OF THE ENDOGENOUS DEVELOPMENT IN THE MINING AREAS FROM GORJ COUNTY

Cristian BRAGHINĂ, *Daniel* PEPTENATU, *Cristian* DRAGHICI
University of Bucharest, Romania

Abstract: In the strategies of regional development, an increasing importance is given to identifying the possibilities of endogenous development which, besides the exogenous impulses, contributes to an optimal development of local economies. Gorj County is one of the counties which recorded a major economic decline following the restructuring of economic activities. These counties need interventions at the strategic level, in order to identify the development alternatives, based on the capitalization of local resources. Following the analysis of the relation between the enterprise initiative and development, the way in which it has become fundamental for the development of a geographical space was clearly underlined. The analysis of this determination offers a well documented scientific support to the local and central authorities; this support regards the development of the enterprise initiative in territorial profile and, on this basis, it offers concrete solutions, based on decisional chains, which will have as a result the attenuation of the imbalance within the territorial profile. The endogenous development of the territorial systems may contribute to the sustainability of the cohesion process at local, regional and national levels.

Key Words*: endogenous development, rural changes, territorial dynamics, Gorj*

Introduction

An important component of the rural development strategies is the identification of possibilities to capitalize the resources of the territory. If the innovations and the capitalization good practices are assimilated, they will lead to an optimal development of local economies.

The mining areas from Gorj county that are affected by restructuring nowadays need interventions at strategic level, in order to identify the alternatives of development based on the capitalization of local resources.

An important concern for decision factors is the identification of poles of development able to transmit the innovation and good practices to the territorial systems and those will lead, in time, to shaping new territorial competences. The construction of a polycentric network is indispensable for the process of endogenous development; this type of development is the result of information exchange at the network level. Information is vital within the process of capitalizing local resources.

The endogenous development of the territorial systems affected by the decline of the main activities is due to the development of the culture and enterprise sector. Supporting the enterprise initiative represents an important direction of action within the territorial management,

ensuring an optimal balance of the economic subsystem. Sustaining the enterprise sector may be considered a chain link of the decisional chain, aimed to redirect the evolution of the territorial system. Shaping the intervention at the level of the territorial system with the aim of developing the enterprise sector may be done with help from the decisional chains model, a theoretical model which shows the degree in which a decision has had the expected results. The advantage of this model is that it offers a clear image upon the possibilities of correcting the decisional impulses that have not med the decision factors' expectations. The model of decisional chains helps the decision factors to graduate the intervention depending on the needs of the system.

The decisional chains represent well structured sets of decisions and decisional consequences oriented according to the strategy of territorial management. A suggestive representation method is the decision graph which underlines the initial decisional impulses (IDI), the forecasted and un-forecasted decisional consequences (DC), as well as the order in which they operate.

The initial decisional impulse or impulses represent the starting point in the process of territorial management, their initiation being preceded by an analysis at nano-structural level which identifies the variable components of the system.

The forecasted decisional components are the expected finalities and they must be situated within a set of optimal alternatives. A wrong decisional impulse may lead to un-forecasted evolutions (CDN) which force new decisional impulses (ID_n). An optimal decisional chain is when the IDI-CDP cycle is the shortest possible .

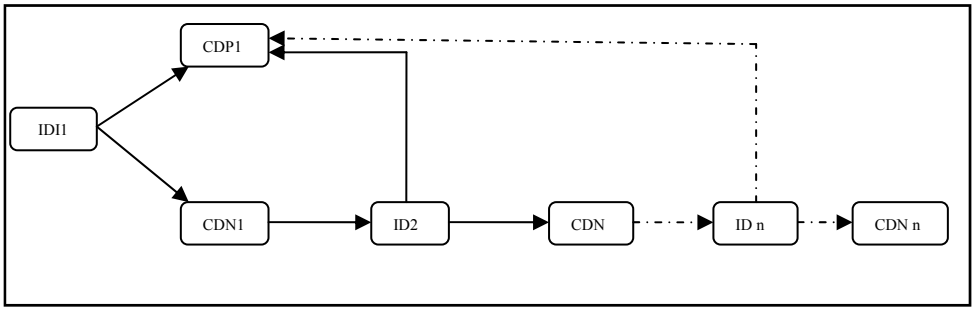

Fig.1.- **The decisional chain structure**

Following the analysis of the relation between the enterprise initiative and development, the way how the enterprise sector becomes fundamental for the development of a geographical area was clearly highlighted. The analysis of this determination offers local and central authorities a well documented scientific support regarding the development of the enterprise initiative in territorial profile and, therefore, it offers concrete solutions, based on decisional chains, which will lead to the attenuation of the territorial disparities. At the same time, a clear image of the territorial components which need support in order to sustain development is provided as well.

The development of the mining activities in Gorj County

Gorj County holds over 70% of the inferior coal stocks in Romania, most of the coal deposits being situated in a coal pit and easily to exploit (the average thickness of the gangue layers is

of 3-4 metres, and the coal layers are at a slope of less than 5-10%).

The exploitation of brown/ wood/ earth coal began in 1995 in the Rovinari Basin, for the first time in our country by the "ground level" exploitation method, with the opening of the the experimental pit Balta Unchiaşului. The favourable results obtained, as well as the important volume of pit workable deposits from the Rovinari Basin, opened new perspectives for the development of the brown coal production in this basin, using the "ground level" exploitation method. In parallel with the activity from the Rovinari Basin, the activity of capitalizing the brown coal deposits from Oltenia also began in the Motru Basin, the second biggest basin of the country, situated in the western sector of the region. The geological researches identified new brown coal deposits in this region, and, therefore, the activity of extracting in pits began in both Motru and Jilt Basins in 1976.

Along the time new mines and pits were opened and used, and today over 95% of the surface with industrials deposits is being exploited (quarried). Also, in the same period some production capacities ceased to function, as the deposits were extracted entirely, and the ground surfaces which had been used were released from technological charges totally. The exploiting method is organised in three main coal basins: Motru, Jilț and Rovinari (Fig.2).

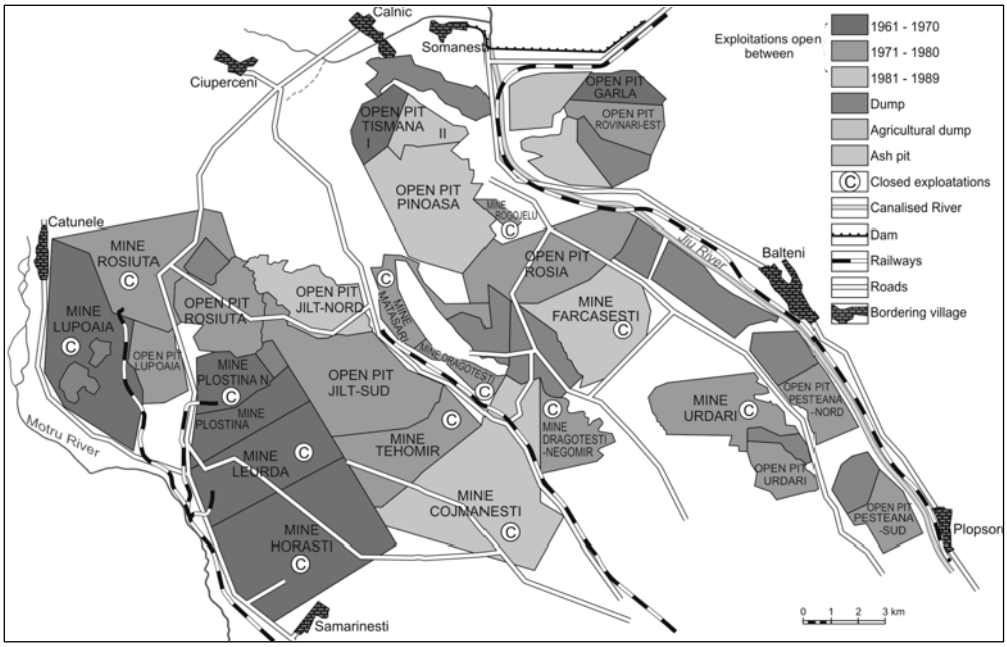

Fig. 2 - **Mines and open pits in Gorj county**

The economic crisis from the period starting after 1990, together with the deficient management of the financial and human resources, to which the request for energy from the internal market was added, led to the constant decrease of the coal quantity extracted from the coal basins, from 37,013,000 tons in 1989 to 19,000,000 tons of brown coal in 1998, and then it increased to 29,000,000 tons in 2007.

Taking into account the fact that the brown coal production from Gorj County contributes to the about 35% of the yearly production of electric energy and 80% of the energy based on coal is produced here, the important role that Gorj still has at national level can be easily noticed, even after restructuring.

The restructuring of the mining activity led to the emergence of a deficit of jobs and to shaping some major social imbalances. The diminuation of these imbalances may be done based on identifying the development alternatives based on the capitalization of local resources .

The territorial impact of the restructuring of the mining activities upon the local economies

The local importance of restructuring the mining activity is first given by the multitude of the exploitation points, which are situated near some rural and urban localities, and which have represented, for a long period of time, the only activity offering well paid jobs. Restructuring also meant the conservation of some mines, inclusively their closing. This fact influenced negatively the dependent territorial systems. This direct influence reflects upon the level of the income of the natives, who had been specialised in mining, and upon the possibility of rural use of the surplus of work power.

The very limited capacity of agriculture and of new small and medium length enterprises to use in the perspective the local work force lead to the search of new ways of sustaining the alternatives of socio-economic development of the localities included in this area.

The reduction of the mining activity has a distinct impact upon the towns with this function, as both in the case of Motru, as well as Rovinari, most of the population was attracted from other localities, usually situated at large distances. Therefore, sending the respective people in the agriculture field is almost impossible (the field crisis is much accented), and the only alternative remainsto develop the services and the small productive enterprises.

At regional level, the impact is also strong, as not only the localities situated within 3,000 square kilometres from the mining exploitations are directly or indirectly affected, but also the side areas, which have provided work force for the respective activities, and where big thermo-electric plants were installed. In this latter situation are the localities Turceni, Craiova, Rovinari, Govora, Halânga, where the power stations function much under their installed capacity, due to the dramatic decrease of the electricity use at national level and due to starting the nuclear power plant from Cernavoda, which became an important competitor.

The work force within the industrial units counted in 1991, over 40,000 people, which represented 62% of the total number of employees in the total of the industrial units in the region. The economic restructuring after 1989 led to a decrease of the employees' number in the region of approximately 22,000 people on the whole, and of over 16,000 for the industrial sector. The economic changes appeared after 1991 led to major changes in the total number of employees; for the entire region, there was a 18% decrease, but for the rural area the decrease was 32%, whereas in the urban area the decrease it was only 3%. This higher decrease from the rural area is explained by the almost total disappearance of employees from agriculture, as a result of the dispatch of agricultural cooperatives and of the mechanisation units.

The changes among the employees from the extracting industry represented 73% of the

number of the employees in the industry field, the biggest weights being at Mătăsari, Fărcăşeşti, Drăgoteşti, Bâlteni. The presence of the two power plants of great power, Turceni and Rovinari, led to high weights of the employees from the branch of the electric and thermic energy industry for these localities, 91% and respectively 31%. This way, the number of employees from the extracting industry decreased in the interval 1991-2005 in the entire region for all the localities situated in the mining areas (Fig.3).

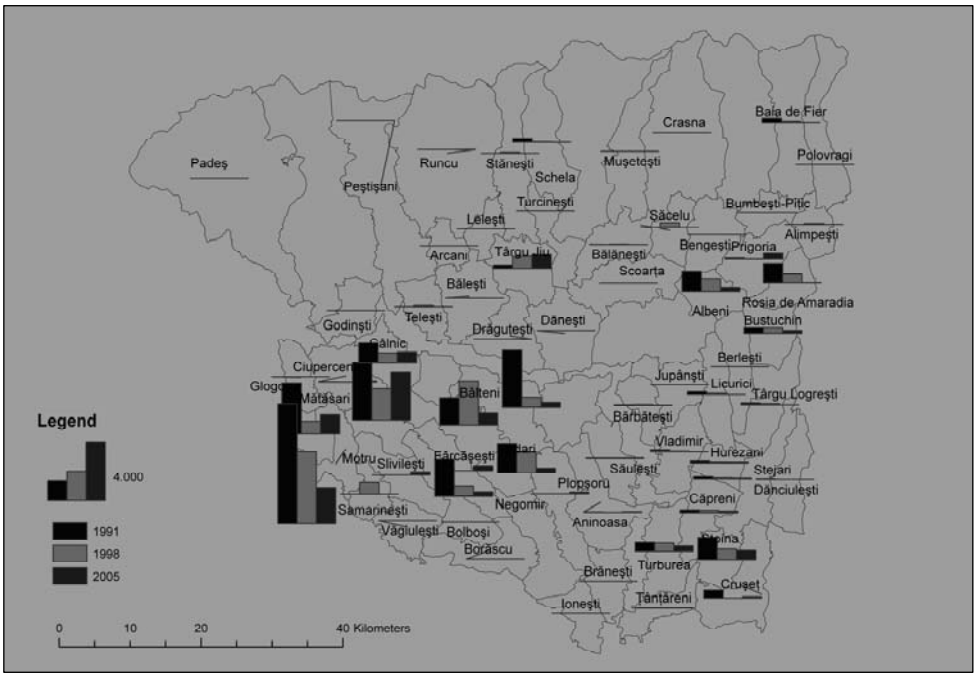

Fig. 3 - **The evolution of the number of employees from the extracting industry**

The changes among employees from the extracting industry are also reflected by the evolution of the unemployment rate in the entire county. Thus, the unemployment rate for Gorj County was 5.7% in 2007, a little higher than the average of the South-West Region (5.5%) and the national average (5,1%). In the period 2005-2007, the un-employment rate decreased under 6%, getting close to the national average, but there were important distinctions between the urban area (4.4%) and the rural area, where the value was 7.4%.

The territorial distribution at the county level shows important differences between the rural areas from the eastern and southern part of the county and the central-northern area and from the immediate neighbourhood of the town Târgu-Jiu. Thus, the highest values are recorded in Pades and in the neighbourhood of the coal basins Motru-Rovinari. The unemployment rate also records very high values, over the regional and national average, at the level of the young and feminine population.

There are two important periods in the analysis of the unemployment rate evolution, compared to the national trend for the interval 1990-2007 in Gorj County: the first is before 1997, when the recorded value was below the national average (fluctuated between 2-4 %), and the second

after 1997, when, once the restructuring of the mining sector took place, the unemployment rate increased overthe national average, a situation which is found today as well.

The development of the agricultural activities represents an important alternative, but there are numerous restrictions, represented by the degradation of soils as a result of mining and of the delay of the rehabilitation of the soils released from technological charges. The development of some agricultural farms in the areas that were agriculturally rehabilitated may be the objective of some economic strategies at European level.

Curently, two kinds of agricultural activities are used in the area: a primary activity, represented by vegetal and animal production, and a secondary activity, represented by the industrial processing of some part of this production. The development of mining in this region reduced the agricultural surfaces very much in the past, but when the decline of the mining activities came in place, some of these surfaces were given back to agriculture. In time, the surfaces which had been given back to agriculture proved to be less efficient, having a very low productivity, due to the poor soil and, even more, they were exhausted and affected by erosion. In addition, the reduced financial possibilities of the rural area homesteaders who do not allow mechanisation, and the reduced degree of fertility, elements which impose the use of subsistence agriculture, in most part of the region.

The width of the economic activities and their type represent an element which usually correlates with the degree of population of a territory. Along the time, the main traditional economic activities were agriculture and local forestry, which harmonised with the ecological potential, but in the last four decades there were registered extremely violent mutations, caused especially by mining activities. Once this sector developed (in the year 1960 the coal exploitations intensified, initially in the Rovinari area), about a quarter of the surface was directly affected by the coal exploitations, and almost 80% indirectly.

From the beginning of the mining activities since the end of 2006, in the coal basin Motru-Jilț-Rovinari over 12.500 hectares of land were withdrawn from the economic circuit, for different specific activities, from which 10.457 hectares were agricultural areas, and 199 hectares were forest areas (Fig. 4).

The loss of identity by rural settlements can be appreciated also by the number of private homesteaders which were expropriated, as a result of the works of scraping and the adjacent hydro-technical works. Therefore, for the Rovinari basin 2,224 homesteads were laid out, in the Jilț basin, 752, and in the Motru basin, 752 homesteads. The volume of these interventions, to which the sacred value of the cemeteries (917) and the cultural and spiritual value of the destroyed churches (15) must be added, gives the real dimension of the unselective pressure in opposition with some immediate benefits.

The establishment (exploitation) of some pits and disaffected mines for tourism represents another important strategic direction, which, besides the graphic modeling or the landscape reconstruction of displaced habitats, could form an economic activity providing income.

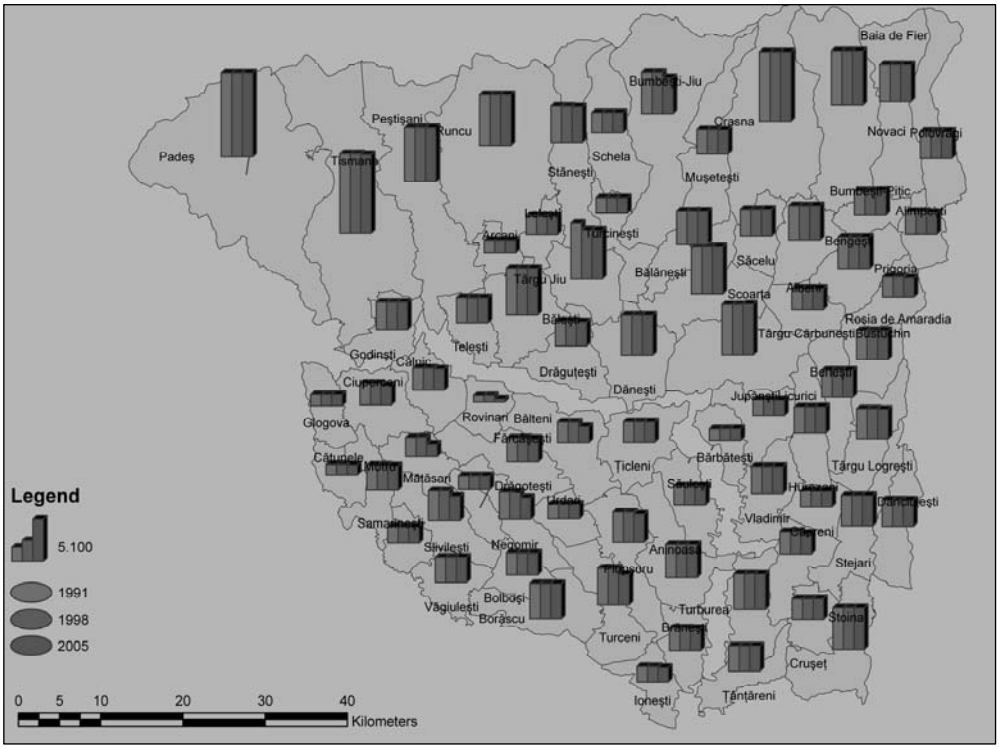

Fig.4 - **The evolution of the agricultural surface**

Conclusions

In revitalising the economic activities from the analysed area, a decisive role could be hold by the elaboration of some studies regarding the viability of the establishment of some small and medium size enterprises, insignificant today, specialised in activities which are connected or complementary to the activity of mining. These could be specialised in specific activities of environment restoration or of capitalisation of some local resources. Therefore, among the possible directions of developing small and medium size enterprises, the following can be identified:

- the recuperation and return to the productive circuit of the lands taken out from the exploitation circuit, as a result of the exhaustion of the brown coal resources;
- the use of waters resulted from the processes of drainage of some mining perimeters, in local networks of irrigation, washing stations or even water alimentation/ supplying;
- the fertilization of lands/ soils by using the coal dust;
- the use of quartz sands situated at the top of brown coal deposits of Huşnicioara pit;
- providing for the population preliminarily sorted coal, in containers or in packages;
- starting some industrial or handwork activities within some mining areas where the activity was closed (different activities can be organized here, such as obtaining some protection equipments or materials of construction, using the raw material from scrapings, obtaining some materials for the mining activity in the area - ventilation pipes, wire nets, beams, etc, the recuperation of materials - metals, old band carpets, setting

up fungi farms in some underground galleries; organising activities in order to reduce pollution (dust, gas emissions, noise, wastewaters etc);
- the elaboration by authorities of some projects of touristic facilities of the mining exploitations.

The revitalisation of economic activities can be viable if the territorial management strategies take into account the construction (building) of some polycentric networks of settlements, as the local poles of development and the centres of growth have a special role in the capitalization of local resources. In order to attract investments within the secondary poles of growth, the following courses of actions are proposed:

The endogenous development of restructured mining areas can be possible if the decision factors elaborate viable strategies of territorial development, which, by the infusion of innovation and good practices, will contribute efficiently to the capitalization of local resources.

Bibliography

BRAGHINĂ C. (2000*), Dealurile piemontane dintre Valea Motrului şi Valea Gilortului. Studiu de geografie umană, cu privire specială asupra organizării teritoriului*, Edit.Tehnică, Bucureşti.

BRAGHINĂ C. PEPTENATU D., DRĂGHICI C. (2008), *The role of polycentric development in the management of severely disadvantaged areas,* în Revista Geographica Timisiensis, Timişoara.

CLAVAL P. (1993), *Initiation al la geographie regionale*, Paris, Nathan.

COOKE P., MORGAN K. (2000), *The associational economy: firms, regiona and innovation*, Oxford University Press, New York.

DAUPHINE A. (1999), *Une theorie des disparites geographiques*, RERU, 5.

DE FIGUEIREDO E.V.S. (1998), *La methote statistique dans la definition de regions heterogenes dans des espaces geographiques*, RERU, 4.

IACOB Gh., IANOŞ I. (1980), *Zona carboniferă Motru-Jiu (Rovinari), considerații economico-geografice,* Terra, 4, p.19-22.

IANOŞ I. (1998), *The influence of economic and regional policies on migration in Romania*, Romania: Migration, Socio-economic Transformation and Perspectives of Regional Development (ed. Wilfried Heller), Sudosteuropa-Studien 62, p.55-76.

IANOŞ I. (1997), *Individualizarea* şi *analiza disparitatilor intraregionale. Aplicatie la judetul Alba*, Comunicari de geografie, II.

IANOŞ I. (2000), *Sistemele teritoriale*, Editură Tehnică, Bucureşti.

IANOŞ I., (1987), *Some elements of settlement systems analysis*, Revue Roumanie de Geologie, Geophysique, Geographie, Geographie, tome 31.

IANOŞ I., (1997), *Industria, element şi factor de presiune în organizarea spațiului*, AUV, Geografie, vol. VII, Timişoara.

IANOŞ I., (2000), *Potentialul economic al teritoriului şi dezvoltarea sectorului antreprenorial în Romania*, Terra, 2.

IANOŞ I., HUMEAU Jean-Baptiste (2000), *Teoria sistemelor de asezari*, Editura Tehnică, Bucureşti.

JULA D., JULA Nicoleta (1998), *Dinamica dezechilibrelor în dezvoltarea regională*, Oeconomica, 3-4.

LALATKA R., BISHOP J. (2000), *Rolul incubatoarelor de afaceri în dezvoltarea economică. O primă evaluare efectuată în țările în curs de dezvoltare şi în țările cu economie în tranziție*, EdituraAll Beck, Bucureşti.

LUCEY T. (2001), *Tehnici cantitative*, Editura Tehnică, Bucureşti.

MATEI Lucica (1999), *Managementul dezvoltării locale*, Editura Economică, Bucureşti;

MERENNE-SCHOUMAKER Bernadette (1994), *Les disparitites et les dynamiques territoriales. Introduction methodologique*, BSG, Liege, 30.

PEPTENATU D., DRĂGHICI C., PINTILII R.*(2006), Considerations theoretiques regardant le management teritorial fonde sur la theorie des poles de croissance, Lucrările Seminarului International de Gestiune a Oraşelor, M'Sila, Editura M'Sila, Algeria.*

PEPTENATU D., TĂLÂNGĂ C., PINTILII R. (2008), *Rolul sectorului antreprenorial în tratamentul ariilor profund dezavantajate,* in Comunicări de geografie, Editura Universității din Bucureşti, p.355.

TĂLÂNGĂ C., PEPTENATU D., STOICA ILINCA-VALENTINA (2008), *Functional structure of severely disadvantaged areas in Gorj County* in Geographica Timisiensis, Timişoara.

BOOK REVIEWS

Geografie normativă (Normative Geography), IOAN MAC, Presa Universitara Clujeana, Cluj-Napoca (2008). 413 pp. ISBN 978-973-610-791-7

The book „Normative Geography" focuses around the idea that the vocation of Geography is to fit the contemporary society's needs. This research field transcends the empirical observations and projects an ever-changing world, with new requirements, new dimensions, but also with frequent incertitude and continuous search. New norms and regulations have to be discovered and then applied in order to guide contemporary Geography and people's and society's concrete actions.

Structured in 12 chapters, the book defines the concept of normative Geography and directs the attention to the social utility of Geography. Chapter 3 is focused on Imagistic Geography, underlining that maps remain the basic imagistic constructions. This implies all the necessary procedures for describing the reality. With the help from methods, procedures and techniques used for analyzing reality, knowledge could also asume the task to project it under various configurations, fitting in this way the society's practical and future needs

In a very complex approach, the author remarks some issues of territorial analysis and development. The fundamental dimensions of a territorial analysis should be historical, social, cultural, spatial, regional and geostructural. Other topics are included, as places as territorial systems, region and types of regions, territorial relations. A special attention is given to the economic and spatial reseizing in the new geopolitical context. The most important vectors of a territorial projection are economic, geopolitic, organisational and social. As a consequence, aspects as territorial capitalisation, juridical, cadastral, planning or territorial arrangement issues were approached.

One of the most original chapter is the 11-th one - Geolegity and Geojurisdiction. Following the author's logics, the laws are considered as mental essentialisations of the behavior of geographic facts. Laws express the general, essential, necessary, relatively stable and repetitive rapports existing intra- or inter-objects or between different temporal stages of a certain object. The natural and specific human nature benefits from an individualised legislation. The normative geography represents more that its direct cognitive function; it contributes to the solid phrasing of principles and laws, and more than that, it interprets and orients the applicability of these principles. The following aspects are underlined: the fundamental ecological laws, the dialectic development laws, the Geography's general and specific laws, the main geographic principles.

In order to face human interventions in nature, with negative effects in most of the cases, the nature preserving legislation be came a vital necessity. The protectionist legislation is now extremely important and large, stipulating the elements and areas to be protected at different levels (local, regional, international).

The geographical dynamics is in fact Geography itself, because in the same world or reality, we discover new facets or images, new states or situations. The need for prediction stirs interrogations about change in general. In order to understand change, monitoring systems and techniques were developed.

The geographic management and its functions are also presented: planning, organising (institutional and operative), command (through which the objective is turned into action), coordination (through adjustments, connections and common efforts), and control (the action is supervised and directed according to the established conditions and orders).

Certainly, this book represents a novelty in the landscape of geographical literature, but the main ideas, are frequently hidden in the behind of well-known geographical concepts and constructions. At the same time, it is difficult for the reader to follow these ideas among many redundant ones. Despite of these remarks, the book is an attractive one, and orients the reader to more reflection on the „normative geography".

IOAN IANOȘ
CICADIT, University of Bucharest, Bucharest, Romania

Rolul activităților industriale în dezvoltarea aşezărilor din spațiul metropolitan al Bucureştilor (The role of industrial activities in the development of the settlements in the metropolitan area of Bucharest), ANDREEA-LORETA CEPOIU, University Publishing House, Bucharest (2009). 290 pp. ISBN 978-973-749-562-4.

The paper, structured in eleven chapters, is focused on analyzing the impact of industrial activities on the metropolitan area of Bucharest.

The author presents first an overview of the concepts of metropolisation and metro-politan area, which then are applied to the study area. Its delineation is based on the idea of flow space, the metropolitan area representing the intersection of several categories of flows, with a tendency of amplification and diversification with the development of the capital during the twentieth century.

The first part of the paper is devoted to the diagnosis of the metropolitan area within which the author stops on several crucial elements absolutely necessary for the proper assessment of the levels of development, but also for the estimation of the potential of this area.

The impact of industrial activities on the settlements in metropolitan area is analyzed in terms of its effects on the physiognomy and morphology of settlements, having also in view the industrial production system. The author believes that mono - specialisation or ordinary industrial specialisation that characterises much of the components of the Bucharest metropolitan area translates into a barrier to the diverse increase of competitiveness and functionality of an area to maximum parameters, giving a solution to this dysfunction by stimulating the internal environment of the industrial units but also by providing facilities.

At the end of the paper, the author highlights the role of industry activities in shaping the metropolitan area of Bucharest. In this regard the discussion is about the restructuring directions, the orientation of industrial investment as a tool to optimize the relationship between the metropolis and the adjacent area and as a source of progress and diffusion of information technology. It is also emphasised the need for the development, in this area, of a knowledge, skilled labor and entrepreneurial culture based industry. The major problem, in the view of the author, is the lack of a coherent vision of the future development of the metropolitan area of Bucharest.

The present study, aiming at least to discuss elements in the specialised Romanian literature, has a diverse range of audience, from specialists focused on fundamental research in territorial development to decision makers located on different administrative levels.

DANIELA ZAMFIR
CICADIT, University of Bucharest, Bucharest, Romania

Metode și tehnici de evaluare a calității mediului în aria metropolitană a municipiului București (Methods and techniques for assessing environmental quality in the metropolitan area of Bucharest), IOAN-CRISTIAN IOJĂ, University Publishing House, Bucharest (2008). 232 pp.
ISBN 978-973-737-485-1.

The metropolitan area of Bucharest, delineated based on the capital development projects and existing or potential functional relationships, faces a difficult transition to an ideal metropolis on short and medium term. The author identifies first the complications caused by the current development conditions that involve increased amounts of waste compared to the low rate of recovery, the still insignificant integration of environmental issues in planning strategies, the poor concern for consumer pressure reduction and territorial transfer of dysfunctions.

The quality of the environment in the metropolitan area of Bucharest is influenced by several favorable and restrictive factors. If lithology, the significant debris flows during the periods of maximum flow, seismic risks, certain climatic and hydrological parameters are restrictive elements in various arrangements for improving environmental quality, the presence of rock construction or oil deposits, topography, soils and vegetation contribute favourably to environmental conservation.

The sources of environmental degradation are diverse and originate mainly in the industrial activities conducted in Bucharest and the agricultural activities that characterise the settlements within the metropolitan area demarcated. To these mobile sources are added: the means of transport, together with the household ones, if we consider that residential areas are large producers of waste.

The author examines in detail the methods, means and techniques for assessing the quality of the environment and calculates a large number of sectoral and quality indicators. These indicators are accompanied by survey research, statistical surveys, econometric methods and satellite images and aerial photogramms analysis. Analysis of environmental quality models take into account social, economic, political or environmental information, and two types of scenarios are identified: a) the pessimistic scenario corresponds to a continuing and increasingly intense pollution and, finally, difficulties in the functioning of the metropolitan area of Bucharest; b) the optimistic scenario considers environmental issues at the operational actions and measures level.

The role of development projects in the environmental quality state at the level of Bucharest's metropolitan area is especially evident in the case of the green-yellow belt of the capital, of expansion and modernisation of water and sewerage networks works water and of transport infrastructure development.

The original study, a reference guideline for specialists from various fields and other interested people, underlines the need to improve the access to quality water re-sources, given that industry and irrigated agricultural land are moving towards this direction, but also to address a number of phenomena such as pressure on space and re-sources, clarifying the legal status of land or maintaining green areas in the localities.

ANDREEA-LORETA CEPOIU
CICADIT, University of Bucharest, Bucharest, Romania

Oraşele monoindustriale din România între industrializare forţată şi declin economic (The mono-industrial cities in Romania. Between forced industrialization and economic decline), Bianca DUMITRESCU, University Publisher House, Bucharest (2008). 301 pp. ISBN 978-973-749-388-0

Bianca Dumitrescu manages, through the work "The mono-industrial cities in Romania. Between forced industrialization and economic decline", to summarize a number of issues approached until present only in specific points and by time perspective.

Structured in seven chapters, the paper published after the work on the doctoral thesis entitled "Geographical study of the mono-industrial cities in Romania," draws the attention of a large number of researchers and interested people from different fields on the situation of industrial cities, in general. Following the logic already dedicated from the specialised Romanian literature, the first chapter informs the reader about the key concepts and indicators used in the study. Also, we noticed that the first chapter presents a rich source of statistical data, processed and interpreted in detail, often with a slight tinge of monotony. The detailed explanations in the text are exemplified in suggestive maps and graphs, easing the reader's reception of information. The presentation of mono-industrial cities at national level is made in Chapters II - V beyond the field of economic geography and demonstrating the interdisciplinary of the study.

The author sheds light on the physical and socio-economic conditions, the evolution of mono-industrial cities, presents in detail their demographic situation and economic base and also the environmental effects. Case studies, different as we expected, are chosen from outside the country and are the main industrial areas of Europe: Manchester, Ruhr Lorena, Silesia. Finally, the last chapter is dedicated to the considerations related to the development perspective and proposals for revitalizing these cities.

Merging the geographical concepts and theories interpretations with the concrete situation in the Romanian space maintains as a dominant throughout the work. The numerous examples and quotations from the Romanian and foreign literature show a good documentary on the subject, as it can be seen from the rich reference list.

The work has significant value in the specialised literature, as a reference study for interested persons from different fields.

DANIELA-RODICA STOIAN
CICADIT – University of Bucharest
Bucharest, Romania

Relaţiile urban-rural în Moldova în perioada contemporană (The urban-rural relations in Moldova in the contemporary period)**,** Marinela ISTRATE, "Alexandru Ioan Cuza" University Publishing House, Iasi (2008). 351 pp. ISBN 978-973-703-283-6.

"The urban-rural relations in Moldova in the contemporary period" is a work that stands out in the specialised geographical literature through originality and the modern way by which explores this interaction. In seven chapters, covering over 300 pages, the author presents fundamental theoretical issues, a history of geographical research and an analysis on the settlements in Moldova from socio-economic perspective.

In order to delimit areas of urban influence the author applies theoretical models that highlight the role of distances and the restrictiveness of physical geographical conditions in shaping the network of urban settlements in Moldova. The researches

conducted show clear difference in the development of settlements located in the west of the province, the latter being more developed and with a higher degree of urbanization compared to those in the eastern part, less developed and more rural. The exception is the city of Iasi, the capital of the province, which has shown a type of urban development focused on mono-centrism.

Next, the demographic relations between cities and rural settlements in Moldova are treated in detail, the emphasis being on territorial mobility of population. Therein were analysed both the permanent migration and the temporary one, especially commuting. On the other hand the socio-professional mobility was analyzed with particular emphasis on job and instructional mobility, social status and changes in social and class structure. Other types of relations analysed were the economic ones, including the professional structure of urban and rural population, urban agro-food consumption, rural agriculture, industrial polarisation, commercial polarisation and the power of attraction exerted by financial institutions and services, banking or other. The administrative, educational, cultural and health relations between cities and rural areas were also detailed within the presentation of the relationships types in terms of the dependence of rural settlements on cities.

An important chapter is dedicated to the delineation of zones of influence of the cities in Moldova and their detailed analysis, from their size and shape to the detailed study of the demographic component. Also in this chapter, a hierarchy of polarising centers of Moldova is made, proposing 6 categories of centers starting with rank I, with the highest power to the rank VI, where the degree of polarization is zero. Also very useful is the classification of rural settlements in Moldova by the dependency on a particular urban center.

The last chapter of the book, titled “The perception of urban space and awareness of belonging to a city”, presents certain aspects of urban image and the sense of belonging to a city, based on a thorough field investigation. This investigation was based on a significant number of surveys applied on population samples.

The book as a whole proves to be very useful to those who are interested in studying everyday phenomena and relationships between rural settlements and polarising centers from a given geographical entity, in this case, the historical province of Moldova. At the same time it is addressed also to those wishing to undertake similar studies on areas of urban influence, considered as support area for polarising centers from different territorial levels.

RADU-DANIEL PINTILII
CICADIT, University of Bucharest
Bucharest, Romania

Studiul geografic al disparităţilor teritoriale din Banatul românesc
(Geographical study of the territorial disparities in Romanian Banat), Cătălina Ancuţa, Mirton Publishing House, Timisoara (2008). 280 pp, with CD, ISBN 978-973-52-0409-9.

A particularly interesting scientific topic in an area at least as interesting, considering the geographical particularities of Banat province. This is the first general impression reading the title. An old proverb tells us, however, of not judging a book by its cover, or title. It will not be the case for this, as in this review we try to focus on substance rather than form.

In our opinion, Mrs. Ancuţa manages to clearly use in this study concepts such as: space, territory, disparities, territorial disparities, welfare geography. The strong hold of these concepts is reflected in the high quality of the final product, which is the

work as a whole. Well anchored in academic concepts, the book manages to fall from the sacred pedestal of theory, descending in the "profane" of practice, tangible, usable. This very successful combination between theoretical / academic and practical brings in the author's opinion a high value which better inserts the geographer and Geography in society.

The "cliché" elements of a review would start with the structure, complexity of the chapters, listing major chapters of the work, but we will try to get more focus on the content. In terms of form, we note the monochromatic charts preventing the clear identification of gaps in development between the territorial-administrative units. The author has attached a CD containing the color maps, but this measure is just a compromise. Obviously the solution to which the author has resorted is related to the financial effort that would have meant editing the book with color images. In the same field of the form, it may be mentioned "Fig. 78. The delineation of favored and disadvantaged areas". In the middle of disadvantaged areas islands of administrative-territorial units with a high development index appear, the author separating them from the rest of the disadvantaged area. As for favored areas were introduced administrative territorial units (ATU), which had a lower level of the respective index to provide compactness to the area. For consistency, we consider that the more developed ATU in the disadvantaged areas would have to be included here.

The paper is written in a clear style, the ideas are easy to follow, well structured and logical. The author proves, through the reference used, a good understanding of how different authors have used the basic concepts in the study of territorial disparities. The work of Ms. Ancuța managed to apply a methodology commonly used after 1997 in Romania and to discover the scientific and practical results of its application. A first performance, in our opinion, is the use of a cleverly developed methodology (based on 10 indices related to economic status, socio-demographic situation and standard of living aggregated in a development index). The second important achievement is the quantifycation and individualisation of diparities, in the studied area.

In conclusion, we believe that what Ms. Ancuța's note on page 43 - "for a long time the disparities were described, not measured" - expresses, in simple words, a concentrated idea on the transformation of Geography in the recent decades. Hoping that this work will not pass unnoticed in the literature focused on territorial dynamics, we would recommend to the author its publication in an international language.

ANDREI SCHVAB
CICADIT, University of Bucharest
Bucharest, Romania

Organizarea spațiului rural în bazinul Putna (Organization of rural space in the Putna basin), ALEXANDRA TĂTARU, Transversal Publishing House, Bucharest (2008). 385 pp. ISBN 978-606-8042-01-5.

The work is conducted on a base of a detailed analysis, structured in 11 chapers which deal with the organisation in time and space of natural and anthropogenic components in Putna basin. The fundamental idea starts from the consideration that an area the more well known, more easily can be identified the dysfunctions faced and the strengths that enable further development.

The study begins by addressing theoretical and methodological considerations, as well as the geographical individuality of the area examined. In the following chapters the main

features of the rural space of Putna basin are highlighted, from the natural features and how they have conditioned the emegence and development of settlements to the structure of the agricultural area. The study continues with the population dynamics and structure, the detailed analysis of the organization of the network of settlements and of the physical and social infrastructure. Special attention is given to some particular space subtypes, such as agriculture, forestry and the spaces with touristic value; their characteristics are outlined in detail.

In the last chapter the author deals with sustainable rural development and environmental protection that represent the main targets of the territory organization and planning in general. The diagnosis of rural space is carried out therein through the SWOT analysis, which allows highlighting the main lines of action that could form the basis for rural development. Within the methodology used, the particular focus on information from historical documents is noted, allowing the reconstruction of rural space development.

We note the tenacity of the author in the research of the material found in historical archives, the objective analysis of statistical data and the correlations made between the various factors which left their mark on the organisation of space.

The assessment of public perception on quality of life was focused on the development and implementation of an appreciable number of questionnaires. The expression style is concise and objective summary demonstrating the author's summarising capacity and the cartographic and photographic illustration is complex, facilitating the viewing and explicit understanding of the ideas set out in the paper.

The study conducted stands out through the practical-applicative value and could form a basis for local authorities in the process of territorial organising and planning and for a full integration into the European policies of territorial cohesion.

ILINCA VALENTINA STOICA
CICADIT, University of Bucharest,
Bucharest, Romania

Aims and scopes

Analysis of the urban and regional condition needs to be interdisciplinary. In reality, urban researchers usually tend to belong to a discipline reflecting their training whether as sociologists, geographers, planners or any number of subjects concerned with the study of space and place. Our training very often endorses an appreciation of how other disciplines explore the city. For the journal the acknowledgement of the many disciplines that concerned with understanding cities and regions will be indicated by the different disciplinary backgrounds reflected in the papers published. Articles will be published by geographers, sociologists, planners, economists, political scientists, to mention just few of the disciplines involved in urban and regional study.

The Journal of Urban and Regional Analysis plans to be a key outlet publishing topical articles dealing with cities and regions. In later issues we plan to include sections devoted to notes and comments as well as a policy section outlining and discussing state and non-state initiatives aimed at improving cities and regions, together with the problems confronted by their implementation.

Instructions to Authors

1. The Journal of Urban and Regional Analysis seeks to redefine and revigorate the links between geography, sociology, planning, economy, political science. It aims to publish original academic research, critical studies and discussions of the highest scholar standard in the field of urban and regional development. Submitted papers will be evaluated on the basis of their creativity, academic quality and contributions to advancing understanding of the complex problems related to urban and regional development.

2. Submitted manuscripts must be original, unpublished contributions. They must not be submitted or accepted by any other publications. Authors submitting a manuscript understand that if it is accepted for publication, the copyright of the article will be assigned to Journal of Urban and Regional Analysis. The Journal will supply online access to the article to the author(s) free of charge. The Editors' decision is final.

3. One electronic copy of the manuscript (sent by email in PDF format) should be submitted to either of the two Editors listed below.

Ioan IANOŞ
University of Bucharest - Interdisciplinary Centre for Advanced Researches on Territorial Dynamics, 030018, Bucharest, Romania 4-12, Regina Elisabeta Blv.
E-mail: ianos50@yahoo.com

Ronan PADDISON
University of Glasgow - Department of Geographical and Earth Sciences East Quadragle
University Avenue, Glasgow G12 8QQ UK
E-mail: Ronan.Paddison @ges.gla.ac.uk

4. Layout: Manuscripts should be written in English and contain no more than 8000 words. Page setup: A4 size, 3 cm. all margins; title: Arial Bold, 12 pts, all caps, centered.; 2 empty rows (same font); name of authors using Arial, 10 pts.: first name *italic*, last name upper-case, centered. Affiliation follows below, centered; 2 empty rows (same font). The abstract: start with the word "Abstract", followed by the text, not to exceed 150 words. Use Arial, 8 pts., justified alignment, indent 2 cm. left and right; 1 empty row, same font. Three or four keywords should start after the word "keywords", written using Arial, 8 pts., justified alignment, indent 2 cm. to the left. Keywords should be written using Arial Italic, 8 pts.; 2 empty rows, same font. The text uses Arial, 9 pts., Justify alignment. Headings use Arial Bold, 9 pts., centered. Research articles should use the following headings: Introduction, Materials and Methods, Results and Discussion, Conclusions, References. The text of tables uses Arial, 9 pts. Captions and tiles of tables are centered and use Arial Bold, 9 pts. Tables and figures should be centered and numbered consecutively throughout the manuscript and referred in the text using Arab numbering. Captions should use the word table/figure with *italic* characters followed by the title with bold font. Citations in the text should use the Harvard System of short references, for example, (Geyer, 2002) followed by a, b,... when two or more references to works by one author are given for the same year, e.g. (Geyer, 2002a, 2002b). Page numbers should be indicated for quotations. At the end of the article, a full listing of references in alphabetical order should be provided in the following style; use Arial, 8 pts, hang at 1cm:

BRUYELLE P. (1972), Le role des petites villes en milieu urbaine: l'exemple de la region du Nord, Bulletin de l'Association des Geographes Francaises, no 400-401.

GIDDENS A. (1990), The Consequences of Modernity, Cambridge, Polity Press.

MARSHAL R. (1995), The global job crisis, Foreign Policy, No.100, p. 50-68.

*** (1938-1941), General Romanian Population and Settlements Census on December the 29th 1930, I-X, ICS, Bucharest.

Images should be submitted in their final form, both as good quality hard copy and electronically.

Authors not proficient in English should have their manuscripts checked before submission by a competent English speaker. To edit your manuscript, use the template available at www.jurareview.ro.

5. Paper submissions must be printed on one side of A4 or US Letter-sized paper, double spaced (including footnotes and references) with a 1.5 inches margin and numbered pages. Submissions will not be normally returned to authors. Avoid excessive use of footnotes. Tables and figures should be attached on separate pages at the end of the manuscript and their approximate position indicated in the text .

6. Final versions of papers accepted for publishing should be submitted electronically in a MS Word compatible format suitable for editing.

7. The Journal of Urban and Regional Analysis also publishes reviews of selected books in the field of urban and regional development. Books should be sent for potential review by JURA to the University of Bucharest - Interdisciplinary Center for Advanced Researches on Territorial Dynamics, 030018, Bucharest, Romania, 4-12, Regina Elisabeta Blv .

PERMISSIONS

For informations on how to request permissions to reproduce articles, informations from this journal please visit www.cicadit.ro and jurareview.ro

COPYRIGHT