PH.D THESIS SUMMARY

Strategies to ensure the competitiveness of small and medium sized enterprises

We hereby inform you that on December 19th, 2013, at 9 a.m., Room 502, UAIC Building, Lapusneanu Street, Mr. Paul Eduard KMEN will publically present his Ph.D. thesis entitled "Strategies for ensuring the competitiveness of small and medium sized enterprises" for being awarded the title of doctor in the fundamental field of Economic Sciences, in the field of Management.

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We send you the summary of the PhD thesis and we invite you to take part at the public presentation of the thesis which can be consulted at the library of the Faculty of Economics and Public Administration.

Rector,
Prof. Vasile Işan, Ph.D.
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INTRODUCTION

1. The importance of the theme and its actuality

The term “competitiveness” has represented the object of contradictory opinions at it is experiencing a continuous transformation, being directly related to the development of human society. Hence, part of the meanings given to this notion centuries ago, although pertinent at that time, seem insufficient for capturing the new international context. So, at the time being, there is no widely accepted definition of the term competitiveness and no comprehensive model capable of expressing its entire meaning. Thus appear the premises for the development of new integrated models and theories regarding competitiveness.

2. The purpose and the objectives of the research study

The general purpose of this PhD study was to identify and analyze the competitiveness growth strategies of small and medium sized enterprises and performing a precise research study for knowing the opinions of managers, owners and other decision making factors and specialists on the real competitiveness related problems as well as on the present condition of competitiveness. At the same time, another segment of the general purpose materialized in creating and testing a model of the relation between knowledge management and enterprise competitiveness.

From the purpose of the research study, the following general objectives resulted:
O1: Defining the concept of competitiveness and establishing its categories;
O2: Analysis of the relation between competitiveness and performance and explaining the relation between competitiveness – competitive advantage – economic performance;
O3: Identifying some distinct (specific) elements of competitiveness at the level of SMEs and identifying the specific growth factors;
O4: Identifying and analyzing the types of strategies for increasing the competitiveness level of small and medium sized enterprises;
O5: Performing a precise research based on questionnaires directed to managers and other specialists (economists, engineers, lawyers etc) for finding out their opinion on the factors and the strategies which can be applied or are put into practice in SMEs for increasing the competitiveness level of their activity;
O6: Identifying and analyzing the characteristic elements of knowledge management as well as the existent models of knowledge management;
O7: Drawing up a suitable procedure for the quantitative assessment of knowledge management and for measuring the organizational competitiveness level;
O8: Developing a model of the relationship between knowledge management and organizational management of the SMEs from the North-East of Romania;
O9: Performing a wide research study on the extent to which knowledge management is applied in the SMEs from North-East region and its influence on SMEs competitiveness;

3. Research hypotheses

The general working hypotheses were:
I1: Although the managers and the owners of SMEs admit the necessity of introducing innovation and technological progress in general, in their production activity, management and distribution, the actual results from the Romanian economic environment do not reach the expected level, if compared to the European or worldwide situation;
I2: The causes mentioned are: economic crisis, the difficulty of financing the innovation process, the high costs of innovation and others;
I3: The main focus of SMEs managers and owners is to make the company survive in a difficult economic environment, considering mainly the difficulty of obtaining favorable credits, product distribution and recovering debts;
I4: In this context, it becomes impetuous necessary to implement new business administration models, one of them being knowledge management as it influences the company’s performance;
I5: Human capital influenced knowledge management.

4. Bibliographic study on the theme
   For elaborating the present PhD thesis, various documentation sources have been used. Thus, there have been studied 76 books of the authors relevant for the field studied, 247 specialty articles published both in specialty magazines and scientific papers, reports, statistic data available on the internet for free or with charge.

5. Research methodology
   For elaborating the instrument, there have been used scales validated at international level and also, as a safety measure, the two-way translation method was used. For testing the instrument, it has been used the reliability analysis within the pilot study and the content analysis when the opinion of the experts in the field was asked.
   
   The data were gathered using questionnaires for statistic analysis. Four questionnaires have been used. The first one has been used on a sample group of 120 companies from the North-East of Romania, companies from industry, constructions, agriculture and services, for finding out the opinion of their managers on the factors which intervene and the strategies applied or which can be applied in SMEs. The second questionnaire was addressed to six experts for testing the content validity of the two scales proposed in the research referring to knowledge based strategy. The six experts referred to the items of each variable. An average value was obtained for each item, being kept only those items with the mean equal or lower than 2. The third stage of the practical research consisted in pretesting the questionnaire in a pilot study, on 40 companies from Iasi County. The reliability analysis was used (Cronbach) for seeing if any of the items should be eliminated or not.
   
   The actual testing of the model was performed after using the questionnaire (by e-mail or phone) at 457 SMEs from the North – East of Romania. The test group respected the structure of the population on fields of activity and number of employees.
   
   The data were gathered between March 2 and April 5, 2013.
   The data were processed using the SPSS statistic programme.
   The test results confirmed the relationship between knowledge based strategies and enterprise competitiveness.

CHAP. 1 SMALL AND MEDIUM Sized ENTERPRISES – NOTIONS, CLASSIFICATION AND THEIR ROLE IN THE ECONOMY

Enterprises are classified in micro, small, medium and large sized depending on the segment they correspond to according to the groups established by the latest recommendation of the European Commission in 2003, which entered into force on January 1, 2005. In addition to the criteria referring to the staff headcount, an enterprise can be considered a SME if it also respects the provisions referring to turnover or balance sheet, but not necessarily both. In table 1.1 is presented the classification of small and medium sized enterprises according to the recommendations of the European regulations in this field.

<table>
<thead>
<tr>
<th>Type of enterprise</th>
<th>Staff headcount</th>
<th>Turnover</th>
<th>Total actives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>&lt; 250</td>
<td>≤ € 50 million</td>
<td>≤ € 43 million</td>
</tr>
</tbody>
</table>
In Romania, according to Law 133/1999, small and medium sized enterprises are classified as follows:
- microenterprises: up to 9 employees;
- small sized enterprises: between 10 – 49 employees;
- medium sized enterprises: between 50 – 249 employees.

In Law 133/1999 are expressly exempted from the application of the previously mentioned functioning norms of SMEs the insurance and re-insurance companies, the companies administering the financial investment funds, real estates companies and companies dealing exclusively with external commerce.

Table 1.11 – Number of enterprises, staff and value added in Romania compared to that of EU

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of enterprises</th>
<th>Employees</th>
<th>Value added</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Romania</td>
<td>UE27</td>
<td>Romania</td>
</tr>
<tr>
<td>Micro</td>
<td>475,536</td>
<td>89,6</td>
<td>92,2</td>
</tr>
<tr>
<td>Small</td>
<td>45,131</td>
<td>8,5</td>
<td>6,5</td>
</tr>
<tr>
<td>Medium</td>
<td>8,348</td>
<td>1,6</td>
<td>1,1</td>
</tr>
<tr>
<td>Total SME</td>
<td>529,015</td>
<td>99,7</td>
<td>99,8</td>
</tr>
<tr>
<td>Large</td>
<td>1,527</td>
<td>0,3</td>
<td>0,2</td>
</tr>
<tr>
<td>Total</td>
<td>530,542</td>
<td>100,0</td>
<td>100,0</td>
</tr>
</tbody>
</table>

(Source: Eurostat/National Statistics Institutes of the Member States/Cambridge Econometrics)

The personal contributions in this chapter consist in making a synthesis from the specialized literature and the legislation in force, of the main types of enterprises in an economy and mainly, the typology of small and medium sized enterprises and their role in economy. At the same time, based on the official reports of both the European Union and Romania (including the White Charta of SMEs 2011, 2012) it has been presented the evolution of the number of small and medium sized enterprises and the major effects the crisis of the fast few years has had on the economic situation from that specific sector.

CHAP. 2 THE CONCEPT OF COMPETITIVITY AND ITS RELATIONSHIP WITH ENTERPRISE PERFORMANCE

According to the definition from the Business dictionary, in general terms, competitiveness represents the ability of a business (or nation) to provide goods or services which comply with the quality standards of the local or global markets at competitive prices and ensures gains corresponding to the resources used for producing them.

Professor Horia Liviu Popa, in his book entitled “Manual of economic engineering. Strategic management” defines the concept of “total competitiveness”. So, total competitiveness considers all the components of the economic, social, politic and administrative environment in which a company develops its activity.
According to the author, the formula of total competitiveness is:

\[ K_{tot} = K_{nat} + K_{dsc} + K_{pja} + K_{tec} + K_{tmi} = K_{Rnat} + K_{Rumn} + K_{Rsoc} + K_{Rmar} + K_{Rinf} + K_{Rfin} \]

where:
- \( K_{nat} \) stands for the natural competitiveness which characterizes the natural environment of the entity;
- \( K_{dsc} \) stands for the demo-social-cultural competitiveness which characterizes the demo-psycho-linguistic environments of the entity;
- \( K_{pja} \) stands for the political-legal-administrative competitiveness which characterizes the environment of the entity;
- \( K_{tec} \) stands for the technical-economic competitiveness of the entity, present in the market;
- \( K_{tmi} \) stands for the technical-military competitiveness which characterizes the military environment;
- \( K_{Rnat} \) stands for the competitiveness of natural resources the company has access to;
- \( K_{Rumn} \) stands for the competitiveness of the human resources the company has;
- \( K_{Rsoc} \) stands for the competitiveness of the social resources of the company;
- \( K_{Rmar} \) stands for the competitiveness of the artificial material resources of the company;
- \( K_{Rinf} \) stands for the competitiveness of the information resources of the company and
- \( K_{Rfin} \) stands for the competitiveness of the financial resources of the company.

According to OECD “Competitiveness represents the capacity of companies, industries, regions, nations or supranational complexes to ensure profit to the production factors and a relatively high usage level on a sustainable basis, when exposed to free competition”.

Considering the complexity of the term, competitiveness must be analyzed as a dynamic concept bearing in mind that the factors influencing it are in constant change depending on the context.

In conclusion, competitiveness represents a very wide concept and with numerous acceptations and it has a multidimensional structure in relation to the best way of using resources for fully maximizing the development prospects.

In the specialized economic literature from our country, economic performance is defined as follows: “an enterprise is performing if it is simultaneously productive and effective”, productivity representing the relationship between the results achieved and the means used in achieving those results, while effectiveness represents the relationship between the results obtained and those expected.

**Economic performance = Productivity + Effectiveness**

At the same time, three other notions are associated to the concept of performance: cost effectiveness (obtaining the necessary resources at the lowest cost), efficiency (either for maximizing the results obtained, starting from a given amount of resources, or for minimizing the amount of resources for a previously established result) and effectiveness (the results obtained reach the objectives set).

**Economic performance = Cost effectiveness + Efficiency + Effectiveness**

What we are particularly interested in, not only at theoretical level but also in managerial practice, are the managerial performances without which economic performance is out of reach. Only a performing management, put into practice by professional managers, is capable of managerial performances which generate economic-financial performances.

At the level of the company, competitiveness represents its capacity to provide, in relation to its competitors, goods of higher value (quality) at equal costs or of the same value at lower costs, respectively, a combination of these advantages and thus create, competitive positions on the market, giving the possibility of achieving long term higher economic performances.
In fewer words, these two basic situations which define enterprise competitiveness can be presented as follows:

1) \( Q > Q_c \); \( c = c_c \); \( p > p_c \)
2) \( Q = Q_c \); \( c < c_c \); \( p < p_c \)

where:
- \( Q \) and \( Q_c \) represent the quality (value in use) of the products belonging to the company analyzed and to the competition, respectively.
- \( c \) and \( c_c \) represent the unitary costs corresponding to the products of the company analyzed and to the competition, respectively.
- \( p \) and \( p_c \) represent the unitary prices corresponding to the products of the company analyzed and to the competition, respectively.

<table>
<thead>
<tr>
<th>Table no. 2.6 – Factors influencing SMEs competitiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External factors</strong></td>
</tr>
<tr>
<td>Labor force market</td>
</tr>
<tr>
<td>Productivity</td>
</tr>
<tr>
<td>Capital opportunities</td>
</tr>
<tr>
<td>Globalization</td>
</tr>
<tr>
<td>European common market</td>
</tr>
<tr>
<td>Business relations</td>
</tr>
<tr>
<td>Alliances</td>
</tr>
<tr>
<td>Network</td>
</tr>
</tbody>
</table>

The personal contributions to this chapter consist in making a synthesis of the main theoretical aspects referring to competitiveness in general, and particularly to the competitiveness of small and medium sized enterprises and to the relationship between competitiveness, effectiveness, efficiency and economic performance.

**CHAP. 3 TYPES OF STRATEGIES FOR INCREASING THE COMPETITIVENESS OF SMALL AND MEDIUM SIZED ENTERPRISES. PRECISE RESEARCH ON THE ANALYSIS OF THESE STRATEGIES**

Professor Ovidiu Nicolescu mentions as key components of organizational strategy the following elements:

**Mission** – an extensive statement of the fundamental purposes and conception (philosophy) regarding the company’s evolution and activities, which help it differentiate from other similar entities and from which derives the sector or the field of activity and the market served;

- **Fundamental objectives** – those long term objectives, generally for 3 to 5 years and which refer to the company’s general activities and to its major components;
- **Strategic options** – refers to the major approaches with effect on the content of an important segment of the company’s activities, based on which it is established the reasonable and possible way for achieving the objectives;
- **Resources** – are foreseen as circulating assets and investment assets. In general, in setting up strategies, the major interest is directed to the investment fond which provides the financial support for making the strategic options operational;
• **Strategic deadlines** – delimit the time period the strategy is operational, generally indicating, the moment the major strategic options begin and end. Very useful appear to be the updating techniques, which provide higher reliability to the economic reliability of the deadlines foreseen both in the general strategy and in the strategic options included.

**Competitive advantage** – consists in providing products or services superior from one point one view for the consumers if compared to the similar offer of most of the competition.

**General strategies influencing the process of ensuring SMEs competitiveness**

The most important ones:

- *Development strategies*, which focus on maximizing the turnover by increasing the production level and obtaining cost related competitive advantages.
- *Neutral strategies*, also known as stability strategies, are adopted by large companies which take up a certain risk in a stable environment.
- *Recovering strategies*, characterized by finding the right solutions for improving the company’s economic-financial results for returning to objectives higher than that from the previous period.
- *Restriction strategies* which are usually associated to the failure in adopting some previous strategies. They are characteristic to products, technologies or even to those fields of activity which are experiencing periods of decline.
- *Specializing strategies* are characteristic to those companies oriented on producing only one product or series of products or interested in distributing them in only one market. These strategies rely, as strategic option, on specialization.
- *Diversification strategies* generally refer to two types of diversification:
  - *Global strategies*:
  - *Partial strategies*:

**Strategies with direct influence on SMEs competitiveness**

- *Niche strategy*
- *The strategy relying on the innovation-risk matrix characteristic to small enterprises with a single scale structure of products*
- *Cost domination strategy*
- *Differentiation strategy*

**PreCise research on knowing and applying the main types of strategies for ensuring the competitiveness of small and medium sized enterprises from the North-East region**

Referring to the growth strategies and to those meant to ensure SMEs competitiveness, the enterprises from the North-East region of Romania focus greatly on the strategies for increasing product quality (53.33%) and on improving the quality of the services provided (50%). On the opposite side, the strategies less used (32.5%) are the niche strategies and the strategy of implementing and using knowledge management (figure 3.8).
From the internal factors of the enterprise which were considered to have a positive influence on the company’s competitiveness, human resources have been identified as the most important one among the respondents (85%). On the other hand, knowledge management is considered to be the less important element (only 17.5% of the respondents selected it as being important).
Figure 3.9 Internal factors of the enterprise considered to have a positive influence on the company’s competitiveness

Figure 3.19 The negative effect on competitiveness of the factors mentioned
The moment the respondents had to refer to the negative impact on a scale from 1 to 7 (where 1 represents very high impact and 7 very little impact) of a series of factors on SMEs competitiveness, most of them chose low quality products and old technology (90 of the total of 120 respondents indicating maximum negative impact). On the other hand, a small number of respondents stated that the elements with maximum negative impact are insufficiently qualified human resources and limited business infrastructure (52 of the total of 120 respondents indicated maximum negative impact). Nonetheless, we must not neglect the fact that most elements were mainly given grades of 1 and 2 (which represent very high or high negative impact) which underlines that the SMEs from the North-East region of Romania confront themselves with a series of difficulties.

![Figure 3.20 Influence figures of negative factors within the company](image)

In the next phase, the respondents were asked to assign influence figures to each negative factor present at the company they work at (where 1 stands for very high impact and 7 for very little impact). This way, we can see once again that the main problem is considered to be old technology (with a mean of 1.64) and low quality products (with a
mean of 1.74). At the other end, the element with the highest score is limited business infrastructure, with a mean of 2.38. Once again, we must not neglect that all elements have received mainly low scores, which suggests that the SMEs from the North East of Romania confront themselves with a series of difficulties.

The results of this study indicate that the strategies for improving competitiveness are not frequently used in the companies from the North East of Romania. Moreover, from these, the component of knowledge management seems to be the most neglected strategy from the ones studied. Consequently, although theoretically, it was noticed the high importance of knowledge management in increasing competitiveness, practically speaking, this aspect is insufficiently known to the managers or to the other specialists (engineers, lawyers, economists etc.). Hence, the following sections present the study of this key element of competitiveness in identifying how this strategy is understood and the level of knowledge management the SMEs from the North East of Romania find themselves at.

CHAP 4. KNOWLEDGE BASED STRATEGIES FOR ENSURING THE COMPETITIVENESS OF SMALL AND MEDIUM SIZED ENTERPRISES

For dealing with knowledge management as a strategic resource or strategy capable of increasing the competitiveness of SMEs it is necessary to define the concepts of “knowledge”/“knowing”. In the literature dealing with this subject, knowledge is defined, most often, by placing the term in a hierarchic structure: data, information, knowledge.

The data are processed resulting information and consequently, knowledge is obtained after processing information (according to figure 4.1). In other words, knowledge represents the “natural progress” after information.

There is a variety of disciplines which have influenced and have contributed at defining the science and practice of Knowledge Management: philosophy (mainly in defining knowing and knowledge); cognitive sciences (understanding the worker’s knowledge); social sciences (understanding motivation, human interaction, culture, environment); management (optimization of the operations and their integration within the enterprise); information sciences (strengthening the knowledge related to capacities); engineering (codifying knowledge); artificial intelligence (automation and intensive
operations in knowledge); and economy (establishing priorities). Consequently, in the literature dealing with this subject there are a high number of definitions for knowledge management. Moreover, there is still no generally accepted definition.

Figure 4.3 – Definitions of knowledge management

Consequently, considering the objectives of the study, we consider as appropriate for providing explanations to knowledge management, the process oriented definitions: “repeated management of the process through which knowledge is identified, created, collected, shared and applied.”

In the contemporary society, from the wide range of resources which can be used in elaborating the organizations’ strategies, more often, special focus falls on knowledge as it describes a distinct line in ensuring sustainable competitiveness. “Business organizations have started seeing knowledge as the most valuable and strategic resource. They understand that, for remaining competitive, they have to explicitly manage their resources and intellectual capacity”. Although most of these companies have directed their attention towards protecting explicit knowledge (be drawing up superior means for encrypting information) another part, initially minoritary, has intensified its efforts for protecting and also developing silent knowledge, “which exists in people’s minds and which is amplified and shared through interaction and social relations”.

CHAP. 5 PRACTICAL RESEARCH ON KNOWLEDGE MANAGEMENT AND SMEs COMPETITIVENESS FROM NORTH EAST REGION

As it results from the chapter dedicated to defining the notion of knowledge management and from the analysis of the methods and models used for assessing it, knowledge management represents a latent variable. Latent variables are those phenomena which cannot be directly observed and so they have to be assessed using other variables which can be directly observed.

Most frequently and with the best results, knowledge management has been assessed through the stages of the process of knowledge management. Apart from these phases, an important variable in this process is represented by social capital (human). On the other hand, the company’s performances can be seen from two points of view: financial and non-financial. Nonetheless, non-financial performances lead in the end also to financial performances, and that is why in the research model we propose the financial performances are the only ones analyzed. So, the research model proposed can be observed in figure 5.1.
According to the direction of the arrows in the model, the general research hypotheses have been established:

**H1. Knowledge management influences the company's performance.**

Relation also identified in the studies of: Dollinger, 1985; Decarolis & Deeds, 1999; Gold, Malhotra, & Segars, 2001; Diakoulakis, Georgopoulos, Koulouriotis, & Emiris, 2004; Salojärvi, Furu, & Sveiby, 2005; Marques & Garrigos Simon, 2006; Edvardsson, 2009; Omerzel, 2010; Chang & Chuang, 201; Daud, 2012; Vazquez- Avila, Sanchez-Gutierrez, & Rodriguez-Camacho, 2012.

The hypothesis was tested in every phase of the process, and it can be decomposed into:
- H1.a. Identifying knowledge influences company competitiveness.
- H1.b. Creating knowledge influences company competitiveness.
- H1.c. Knowledge storing / retention influences company competitiveness.
- H1.d. Transferring knowledge influences company competitiveness.
- H1.e. Using knowledge influences company competitiveness.

**H2. Social capital influences knowledge management.**

**Research methods used**

For developing the knowledge management – company competitiveness model as well as for identifying the extent to which knowledge management is applied in the SMEs from North East of Romania, a statistic method was used – the questionnaire. It was filled in by e-mail and phone.

**Sampling**
The population analyzed represents all the SMEs from Romania’s North East region: 58,009 companies at the latest year available, according to the official statistical data made available by the publications of the National Statistics Institute (INSSE, Regional economic and social reference points: Territorial statistics, 2011, ISSN 1841 – 5113). The sample group proposed is a probabilistic type group, stratified, formed by 457 companies from the North East region. The purpose was divided according to size (number of employees) and field of activity (according to NACE rev. 2).

**Operationalization**

Initially, the contact data for a series of companies from the group analyzed have been extracted from both official and online catalogues (including e-mail address and phone number). For each group, from each county, a larger amount of contact data has been extracted (twice as much) compared to the necessary considered. For example, if we take the case of Bacau County, the group proposed included 95 companies (among them, 86 companies with 0-9 employees, 8 companies with 10-49 employees and one company with 50-249 employees), there have been extracted the contact data of 190 companies (among them, 172 companies with 0-9 employees, 16 companies with 10-49 employees and 2 companies with 50-249 employees). In the first phase, the questionnaire was sent to all the e-mail addresses from the database. Anticipating a small number of answers, two more phases of the investigation were established. So, in the second phase (10 days after sending the e-mail) the companies which did not answer the e-mail were contacted by phone. This time, we tried to fill in the questionnaire over the phone, or to obtain the promise of receiving an answer to the mail sent previously. In case that the sample group was not reached after the first two phases of the study, a third phase was established, when other companies which were not included in the database were contacted over the phone. This time, the questionnaire was filled in over the phone.

The data were gathered between March 2 and April 5, 2013. The results of the analysis can be synthesized as follows:

**H1. Knowledge management influences company competitiveness**

- **H1.a.** Identifying knowledge influences company competitiveness – confirmed;
- **H1.b.** Creating knowledge influences company competitiveness – partly confirmed;
- **H1.c.** Knowledge storing / retention influences company competitiveness – confirmed;
- **H1.d.** Transferring knowledge influences business competitiveness – confirmed;
- **H1.e.** Using knowledge influences company competitiveness – confirmed.

**H2. Social capital influences knowledge management** – confirmed.

So, the final model, corresponding to Romania’s North Eastern market can be observed in picture X2. The continuous line represents the confirmed relationship while the discontinuous line represents a partly confirmed relationship.
We mention once again that, according to the scale used, the respondents were asked to indicate, on a scale from 1 to 5 (where “1” stands for “completely untrue” and “5” stands for “completely true”) the degree of truth on practicing certain activities related to the activity of knowledge management. So, a value close to 5 indicates that knowledge management processes are put into practice, while a score close to 1 indicates that the company does not put into practice knowledge management.

From the analysis of figure 5.1 we notice that the SMEs from the North East region put into practice, more or less, activities of knowledge management, recording values of over 1.5 at all the knowledge management processes. Nonetheless, it must not be neglected that no mean score higher than 4 has been recorded (the highest value being 3.54) which underlines that the activity of knowledge management at the level of the SMEs in the North East region is still weakly developed.
According to the same figure (Figure 5.17) the SMEs from North East region focus mainly on identifying knowledge (with a score of 3.54), creating knowledge at individual level (with a score of 3.03) and using knowledge (2.89). We notice that the SMEs analyzed are less interested in creating knowledge at company level (score value 1.7) and transferring knowledge (score value 1.83).

**GENERAL CONCLUSIONS AND PERSONAL CONTRIBUTIONS**

**GENERAL CONCLUSIONS**

Competitiveness represents a complex concept which, when followed, allows the company to develop and have remarkable results in comparison to similar entities. Measuring it represents an extremely complicated attempt as it must take into consideration numerous aspects.

The present paper intended, first of all, to identify the main types of strategies for ensuring competitiveness and which are known to the managers of SMEs from the North East region of Romania and how many of them are effectively put into practice by the managers of these companies. The theoretical knowledge referring to the factors with positive and negative influence over company competitiveness have been tested as well as the main strategies for ensuring and increasing SMEs competitiveness and which are applied in those particular companies.

The most important feature of the strategies in the case of small and medium sized companies consists in the fact that the strategy is personalized by the entrepreneur. The main elements of the strategy, vision, field, approach etc. reflect to a great extent the entrepreneur’s personality.

Most entrepreneurial strategies are not drawn up rigorously enough and are incomplete; they do not find themselves in a systematized document elaborated according to certain strict rules as it happens at large companies with professional management. Frequently, many strategies are written in an informal manner (notes, annotations etc).
Many times, only part of the strategy is written down, some elements being in the entrepreneur’s head. This is why it is considered that entrepreneurial strategy is less formal and is completed with informal elements written or thought by the entrepreneur.

Professional strategies at large companies generally refer to periods of 3 to 5 years. Entrepreneurial strategies often refer to shorter periods of time, most often 2 – 3 years. Consequently, the long term perspective if often neglected.

In conclusion, entrepreneurial strategies present high specificity, their complexity and completeness varying, most often, in relation to the company’s size and the general and managerial training of the entrepreneur. The bigger the company is and the entrepreneur more “educated” in general and in management, in particular, the more elaborated and complete the entrepreneurial strategy is, considering the requests of the professional management.

From the internal factors of the company considered to have positive influence on the company’s competitiveness, human resources were considered by the respondents to be the most important one (85%). At the other end, the less important one was considered to be knowledge management (only 17.5% of the respondents considered it to be important).

The results of this study indicate that the strategies for improving the competitiveness level are rarely used by the companies in the North East region of Romania. In addition, the most neglected strategy of the ones analyzed seems to be that of knowledge management. So, although theoretically, the component of knowledge management has an important role in increasing company competitiveness, practically, this aspect is still insufficiently known to the managers or to the other specialists (engineers, lawyers, economists etc). For this reason, in the following sections, I have presented the study of this key element of competitiveness, for identifying the extent to which this strategy is understood and in which stage of knowledge management the SMEs from North East of Romanian find themselves in.

Starting from the results of the research study in question, from which resulted a series of drawbacks and, more important, a series of needs of the companies for improving their competitiveness, and correlating these data with the conclusions resulted after consulting the literature dealing with this subject, I have continued in the practical research with testing the influence of applying knowledge management on the organizational competitiveness at the level of the SMEs from North East of Romania.

From this point of view, the paper provided answers to the following objectives:

- **Identifying the characteristic elements for knowledge management**

At the time being, there is no widely accepted definition of competitiveness and it has not yet been developed a comprehensive model, unanimously accepted for the formalization of its content. The present state of the research studies in this field leaves an open field to the conceptual discussions on competitiveness and the development of new integrating models.

An important aspect that has to be remembered considers knowledge a strategic element in company competitiveness. In other words, knowledge management can be seen as a strategy for ensuring the competitiveness of small and medium sized enterprises.

- **Identifying the existent models in knowledge management**

There have been identified a series of models which deal with the relationship between knowledge management and company competitiveness, as follows: the knowledge management model developed by Nonaka, the knowledge management model developed by Hedlund and Nonaka, the knowledge management model (as intellectual capital) developed by Skandia, the knowledge management model developed by Demarest,
the knowledge management model developed by Frid, the knowledge management system developed by Stankosky and Baldanza and the knowledge management model developed by Kogut and Zander.

- Developing an appropriate instrument for assessing knowledge management and organizational competitiveness

The numerous and complex approaches related to competitiveness in general make the process of assessing it impossible when using only one parameter, generally accepted, on which all specialists would agree on. The specialized literature provides, on the other hand, different points of view on what a comprehensive parameter of competitiveness assessment should consist in. On the other hand, as far as company competitiveness is considered, Ioncică et. al. (2011) stated that at microeconomic level, company competitiveness “relies on the performance level from a certain time in the past or on long term” (Ioncică, Petrescu, and Ioncică, 2011). Considering all these aspects and the close relationship with the objectives of the research study, it was selected a generic parameter (turnover) which should indicate the performance level at a certain point, and consequently, the company’s competitiveness level.

PERSONAL CONTRIBUTIONS

By answering to the general objectives stated at the beginning, the contributions to this paper can be summarized as follows:

- Theoretical aspect:
  - Drawing up a synthesis from the specialized literature and the legislation in force, of the main types of enterprises in an economy and in particular, the types of small and medium sized enterprises and their role in economy.
  - At the same time, based on the official reports of the European Union and Romania as well, (including the White Charta of SMEs, 2011, 2012), it has been presented the evolution of the number of small and medium sized enterprises and the most important effects the crisis from the past few years has had over the economic situation of the sector in cause.
  - Realizing a synthesis of the main theoretical aspects referring to competitiveness in general and to the competitiveness of small and medium sized enterprises in particular and to the relation between competitiveness, efficiency, efficacy and economic performance;
  - Realizing a synthesis from the specialized literature of the main types of strategies applied in small and medium sized companies, both the general ones and those with direct influence on competitiveness.
  - It has been studied the opinion of the managers from small and medium sized companies from the North East region of Romania about the main factors that influence, in a positive or negative manner, a company’s competitiveness level;
  - The opinions of the managers from the North – North East area of Romania regarding the main strategies they are following for increasing the competitiveness level of their own companies, as well as those strategies which should be followed;
  - A knowledge management - SMEs competitiveness model has been created and tested on the North East Romanian market. No other
model testing this relationship has yet been identified in the literature dealing with this subject.

- **Managerial aspect**
  - The analysis conducted at the identification of the phases of knowledge management and the influence on applying them to organizational competitiveness. Managers can administer their validated questionnaire on the market analyzed for identifying the phase they find themselves at and for encouraging knowledge management in order to increase company competitiveness.

One of the limits of research is represented by the fact that the analysis was applied only to the North East region of Romania. As a future research direction, it would be useful creating a sample group which should include the country’s other regions as well, and, why not, a comparative study between large enterprises and SMEs referring to the extent to which knowledge management is applied.

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