



## Report on training needs - Romania

### Romania

The latest official data about Romania's economy comes from National Bank monthly reports. In February 2005 the employed population is of about 4,500,700 persons. The employed population in 2000 was about 4,623,000 people. In 2004 the number of employed people dropped to 4,420,900 persons. The year 2005 continues the economic growth that started in 2000 and therefore 2005 is the 6<sup>th</sup> subsequent year of economic growth in Romania.

The year 2003 represented the 4<sup>th</sup> subsequent year of economic growth. Private sector contribution to GDP with 69.1% compared to approximately 52% in 2002. Gross added value also increased by 4.9% compared to the year before.

Comprehensive data about Romania's economy is available only for year 2002. By the end of 2002, Romania's workforce of about 8,500,000 had only 1,942,956 persons employed in the private SMEs sector, out of which 37% were in industry, 11% in construction sector, 4% in agriculture and 48% were employed in services. Overall 22.85% of the active population was employed in the private SMEs.

There were about 800,000 enterprises registered by the end of 2002, out of which only 345,000 were active. 343,000 of these enterprises are SMEs. Most of them are micro enterprises (89%), while 9% are small enterprises and 2% are medium-sized enterprises.

The number of employed people in Romania varies from one year to another. It grew in the year 2000 compared to 1999, dropped by 66,000 workers in 2001. In 2002 the number of employed people dropped below the number of employed people in 1999. This evolution is one of the effects of a long term incoherent demographic policy and frequent changes in legislation. The overall employment rate has been decreasing constantly since 1999 due to the fact that active population is ageing and to the long term effect of immigration.

Nevertheless, the number of people employed in SMEs grew constantly during 2001 (by 1.3%) and 2002 (by 4.6%). Instead, the number of employees in large enterprises dropped constantly (by 6% in 2001 and 2% in 2002).

SME performances depend highly on the priorities set by entrepreneurs and managers. According to the White Charter of Romanian SMEs in 2004, the first priority is the increased use of marketing tools (63%), followed by intensive training of labour force (56.41%), IT systems (52.35%), diversification of production (51.05%) and acquisition of new technologies (50.76%).

## **The offer of training and consultancy services for SMEs**

According to the national survey made by CNIPMMR in 2004, concerning business environment and SMEs performances in Romania, published in the annual '*White charter of Romanian SMEs*', SMEs are preoccupied with raising the level of education of their employees through training. Almost 60% of the 1378 interviewed companies allocated funds for training every year.

However, SMEs do not show much satisfaction with the training offers on the market, mainly due to the specific characteristics of the SMEs training needs. Therefore, there is a need for specific approaches of SMEs Managers.

SMEs often lack the time and resources to take advantage of the trainings offered or may not realize they need training. Training is often undertaken in an ad hoc way, in reaction to some problem or issue.

Training provision for SMEs suffers from defects of content, access, flexibility and cost. Trainers often lack experience in SMEs. SMEs are also concerned about quality of training and getting information about training.

In terms of delivery of training, the majority of SMEs managers want training at their request. They have preferences for short courses, group work and one to one advice or mentoring, like bridges over the division between training and consultancy to meet the practical needs of SME managers, offering individualized support, focus on the SME itself and interaction of trainees.

To be credible as a training provider for SMEs, useful tools should supply: better access and flexibility, grants and information on the nature and quality of training, immediacy and usefulness, up-to-date material and learning at one's own pace.

Problems exist in offering training for SMEs regarding lack of adequate human support, poor presentation and unreliability of technology.

Training services should be more proactive, integrated in long-term service provision, involving identification of training needs, provision of training/consultancy services in several areas, assistance with implementation and regular monitoring of the performances and environmental changes.