

Management Practices from Small and Medium Enterprises within the Knowledge-Based Economy

Dan Popescu, Iulia Chivu, Alina Ciocârlan-Chitucea, Cătălin-Valeriu Curmei, Daniela-Oana Popescu

Abstract— The European Union is part of the group of countries with the most intense concerns and performance in supporting and encouraging small and medium enterprises. The importance attached to this type of organization is supported by the existence of strategic documents such as White Charter, adopted in 1985, and by organizing conferences entirely devoted to European SMEs. The aim of these international events is to create and promote an enabling environment to support small and medium sized companies. The group of most developed countries of the world that form the Organization for Economic Cooperation and Development has established the following main objectives in policies to support SMEs: increasing the living standards of people and ensuring financial stability as a catalyst for national economic growth, economic growth in EU countries but also in other countries in developing countries (Kelly, 2001).

Economic activity is increased in sectors that intensively use knowledge and technology and increase production and employment in high-tech sectors. Success in the knowledge based economy depends on the ability to innovate. Researchers (Prusak, Matson, 2006) have identified the following characteristic of the knowledge based economy: physical distances represent no longer an obstacle to economic development, communication, education, successful implementation of projects and integration into society, economic system is open the world.

Key change involving the transition to a new kind of economy is not only the concern of the scientific world. Leaders of developed countries in European Union policy areas identified transition options to the new type of economy, the knowledge based economy: building an information society to citizens, by extending the Internet, electronic commerce, telecommunications, building a dynamic business environment, stimulating, developing small and medium enterprises, supporting scientific research as a vector of competitiveness and the enhancement of human resources, investing in education and training, promoting social protection systems and incentives to work.

Keywords—human resources development, internal marketing, knowledge-based economy, performances, small and medium-sized enterprises (SMEs)

I. INTRODUCTION

During 1990-1992, industrial production and productivity slightly fell and unemployment rate sluggishly increased. In the next few years, 1993-1995, industrial production and productivity values grew, the unemployed level has stabilized,

correlated with relatively significant development of SMEs, although such organizations were not in the forefront of legislative and executive attention [9].

Between 1996-2000, the number of established SMEs reduced, simultaneously to increasing activity reducing decisions. Causes that have contributed to this undesirable evolution were the unfavorable general economic situation and refuse of according special treatment of SMEs, in order to encourage conducting business.

After 2000, SMEs have experienced an upswing, by having a favorable macroeconomic environment as background: recovery of industrial activity, rapid growth of service sector development, construction and trade domains dynamics, increase of domestic and foreign investment, faster imports growth compared to exports growth, and strengthen economic connections between the Romanian economy and the European Union's economy [1].

The following consequences refer to the SMEs sector development: number of SMEs in Romania increased with approximately 20-35 thousand annually; technical and massive imports of high technology have encouraged SMEs major refurbishment; modern management, marketing and financial approaches have proliferated; new forms of SMEs (clusters, networks of firms, industrial parks, spin-offs) have appeared; use, on a wider range of activities, of modern electronic forms (e-commerce, e-banking, e-learning) has noticeably increased [15].

It is widely recognized the fact that SMEs became the most generous source of employment supply, both in Romania and in Western countries. But considering SMEs only as means of absorbing workforce, would significantly reduce their role in the economy and society. SMEs play an essential role to foster a culture of competition based on higher flexibility and productivity. Widening the angle of approach, SMEs promote individual and organizational behavior change [1].

Traditionally, organizations have rewarded their professionals and employees based on their individual performance and know-how. In many organizations, a major cultural shift would be required to change their employees' attitudes and behavior so that they willingly and consistently share their knowledge and insights [2]. An effective way to motivate knowledge sharing is through the organizational reward and incentive mechanisms. Both McKinsey &

Company and Coopers & Lybrand LLP (a management consulting and a professional services firm, respectively) use this mechanism to promote knowledge sharing among their consulting and professional staff [7]. To make information resources productive, organizations should be converted to actionable knowledge, such a process introduces challenges relating to knowledge creation, capture, sharing, and maintenance [3].

Also, the research made by Yahya and Goh in 2002 [13], suggest that a knowledge organization requires a different management approach than the non-knowledge organization. In terms of employee development, the focus should be placed on achieving quality, creativity, leadership, and problem solving skill. The design of a compensation and reward system should be on promoting group performance, knowledge sharing, and innovative thinking. The performance appraisal must be the base of evaluation of employee's knowledge management practices, and an input for directing knowledge management efforts [5].

Knowledge workers interpret information, generate outputs and solve problems according to their internal structures as individuals rather than according to external rules or procedures. By its human nature, each knowledge worker develops his own subjective configuration based on past experiences, the information he has absorbed and the particular context in which he has used his skills and abilities [4]. Neglecting this aspect, corporate software programs aim to level or standardize the differences between individual workers. We suggests that should be provided to knowledge workers tools which enable diversification of individuals' outputs.

Knowledge itself is not of any value to an organization unless these contextual aspects are clearly understood. Much of the knowledge, both tacit and explicit remains largely untapped in most organizations; without a thorough understanding of context, it will not be possible for KM to support the development of management and leadership capabilities to support innovation and creativity. Much work in HRM has focused on identifying facilitators and inhibitors of innovation, such as people (e.g. effective leadership behaviors), structure (e.g. the impact of centralization, formalization, complexity, stratification, double-loop learning) and organizational size or resource availability. Other approaches have found that strategic type, organizational climate and culture, and organizational environment are also important facilitators or inhibitors of innovation. For example, Redman et al [12] using a large-scale survey have shown that the significance of inter-firm networking for innovation differs markedly between industry sectors, and that high innovating organizations often seek long-term, secure relationships with employees. Organizations also seem to adopt very different strategies towards staff directly involved in innovation as compared with staff in general, with less use of flexible employment policies for this group [11]. An alternative is to see innovation as more dynamic and fluid, allowing for groups,

individuals and collaborative partners to differ in their perceptions and interpretations of events.

II. SMES HUMAN RESOURCES PERFORMANCE

Within the SMEs sector, human resources distribution is a relatively balanced one, each category of enterprise owning approximately 30% of the total number of employees. Basically, differences in the number of employees annual average evolution indicator, by size categories, are reflected in increasing or reducing the share of medium-sized enterprises, small or micro enterprises.

In Table 1 are represented the most common criteria of SMEs employees assessment, taken into consideration in recruitment and selection processes: experience (57.51%), responsible attitude (56.87%), knowledge and skills (53.69%), commitment to the company (52.50%), professional competence (48.59%), conscientiousness (42.13%), intelligence (27.48%), resistance to effort (26.57%), education (16.65%), proper conduct (15.38%), foreign languages (11.83%) and commitment (52.50%) [16].

Table 1: Frequency of SMEs Employee Assessment Criteria

Experience	57,51
Responsible attitude	56,87
Knowledge and skills	53,69
Commitment to the company	52,50
Professional competence	48,59
Conscientiousness	42,13
Intelligence	27,48
Resistance to effort	26,57
Education	16,65
Proper conduct	15,38
Foreign languages	11,83
Who referred him/her	9,92

Source: White Charter of Romanian SMEs 2009, p.236

A. Efficiency and profitability of SMEs

Efficiency and profitability of SMEs can be measured using several economic indicators, of which the most relevant is the level of productivity, defined as the ratio between turnover and number of employees [17].

Reducing the number of employees is a direct factor of influence for increased productivity. Therefore, two courses of action can be considered towards increasing productivity: an extensive one, by replacing and renewing technology, and also an intensive one, by restructuring and personnel training.

Average annual productivity expressed by turnover per capita of the SMEs sector amounted to 41,456 Euro/employee in 2009, compared to 27,823 Euro/employee in 2004. Productivity amounts to 38,957 Euro/employee for microenterprises, 49,998 Euro/employee for small enterprises and 54,125 Euro/employee for medium ones, while the SMEs total average value is 41,456 Euro/employee.

Considering the structure size classes, the highest level of productivity in Romania was recorded by medium-sized enterprises, meaning up to 30% above the SMEs sector average value. Moreover, as shown in Table 2, productivity of

49,998 Euro/employee level was above the average of overall sector [17].

Table 2: Productivity per Capita, per SMEs Total Sector and on Size Classes

Enterprises	2004	2006	2007	2009
Micro (0-9 employees)	26 592	32 304	39 500	38 957
Small (10-49 employees)	30 984	42 051	50 786	49 998
Medium (50-249 employees)	25 894	41 685	54 136	54 125
TOTAL	27 823	33 406	41 183	41 456

Source:

http://www.mimmc.ro/files/Raport_Anual_IMM_2008.pdf, accesses on the 6th of April 2010, own calculations (the exchange rate Lei/Euro was considered to be 3,52 in 2006, 3,34 in 2007, 4,10 in 2009)

B. The Marketing Strategic Planning Importance within SMEs

The marketing strategic planning gain within the last decades the status of marketing function together with the research-development functions, commercial component, production component, financial and accounting component, and human resources component. In this way, the marketing component assures the success of the medium and small enterprises through determination of needs satisfaction, demand and aspirations of the targeted market using the scientific marketing instruments and approach that leads to achievement of the marketing objectives and of the general objectives.

Methods and techniques of marketing strategic planning process used to be adapted to the specific limitations of the small and medium enterprises. The limitations for the small and medium size enterprises are various [6]:

- limited resources – such as financing, time, marketing knowledge;
- lack of expertise – owners/managers have the tendency to be generalists rather than specialists
- limited impact into the market.

It is to be mentioned that there is a strict correspondence between the influential factors towards the small and medium enterprises and the marketing characteristics. Therefore it is necessary to adapt the marketing activities within the processes of the small and medium enterprises and especially within the instruments for marketing strategic planning. Vladoi, Mihoc and Curmei [13] appreciate that among the factors of influence for the competitiveness of the small and medium enterprises there is the innovation, as having a special impact, and it must be perceived from the marketing strategic planning as central

element in the usage of the segmentation, positioning and marketing mix. Therefore, the main objective of all marketing activities is represented by the increase of the innovation rate through successfully set up of new products, services and/or technologies and meeting the demand needs from a qualitative and quantitative point of view.

Additionally, we should mention that the marketing strategic planning instruments cannot be seen as separated but taking part of a complex strategic planning process of the enterprise. At the headquarter level, four planning activities are to be found and they are included into the strategic cycle (planning, implementation, control) and namely [8]:

- company mission definition;
- establish the strategic activity units (USA)
- allocate resources to each USA
- evaluate the growth possibilities

Regarding the marketing strategic planning and its specific instruments we can state that a series of specialists have noticed, as a result of the qualitative and quantitative marketing audit within several SMEs, the lack of usage of strategic planning within the small and medium enterprises [10].

C. Productivity

Productivity evolution, calculated for SMEs of main economic sectors and expressed in euro - current prices per employee, is shown in Table 3. Annual average values highlight large discrepancies between sectors.

In 2009, productivity of SMEs which activate in services was 44,998 Euros per employee, the industry of 33,254 Euros per employee, construction - 32,475 Euro per employee and 34,897 Euro per employee in agriculture.

The most important dynamic has been marked by SMEs in the agriculture sector, where productivity grew by 4.2% more than in 2008, followed by SMEs of the services sector, which productivity increased by 2.5%. Positive trend is also valid for constructions sector (1.9%), and industry which registered 1.8% more than in 2008, leading to constant increasing trend for all SMEs.

SMEs which activate within the service sector, overcame the average level, with the highest productivity (44 998 euro per employee. SMEs in the other three sectors have closer annual average values and below the sector average value. The economic phenomena is understandable, since trade sector represents a significant share of total trade sector SMEs, and also since micro-enterprises affect the overall result quantitatively [17].

Table 3: Productivity Considering Main Activity Sectors

	2004	2006	2007	2009
Agriculture	18 445	24 657	33 465	34 897
Industry	17 303	26 902	32 000	33 254
Constructions	18 964	27 225	32 581	32 475

Services	36 863	35 348	44 232	44 998
TOTAL SMEs	27 823	33 406	41 183	41 456

Source:

http://www.mimmc.ro/files/Raport_Anual_IMM_2008.pdf,
accesses on the 6th of April 2010, own calculations (the
exchange rate Lei/Euro was considered to be 3,52 in 2006,
3,34 in 2007, 4,10 in 2009)

D. Wages Evolution within SMEs

In Table 4, the results are represented considering the evolution of the average wage in 2009, highlighting the following specifications: 24.66% of SMEs remained at the value of the average wage in 2008; in most cases, i.e. 72.9%, wage value average increased in various percentages, and only 2.36% of SMEs employees received a lower average salary. Theoretically, the results are favorable, but they are accompanied by a reduction in the number of employees in 2009, leading, in many cases, increasing the average cost of labor, but artificially, through layoffs, not from performance activity.

Table 4: SMEs Structure According to Medium Wage Evolution in 2009/2008

	SMEs Medium Wage Evolution	Enterprises
1.	Decreased	2,36%
2.	Remained constant	24,66%
3.	Increased by 5%	14,24%
4.	Increased by 5-10%	22,69%
5.	Increased by 10-15%	18,37%
6.	Increased by 15-20%	11,20%
7.	Increased over 20%	6,48%

Source: White Charter of Romanian SMEs 2009, p.241

Total cost of labor has risen in all size significantly for medium enterprises. This is explained both by the wage policy, also by the motivation and retention efforts made by employers of medium-sized firms amid a crisis of employment context, furthermore, by increasing revenue in 2008, and because of continuing high rate of different types of state contributions (CAS) applied to a higher higher total salaries fund.

III. HUMAN RESOURCES DEVELOPMENT

Development may be a characteristic of the culture, values, processes and resources of the organization, not just specific of individuals. Initiated at the organizational level, development involves change, change in behavior, beliefs, attitudes. The role of management becomes as new values: the

definition of processes, methods and techniques for managing development processes of the human factor, setting clear environmental impact of changes in internal and external, ensuring the availability of tangible resources (financial, material) and intangible (skills, facilities) in the development process, there is consistency between plan development and organizational strategy.

The results shown in Table No. 6 show that 35.63% of SMEs have allocated between one and five days for training to their employees, which is an encouraging percentage, but overshadowed by a similar percentage value (39.45% of all SMEs) have not spent any days for training its employees. A share of 12.78% from all SMEs allocated over 10 days and 15.38% between 6 and 10 days.

While most SMEs in 2009 earmarked for professional development activities for employees, however, a significant part (over one third) have not yet done so last year [16].

Table 5: SMEs Structure According to Training Activity Duration (2009)

		Enterprises
1.	Over 10 days	12,27%
2.	6-10 days	15,87%
3.	1-5 days	36,61%
4.	0 days	35,25%

Source: White Charter of Romanian SMEs 2009, p.243

Most SMEs, regardless of size class, allocate to its personnel training periods (mostly choose training sessions of 1-5 days: 54.06% of medium enterprises, 40.69% of 35.63% of small and micro enterprises).

Training programs have a duration longer than six days for all classes from the large size to the small stands (24.54% 6-10 days and are moving towards 12, 57% to more than 10 days for professional development), followed by medium-sized enterprises (15.38% 6-10 days and guided by 9.85% to more than 10 days) and micro (12.78% respectively 12.14%).

The data evolution is explained by lower financial resources owned by microenterprises - 39.45% do not assign any day of training.

Table 6: Productivity per Capita, per Total SMEs Sector, on Size Classes

		Enterprises		
		Micro (0-9 employees)	Small (10-49 employees)	Medium (50-249 employees)
1.	Over 10 days	12,78	12,57	15,38
2.	6-10	12,14	24,54	9,85

	days			
3.	1-5 days	35,63	40,69	54,06
4.	0 days	39,45	22,20	20,70

Source:

http://www.mimmc.ro/files/Raport_Anual_IMM_2008.pdf, accessed in the 06th of April 2010, own calculations (exchange rate Lei/Euro has been considered 3,52 in 2006, 3,34 in 2007, 4,10 in 2009)

IV. GENERAL VIEW UPON ROMANIAN ECONOMY IN 2004-2009

Annual GDP growth was significant up to 2008, higher than the average European Union level; furthermore, these positive results were recorded as a result of particular SMEs contribution, representing a dynamic sector, that, in spite of pessimistic appreciations, manages to continually develop and adapt to the requirements of a functioning market economy.

The process of sustainable economic growth, installed since the country preparation for The European Union's membership, has continued the positive evolution, although not at the same rates and allowances as in the years prior to accession. Thus, in 2007, GDP grew of 6%, compared to 7.9% level achieved in 2006; despite lower economic growth achieved in 2007, the economic development was characterized as stable, healthy. Values of macroeconomic indicators in 2008 confirm the hypothesis (annual growth rate of GDP is 7.1%, GDP per capita and reaches the highest value in the last five years, of 23,440 lei per capita).

The main growth influence factors continued to increase domestic consumption of goods and services and increase of investment flows to Romania, especially in the first semester of 2007, as shown in The Romanian National Bank's Annual Report, referred to as the main source of macroeconomic data.

Severe and highly synchronized reduction of global economic activity had effects in the main macroeconomic developments in Romania: annual GDP growth turned sharply negative in 2009, which seriously affected both public and private sector: the number of layoffs increased by 4.4% (approximately 212,000 people became unemployed in 2009), a number of SMEs (especially microenterprises) were vanished (the number of SMEs has decreased by about 10%). The budget deficit increased by 47.65% (in 2009 compared to 2008, the budget deficit turned from -24 654,9 million lei to -36 400,6 million lei). The value of imports and exports declined as a result of global economic context pressures and negative Balance of Foreign Trade value reduced to -6 754 million Euro, the lowest value recorded since 2005.

Inflation rate, measured by consumer price index, has continuously decreased after 2000, reaching its lowest level in recent history (i.e. 4.9%) at the end of 2007, compared to 6.6% value of the previous year. This fact reinforced the tendency installed approximately three years ago, meaning the level of a single-digit before the comma inflation, and reducing the difference between Romania and the level of the other

European Unions country members. After an increase of 1.4% in 2008, explained by higher incomes and increased consumption, the inflation rate reached 4.74% in 2009, due to lower domestic consumption and due to state intervention in the economy.

In 2007 and 2008, unemployment rates maintain at a stable level of 4.1% - 4.4%, correlated with economic growth; redundancies in the past year announced emerging economic and financial crisis, slumped the value at 7.8%, the highest rate since 2004.

V. SMEs AND THE ECONOMIC AND FINANCIAL CRISIS

The concept of performance is reflected in the literature with different meanings, for instance: successful result of an activity, action, and economic, with the meaning of profitability, productivity, efficiency (Vâlceanu, Robu, Georgescu, 2005).

Performance refers to superior results achieved by businesses (i.e. SMEs) at a specific moment of time (2009), compared to the previous period.

In 2009, the majority of SMEs, for all kinds of size, recorded lower performance than in 2008 (with values between 54.38% to 62.10% for micro and medium enterprises). In this case, the highest percentage relates to medium-sized enterprises for, as logical approachment, the performance of a medium enterprise (either higher or lower) is generally larger than the performance of a microenterprise.

Approximately 30% of SMEs recorded similar performances, while only about 13.8% of SMEs were able to increase their results in 2009.

As shown in Table No. 7, the results recorded by SMEs are predominantly negative ones, with implications for human resources working in these enterprises.

Table No. 7: SMEs Performances in 2009, Compared to 2008, on Size Classes

	SMEs Performances in 2009, compared to 2008	Enterprises		
		Micro (0-9 employees)	Small (10-49 employees)	Medium (50-249 employees)
1.	Superior	13,87	13,83	13,71
2.	Identical	31,75	30,55	24,19
3.	Inferior	54,38	55,62	62,10

Source: SMEs White Charter 2009, pp. 142

Over half of SMEs have reduced activity in 2009 compared to 2008, approximately 20% of them maintained their activity at the same parameters (for each of the three types of SMEs), while 5% have able to record superior results in their activity. A percentage between 12.75% and 15.15% for medium to micro, no longer on the market resistant employing and went bankrupt.

Reduced resistance to external factors caused by SMEs small

dimension generate a higher proportion of enterprises who went bankrupt in 2009, compared to the other two types: small and medium enterprises.

Use one space after periods and colons. Hyphenate complex modifiers: "zero-field-cooled magnetization." Avoid dangling participles, such as, "Using (1), the potential was calculated." [It is not clear who or what used (1).] Write instead, "The potential was calculated by using (1)," or "Using (1), we calculated the potential."

Efficiency and profitability of SMEs can be measured using several economic indicators, of which the most relevant is the level of productivity, defined as the ratio between turnover and number of employees. Moreover, the growth performance of the SMEs sector regarding the issue of economic efficiency and competitiveness represents a constant concern of the European Union, also illustrated by the strategic directions for action to support the emerging private sector development.

Reducing the number of employees is a direct factor of influence for increased productivity. Therefore, two courses of action can be considered towards increasing productivity, both extensive and intensive; the extensive course obtained by replacing and renewing technology, and the intensive course refers to gaining skilled personnel through training and restructuring activities.

Average annual productivity expressed by turnover per capita of the SMEs sector amounted to 41,456 Euro/employee in 2009, compared to 27,823 Euro/employee in 2004. Productivity amounts to 38,957 Euro/employee for microenterprises, 49,998 Euro/employee for small enterprises and 54,125 Euro/employee for medium ones, while the SMEs total average value is 41,456 Euro/employee.

To create a competitive advantage, SMEs need to be able to learn faster than their competitors and also develop a customer responsive culture. Argyris (1999) identified that in light of these pressures, modern organizations need to maintain knowledge about new products and processes, understand what is happening in the outside environment and produce creative using the knowledge and skills of all employed within the organization. This requires co-operation between individuals and groups, free and reliable communication, and a culture of trust.

Human resources development refers to the skilful provision and organization of learning experiences, primarily but not exclusively in the workplace, in order that business goals and organizational growth can be achieved. Changing to a new economic and social organization model, a knowledge model, implies employees, as part of the organization, higher adaptation capacity. Within organization, the learning process takes place at individual level, team level and organizational level. Continuous concern for training and professional improvement of human resources knowledge and capacities has favourable results for employee and organization.

Within this century beginning new realities and tendencies context, many from the world states are engaged in promoting a new knowledge-based development process. In these

countries, at organizations management level a constant concern for promoting new knowledge innovation techniques is being expressed.

VI. MARKETING STRATEGIC PLANNING WITHIN THE SMALL AND MEDIUM SIZE ENTERPRISES

The use of marketing within the small and medium enterprises in the relationship they have with the marketplace becomes more and more a necessity leading to the market oriented activities as well as understanding and implementing marketing as a philosophy. According to a marketing perspective, the activities, and especially the marketing activities within the small and medium enterprises shall not take place randomly. The scarcity of resources which is a characteristic of this type or enterprises, as well as the objectives that they set to themselves regarding client satisfaction and maximization of economical efficiency implies a strict planning of their sequence of activities following a strategy which was assumed before. According to this perspective, the marketing strategic planning emerges into a complex process using the scientific instruments such as segmentation, positioning and marketing mix. The present thesis has as a purpose the identification of the way the small and medium enterprises may use the instruments of the marketing strategic planning and the degree of their utilization into practice. Moreover, the present paper tries to underline the way the small and medium enterprises may adopt, implement and operate the instruments of the strategic planning correctly, so that they are able to generate the competitive advantage, the most important factor for their growth.

The small and medium enterprises as main development factor for the present economy represent a challenge for the modern marketing who is required to respond through adapting its entire scientific instruments to the particularities of this type of organizations. The marketing methods, techniques and instruments are doing nothing else but dynamically connect the small and medium enterprises to the marketplace, especially during the latest decades in a continuous change. The marketplace evolution lies as a fundamental in the development and especially the set up of marketing and the socio- economical dynamism [19]. Therefore, the market place seen from a marketing perspective represents the central element of any activity within the enterprise. As a result, the development of the small and medium enterprises depends very much on their capacity to set the general, strategic and tactical planning [21] a central role within their activities which would lead to the achievement of the general and marketing objectives of those types of organisations.

When we try to identify the issues that the small and medium enterprises are facing, and especially the relationships that they have with the market, it is necessary that a first element that must be taken into account is the definition of the small and medium enterprises. Should we consider the classification of enterprises within a certain market, it is necessary that we use

certain criteria that may identify the indicators which will be analysed in determining the types of enterprises.

It is to be mentioned that within the marketing literature there is a certain classification of the used indicators which underlines the rules that must be taken into account [22]:

- the number of indicators that will be simultaneously used (one, two or more);
- the field for which the indicators are utilized (general or branches);
- the type of indicators used (quantitative or qualitative)

We also can notice the reduced usage of the qualitative indicators in favor of the ones of quantitative type, situation that can be explained through the fact that within the evaluation of the small and medium enterprises the elements of quantitative importance are appreciated. It is to be added that the most frequent three indicators are the following: employee's number, turnover and total assets. The major advantage of the employees number as a criteria for delimiting the small and medium enterprises results from [9]:

- ease in expressing the dimensions and its understanding;
- the periodical reporting within the official statistics;
- avoidance in the apparent change of the enterprise dimension under the impact of the financial factors, especially the inflation and the exchange rate;
- ease in comparing enterprises dimensions, should they be in different countries of different branches

The small and medium enterprises have a special role within the European economy, representing a permanent source of innovation, set-up of workplaces and representing a favorable environment for the development of the entrepreneurial abilities. Additionally, it is to be mentioned the important position within the European Union of the small and medium enterprises which assures an important number of workplaces within the approximately 23 million SMEs representing 99% from the number of enterprises which assures a number of 75 million workplaces [23].

In an obvious way, the marketing strategic planning as many of the marketing concepts that we use today was subject to various modifications which led to its development concomitant to the economic and social evolutions that led to the repositioning of marketing within the enterprises and made it gain within the last decades the status of marketing function [19] together with the classical ones such as: research-development functions, commercial component, production component, financial and accounting component, and human resources component [9]. In this way, the marketing component assures the success of the medium and small enterprises [24] through determination of needs satisfaction, demand and aspirations of the targeted market using the scientific marketing instruments and approach that leads to achievement of the marketing objectives and of the general objectives.

The role of marketing as well as its place within the small and medium enterprises, considering as a reference the marketing strategic planning which implies that activities take

place according to a rigorous succession that cannot use positioning as a specific instrument without having a prior step in segmentation [25] is a result of the way that those enterprise types use as reference the marketing environment and from the way the methods, techniques and marketing strategic planning instruments overtake and underline their particularities in relationship with the market. Taking into account such a perspective, it is natural that the strategic planning is part of a complex process having as first component the strategic planning as the component that defines the role of the marketing activity within the structure and the different strategic levels of the organization [22]. A full understanding of the marketing role within the small and medium enterprises cannot be complete without understanding of strategic planning and especially of the particularity of a complex process of which dimension is a vertical sequence of market-oriented strategic planning, strategic planning of activities, and strategic marketing planning representing the last of the processes [19]. Management of those processes, through the corresponding projection of the firm's management system (decisional, informational, organizational, methodological) assures the take place of activities considering a marketing vision which leads to the fact that the enterprise is market-oriented, the so called "marketing enterprise"[20].

The strategic planning as global process comprises the marketing strategic planning creates the premises that the organization is positioned into a new category of the small and medium enterprises from the marketing perspective and its role within the organization [18].

VII. CONCLUSION

Development may be a characteristic of the culture, values, processes and resources of the organization, not just specific of individuals. Initiated at the organizational level, development involves change, change in behavior, beliefs, attitudes. The role of management becomes as new values: the definition of processes, methods and techniques for managing development processes of the human factor, setting clear environmental impact of changes in internal and external, ensuring the availability of tangible resources (financial, material) and intangible (skills, facilities) in the development process, there is consistency between plan development and organizational strategy.

There is a competitive advantage for an organization whose workforce can learn quicker than the workforce of other competing SMEs. In these settings, human resources development represents the solution that focuses on the organizations competencies at the first stage, training, and then developing the employee, through education, to satisfy the organizations long-term needs and the individuals' career goals and employee value to their present and future employers.

All these considered, key changes involving the transition to a competitive SMEs sector should take into consideration the

following:

- creating and implementing human resources development strategies of SMEs, as a prerequisite to increase their performance in the new socio-economic context. SMEs tend to give greater importance to human resources than larger organizations, because of the simplified hierarchical structure, which promotes greater interaction between management and execution personnel, and, furthermore, higher interest and commitment of organization employees;

- supporting innovation in SMEs, argument sustained by increasingly development and implementation of scientific progress. Innovative characteristics of SMEs should be harnessed and transformed into a competitive advantage in all sectors;

- funding research and development from the state budget to address some of the issues facing SMEs. Currently, there is a gap between the contribution that SMEs have to GDP formation and the benefits received to be allocated for research and development.

In The European Union's country members, SMEs play an essential role in economic life, having special features that make adaptation process to the knowledge-based economy easier. In a knowledge-based economy context, SMEs have significant impact over the economic growth of the Romanian economy. As education and human resource development tend to become future economy privilege in developed countries, natural resources are limited and production is still to be transferred to lower cost countries – the knowledge is the becoming a major resource.

Interaction with others and active participation to human resources development require concrete knowledge held by the employee through feedback obtained, also individual performance recognition by others may be an important incentive for further study and professional development. Improving individual performance generates, by extension, organization favorable outcomes.

Human resource development (HRD) has gained a permanent role within SMEs, agencies and nations, increasingly as not only an academic discipline, but as a central theme in development area. Being a combination of training and education, in a broad context of adequate human resource policies, HRD ensures the continual improvement and growth of both individual and organization.

Unlike larger organizations, SMEs enjoy a number of advantages, such as small number of employees, which facilitate communication and propagation of change within the organization, a smaller proportion of total tangible assets, economic and relatively simple management, adaptability and flexibility to changing external environment, entrepreneurial spirit, faster growth, development potential, but more intense interpersonal relationships and greater cohesion.

REFERENCES

[1] Archibugi D., Lundvall B.A., *The Globalizing Learning Economy*, Ed. Oxford University Press, Oxford, 2001, pp. 21-23, 326 pg., ISBN 978-0199258178

- [2] Argyris, C., Schön, D., *Organizational learning: A theory of action and perspective*, Addison-Wesley, Reading, Mass., 1978, pp. 57-63, ISBN 978-0201001747
- [3] Argyris, C., *Double loop learning in organizations*, Harvard Business Review, Vol. 55, No. 5, 1977, pp. 115-125, ISSN 0017-8012
- [4] Alavi, M., Leidner, D., *Knowledge Management Systems: Emerging Views and Practices from the Field*, the 32nd Hawaii International Conference on System Sciences, 1999, pp. 13-27
- [5] Beardwell I., Holden L., *Human Resources Management, a Contemporary Approach*, Third Edition, Ed. Financial Times Prentice Hall, 2001, pp. 272-273, 769 pg., ISBN 0-273643169
- [6] Gilmore, A., Carson, D., Grant, K., *SME Marketing in Practice*, Marketing Intelligente & Planing, Vol.19, No. 1, 2001, pp. 6-11, ISSN 0263-4503
- [7] Huber, G., *On organizational learning: The contributing processes and literature*, Organization Science, Vol. 2, No. 1, 1991, pp. 88-115, ISSN 0040-0912
- [8] Kotler, Ph., Keller, K.L., *Marketing Management*, Prentice Hall, 13 Edition, 2008, ISBN 978-013-600-9986
- [9] Nicolescu, O., Nicolescu, C., *Entrepreneurship and Small and Medium Enterprises Management*, Ed. Economics, 2008, pp. 234-245, ISBN 978-9737094209
- [10] Parrott, G., Roomi, M.A., Holliman, D., *An analysis of marketing programmes adopted by regional small and medium-sized enterprises*, Journal of Small Business and Enterprises Development, Vol. 17, No. 2, 2010, pp.184-203
- [11] Popescu D., Chivu I., Scarlat C., Ciocărlan-Chitucea A., Popescu D.O. – *Human Resources Development within Romanian Small and Medium Enterprises in a Knowledge Based Economy*, Metalurgia International, vol. XV, nr.7/2010, pp. 48-52, cotație CNCIS: ISI ISSN 1582–2214
- [12] Redman, T., Wilkinson, A., *Contemporary human resource management: text and cases*, 2nd Edition, Pearson Education, p. 418, 2006, ISBN 0-201-59613
- [13] Vladoi, A.D., Mihoc, F., Curmei, C. – *Specific Approaches of Modern Technology Marketing within SMEs on B2B Market*, Proceedings of 3rd International Conference on Entrepreneurship, Innovation and Regional Development - ICEIRD 2010, Novi Sad, Serbia, May 27-29, 2010, pp. 802-809
- [14] Yahya, S., Goh, W.-K., *Managing human resources toward achieving knowledge management*, www.emeraldinside.com, ISBN 978-0201001747
- [15] Romanian Government, *Annual Report 2007 – Small and Medium-Sized Enterprises of Romania*, Project financed within The European Union's PHARE Programme, ISSN 1454-0576
- [16] *White Charter of Romanian SMEs*, Seventh Edition, Bucharest, 2009, pp. 236, 241-243, ISBN 978-9731806365
- [17] http://www.mimmc.ro/files/Raport_Anual_IMM_2008.pdf, accesses on the 6th of April 2010, own calculations (the exchange rate Lei/Euro was considered to be 3,52 in 2006, 3,34 in 2007, 4,10 in 2009)
- [18] <http://wseasonline.blogspot.com/2009>, access date 04.08.2010
- [19] <http://wseas2007.wordpress.com/2008/01/22/>, access date 26.09.2010
- [20] <http://www.wseas.org/index.html#upcoming>, access date 26.09.2010
- [21] <http://www.ieee.am/ieee.am-tenerife2009-comatia.html#journal>, access date 03.07.2010
- [22] <http://www.wseas.us/reports/2010>, access date 06.08.2010
- [23] <http://www.inimm.ro/index.php?page=34#p1>, access date 03.10.2010
- [24] http://ec.europa.eu/prelex/detail_dossier_real.cfm?CL=en&DosId=17, access date 06.08.2010
- [25] http://www.europa.eu.int/comm/enterprise/library/lib_entrepreneurship/series_observatory.htm, access date 06.08.2010

This article is to be a result of the exploratory research project „Organizational Learning Model within the Knowledge-Based Economy from Romania”, PN II, Ideas, financing contract no. 1844/2008. This project is co funded by Scientific Research National Council of Higher Education, coordinated by The Academy of Economic Studies from Bucharest.