

THE ROLE OF BUSINESS INFRASTRUCTURE FOR ECONOMIC DEVELOPMENT OF ROMANIA

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***Abstract:** Research goal is to highlight the current situation of infrastructure for economic development in Romania. The case study we aim to achieve a radiography of Western Region of Romania, an analysis of efficiency of business infrastructure in this region. The results of research have led to propose measures to increase efficiency of business infrastructure (industrial, scientific, incubators, etc.), which would ensure a sustainable development strategy of Romania.*

***Key words:** industrial clusters, industrial park, business incubator, spin-off, economic development*

***JEL classification:** M20, L20*

1. CURRENT STATE OF INFRASTRUCTURE IN ROMANIA ECONOMIC DEVELOPMENT

At EU level, innovative clusters are considered the "engine" of economic development and innovation, they are a framework for business development, collaboration between companies, universities, research institutions, suppliers, customers and competitors located in the same geographical area (local, regional, national, transnational).

EU industrial clusters have evolved tremendously from the French Industrial districts Club founded in 1998, and Cambridge High Tech Cluster, the Motor Sport Cluster in Birmingham until the organization of the industrial sectors such as automotive, biotechnology, eco-innovation, optics, and telecommunications, space technology, etc.

In the past 15 years, the trend is to develop old industrial parks and business districts to develop industrial clusters, then the industry. Thus, according to recent estimates, the mid '90 in the USA were over 380 industrial clusters operating in working over 67% of the workforce. Most clusters are in California and in New York, Minnesota, Oklahoma and Oregon.

A special case is Japan, where the phenomenon of industrial clusters is one of indescribable magnitude. According to a study by Japanese National Agency for SMEs, in 1996 there were 537 industrial clusters.

Incubation phenomenon has grown in the U.S. in years '80 and has spread to England and Europe in various forms: centers of innovation (innovation centers), business incubators (pépinières d'Entreprises), parks technical / scientific (technopoles / science parks).

Estimates of the National Association of Business Incubators in the U.S. (National Business Incubator Association) in October 2006, worldwide there are approximately 5,000 business incubators. The same sources in North America are over 1400, compared to 12 each were in 1980.

A study funded by the European Commission in 2002 noted the existence of approximately 900 incubation environments in Western Europe (Final Report -

Benchmarking of Business Incubation, European Commission Enterprise Directorate-General, Centre of Strategy and Evaluation Services, February 2002).

After 1989, the Romanian government tried to encourage economic mergers by territorial public policies. Several tools have been used as part of regional and industrial policy to create or facilitate the creation of industrial infrastructure that represents a modern means of attracting foreign investment mainly. Among these concepts, we could mention the following: industrial, scientific and technological parks, open areas, disadvantaged areas, areas of industrial restructuring, assisted areas, business incubators.

Development of industrial parks in Romania started in 1998, when there was no legislation in this field.

Law no. 134/21 July 2000 was the first law in Romania which regulates the establishment and operation of industrial parks. Later it was repealed by the Government Ordinance no. 65/30 august 2001, following negotiations on accession to the EU many of the features have been removed.

Conditions, which have to meet all industrial parks, are to have an area of at least 10 hectares, have access to a national or European road and infrastructure to be connected to public utilities, to be the property or use, at least 30 years, the association requesting the title of industrial park to be free of any charge. Facilities they offer are: exemption from tax on buildings, exemption from land tax, exemption from fees for change of destination of the industrial park land, exemption from fees for sealing the land for industrial park.

Since June 2004, Ministry of Administration and Interior is the body of the central government granted the title of industrial park upon request, for a minimum of 15 years.

The title of industrial park can be obtained by an „association”, Romanian legal person and administered by a company named "manager company". In 2011, in Romania, there were 49 industrial parks.

Of the total number of industrial parks, local institutions (local and county councils) have initiated 35 projects while 13 were developed by the private sector.

With regard to scientific and technological parks, available data are less consistent for a correct assessment. From a legal perspective, the project establishment and operation of science and technology parks was initiated in 2003 and provided facilities for research and development innovation in parks.

The definition of "cluster" is found in legislation in Romania as a group of producers, users and / or beneficiaries, in order to implement best practices in the EU to increase competitiveness of economic operators (HG 918/2006 - The "Impact" Program)

The most famous cluster in Romania is the auto industry around the Renault investment at Mioveni. There are also very good prerequisites for the investment corporation Craiova Ford to add to this cluster.

Fields other than automotive, the clusters were formed in our country are: food and agrofood (in Iasi area and Covasna), textile (Iasi area).

Another tool after 1989 designed to promote economic competitiveness by getting more businesses in one location, was the establishment of technological and business incubators.

The first incubators were established in Romania in the early 90, mainly with PHARE assistance.

Uneven geographical distribution and very low survival rate have made a series of incubators established with international support to stop working when the funding ended, given that support from local authorities / government / private sector was not found or insufficient to keep them running until they could be self-sufficient. So far,

through the creation of business incubators financed by UNDP, was created five such incubators at: Alba Iulia, Brasov, St. George, Mures and Mangalia.

2. ANALYSIS OF EFFICIENCY OF BUSINESS INFRASTRUCTURE IN WEST REGION OF ROMANIA

In order to analyze the efficiency of business infrastructure in Western Romania Region were prepared questionnaires containing 30 questions, grouped in several categories, namely: information concerning the constitution and state industrial park, industrial park and information on employment services in the park, information on the company manager of the industrial park and its management, information on legislation and bodies for industrial parks. Using these questionnaires we wanted to do an analysis on how the parks were built up and funding that led to the establishment of their, the level of functioning and how it is managed and promoted, the number of customers and activities it pursues. Also, we wanted to get opinions and proposals to improve legislation on industrial parks. Of the 15 applications submitted, have received responses from 10 industrial parks.

The second part of the research was to survey business in the West Region by preparing and sending a questionnaire to leading firms dealing with the production activity. By drawing this new survey, we wanted to see if these companies from Timisoara and Arad, in particular, are aware of:

- availability of industrial parks in the region;
- the impact that business has the infrastructure in the regional economy;
- facilities that legislation in Romania provides industrial parks (administrator companies and businesses located in the park).

3. THE RESULTS OF THE RESEARCH

After concentrating, the responses from questionnaires addressed to industrial parks have formulated the following conclusions:

- Funding that led to the creation of 10 industrial parks:
 - ✓ more than half were funded government (city councils and county councils);
 - ✓ three industrial parks, or 30% used multiple funding (funding of local government, county or national EU funds or private funds);
 - ✓ an industrial park, or 10% benefited from PHARE funds for establishment;
 - ✓ industrial parks, or 40% are totally private.
- In terms of location of industrial parks, most of them are located in urban areas.
- All industrial parks are functional, only one of them (10%) are specialized
- Employment of industrial parks in the period between October 2011 to December 2008, increased by 15%.
- Only three industrial parks (30%) is carrying out research and development.
- Regarding the promotion of industrial parks, all 10 activities for this purpose, methods and own resources, only 4 of them (40%) calling and specialized companies.
- As instruments chosen for promotion, 85% use the media and leaflets, conferences and fairs 40% and 90% Internet.

Following responses from surveys of firms centralized on production, were made the following conclusions:

- Firms are aware of industrial parks in the county;

- As conditions for the company's relocation to another area (industrial park) outside Timisoara and Arad was specified with a rate of 100% the need for "the existence of tax incentives (national, regional, local)" and another condition specified with a rate of 66.6% was the acquisition of land that can be made at low cost;
- A rate of 66.6% firms chose as new location the Technology Industrial Park Timisoara
- A rate of 66.6% firms have implemented a functional policy of environmental protection.

Improve internal management of the business infrastructure contributes directly to increasing its effectiveness and use tools allow timely response to a series of requests from companies already located, or from companies that want to locate.

In terms of improving performance of management business infrastructure, an important measure is to establish a set of pre-and post-localization location for investors, implementation of effective systems of communication and feedback to investors located in the business infrastructure, development of measures and procedures clear and transparent process of locating infrastructure business, identifying new services and discussing them in committee initiative, implementation of a strategy to promote and launch their services. Of support services identified in the production process, we mention: standardization and quality testing facilities and pilot, modernization and automation, testing, certification and access to laboratories and research centers.

4. CONCLUSIONS AND PROPOSES

A classification of economic development infrastructure is difficult. There are many case studies, research studies and analysis, feasibility studies, publications in professional journals on the topic addressed. Those, we can speak about industrial zones, free zones, districts and industrial metadistricts, industrial clusters, industrial parks, science parks (technological incubators, innovation centers, technology transfer centers), business parks, business parks, etc..

However the most famous business facilities analyzed in the international literature are: science parks, industrial parks and industrial clusters and business incubators.

Development and infrastructure's modernization is an essential condition for progress and prosperity of the country. Infrastructure is, for any country, the backbone of the economy.

With the advent of the European Union and of globalization phenomenon, both at political and economic level, more European bodies have engaged in increasingly insistent on concepts and directions in which EU economy should evolve.

By the Lisbon declaration, was defined the role of universities in European research, launching the triangle: research - education - innovation, establishing the framework program for European research area, resulted in subsequent FP6 and FP7 Framework Programme (2007-2013).

Science parks, anywhere in the world, require a strong relationship between academic and private or public business sectors.

Industrial Park is a consortium grouping-service production facility located in a confined space, providing modern technological conditions, mainly used by small and medium enterprises in order to obtain quality products and services. Local growth, regional, global and globalization have created fierce competition between the owners of industrial parks, each of them trying to offer conditions becoming better potential investors.

Thus, the simple concept of industrial park evolving into the business park one, where, outside the plot and production companies appear related utilities, solid services, so that today we have inside the parks financial and banking services, commercial, hotels, medical services, services for practicing various sports, social services (kindergartens, vocational schools, technical colleges, police, fire, first aid, etc.), exhibition complex, multipurpose conference rooms, etc.

In the past 15 years, the trend is to develop industrial districts which then evolve to industrial clusters. The global competition for markets, the chances of economic success of a country or region based on supply and specialization focusing development to key areas where they have competitive advantages, resources and skills. In this context, innovative clusters are a successful solution because it offers a combination of entrepreneurial dynamism, intensive linkages between companies and institutions that have knowledge of "top level" and proactive synergies between the main actors of innovation.

Nowadays, many clusters are already transnational structures that each composed of millions of employees.

In case of SMEs, the main problem isn't the idea, the service or the product that they offer, or the customers, but the holding of space. There is no secret that high prices of production and office spaces are sometimes essential for the survival of a small business on the Romanian market. From here started the idea of setting up business incubators, sites that provide SMEs subsidized support services to develop.

The rate of development in Romania, at regional or national level, depends essentially by creating a modern infrastructure.

Romania is in a period of consolidation of its market economy. The process still involves a series of structural reforms in economic terms and conditionality is essential in relation to the Lisbon objectives. Romanian state, after 1989, tried to encourage mergers territorial public policies. How they became industrial parks, science and technology parks, free zones, areas, areas of industrial restructuring with growth potential, assisted areas, business incubators and new clusters.

One controversial schemes initiated in order to develop economic activity was promoted in 1998 and refers to deprived areas (areas D), geographically delimited area, the local unemployment rate is at least three times the national average in remote areas without adequate communication facilities and infrastructure

In 2001, the Romanian Government introduced another scheme to support industrial policy, by selecting the 11 areas in restructuring, but with growth potential (HG 399/2001).

Largest development in Romania took place in the category of industrial parks. Establishment of industrial parks or science remains an instrument of industrial policy and local development of positive social effects, which has proved effective in terms of increasing economic competitiveness.

Another tool to promote economic competitiveness by getting more businesses in one location was the establishment of technological and business incubators.

Nowadays, many clusters are already transnational structures have each composed of millions of employees.

If SMEs main problem is the idea, service or product they offer and no customers, but space. There is no secret that high prices of production and office spaces are sometimes essential for the survival of a small business on the Romanian market. From here started the idea of setting up business incubators, sites that provide SMEs subsidized support services to develop.

The support for small and start-ups founded through the incubation or specially designed workspaces is a major facility for job creation and economic development. The incubation is a process of social, economic and entrepreneurial, private and public

nature. It aims to discover new business ideas or firms in the initial development phase "startup", helping to accelerate the development of SMEs.

Another national program funding was "Development of innovation infrastructure and technology transfer - INFRATECH" program of the Ministry of Education, National Authority for Scientific Research. The main objectives of the program which ran from 2004-2008 has highlighted the creation and development of technological and business incubators (ITA).

Management firms in industrial parks should receive preferential treatment over other firms. For example, to become more attractive, should licenses utilities: water, sewer, electricity and gas - to be granted by default, if one is organized according to principles laid down by law, and if it is to be provided. It would be imperative that the infrastructure business related legislation to be radically modified by introducing a single law that is stipulated in the general legal framework: how to set up, as the entity receiving title or accreditation, as finances, how to manage and how to monitor the business infrastructure.

Other proposals for improving business infrastructure include the following: state aid business infrastructure (industrial, scientific, incubators, etc.), be extended until 2020, all entities in the infrastructure business is directly subordinate to the chancery Prime Minister, the secretary of state to respond directly to these entities, these management companies business infrastructure may not be considered large firms to have access to EU funding.

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