THE ECONOMIC RESTRUCTURING OF MONOINDUSTRIAL REGIONS AS A PREMISE OF SUSTAINABLE DEVELOPMENT

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Abstract: *Nowadays Romania is preparing to enter into the European Union. In this respect the large enterprises must be adapted to the restructuring, modernization and making profitably. The paper present the Romanian industrial system structure, the future role of large enterprises in accordance with their privatization and restructuring. : Monoindustrial regions from Eastern and central Europe, being in transition towards market economy, represent the target of restructuring policies. The consequences of desindustrialization , make the process of transition more painful as at national level. These regions possess non utilized resources but are characterized by the lack of alternatives , due to their former status. In order to insure a sustainable development of these regions, and overcome the inherited strengths and weaknesses it is necessary to combine regional development policies with nationwide development strategies. A few aspects of these topics are treated in the paper.*

Key Words: *management, restructuring, environment, monoindustrial regions*

1.INTRODUCTION

The economic changes as the development of market economy and the restructuring in general of the Romanian society have led to an important change in the economic and social environment. According to the Government Strategy and the requirements of the European Commission included in the National Development Plan special attention should be granted to the development of entrepreneurship and business creation and, management skills to support new SMEs start-up and labour market as well as to the local and regional local and regional infrastructures.

Strategic decision making of enterprises is more and more important these days, since, unlike the sixties, when economic evolution had a certain stability, and development tendencies were easily identified, in the eighties and especially the nineties, it became more unstable and turbulent, being characterized by rapid and sometimes unforeseen changes, by ruptures and brutal intervention of a new variable that might modify macro-, mezzo- and micro-economic contexts in a significant measure.

In Romania, regional disparities have historical, geographical, cultural and economic roots. These disparities, especially the economic ones, have expanded during transition because, on the one hand, of substantial economic fall (at the end of 1999 GDP reached only 75% of its 1989 level), and, on the other hand, because of firms' behavior in an economic environment with very high and long term inflation.

Moreover, the transition reveals the economic weakness of poorly developed areas: the strong dependence on a single industry, poor town planning and low locality attractiveness and insufficient utilities infrastructure development. The regions with dominant rural areas are the poorest. They are strongly dependent on agriculture and lack a young adult population (since in past decades they migrated to urban areas).

Beginning in 1997, the unemployment rate increased due to the acceleration of the restructuring process in the mining, chemical and petrochemical sectors and new legislation on compensatory payments.

Over time, some areas became deprived zones, with a high unemployment concentration. These are in monoindustrial localities, with development levels below the national average and a lack of job opportunities. Thus, the unemployment rate is far above the national average rate in counties such as Hunedoara, Gorj and Valcea.

Rural areas are more affected by unemployment than urban areas. Significant disparities also exist within each Development Region.

2.THE TARGET DEVELOPPED COUNTRIES LIKE INDUSTRIAL STRUCTURE

The industrial system's structure, existing in different developed countries, is the result of successive modifications regarding production concentration and transformation of technical systems of economic agents. Thus, whereas as far as the middle seventies, modernization of developed countries' economies involved increasing the degree of concentration, beginning with the eighties, this tendency reversed, the share of small and medium size enterprises increasing, both in the US and Japan, and in Western Europe, excepting Germany, who founding its economic growth on external markets, benefited of the advantages provided by large, better placed units in the world market, due to their size and positioning of spheres.

At present, about 40% of the European employees in industry work in enterprises as large as 10 to 499 staff; there are discrepancies between various EEC countries where this share is 38% in Germany and Great Britain, 72% in Spain, 61% in Italy. Increase of the share of small and medium size enterprises (SME) in industry in the last 15 years was due to the following: general decrease of the staff in case of large companies experiencing difficulties (and which thus entered in the category of SMEs); making subsidiaries, externalization of certain attached activities; subcontracting.

Beginning with the year 1985, small and medium enterprises have experienced a more favorable evolution than the larger ones, especially regarding number of employees and turnover. Although small and medium enterprises usually are capable of rapidly adjusting to conjectural modifications, they are not a homogeneous whole, in the sense that they can have both the highest and the lowest profitability rates; some can be significant exporters, whereas others export nothing whatsoever. A significant number of these enterprises gravitate in the orbit of large industrial groups as suppliers, customers and particularly subcontractors. In this context, it may well be pointed out that although the number of SMEs increased, the dominant position is still held by the large ones, as far as number of employees, added value completed, export, sales, investments, publicity expenditures, training of the personnel, and research are concerned

Currently, in the condition of amplification of international economic relationships, both on global markets and in European ones, large enterprises with many employees (sometimes more than 50-00 thousand employees) and with a significant turnover, still hold a significant rank.

Basically, production concentration means groups of enterprises, vast associations of manufacturers that allow: most efficient combination of production factors and intense use of technical capital; increasing scale economies; great innovation capacity, renewal of products and technologies (since afferent financial effort cannot be sustained by dispersed economic agents); less expensive acquisition of raw materials and modern equipment (due to their position of force and larger amount of goods required); easier access to advantageous credits (due to significant collaterals); highly trained personnel (mainly by offering higher salaries); dominant position on traditional markets (due to their brand), along with conquering new internal and external markets (by publicity, advertising, dense distribution network, post-sale services).

3. ENTERPRISE REFORM IN THE NEW MARKET ECONOMY

In view of creating conditions necessary for market economy to function, countries in transition aimed at creating a competitive industrial structure by privatizing enterprises, dismantling monopolies and suppressing direct state control of managements; ensuring possibilities of manifestation of market signals and ensuring its operation by removing conditions that lead to distortion of price (so that these would become elements of reference in allocation of sources); by improving mechanisms afferent to investment financing and modifying tax systems; by incentives and discipline manifest on global market by liberalization of commerce; promoting foreign investments and adopting exchange rates that might ensure a direct link between internal and global price levels; In this sense, the initial priority aimed at macro-economic stabilization programs, by which economic agents' behavior was expected to change in the sense of those in developed countries, with a market economy. In this context, the importance and role of criteria of reference -market structure (S), behavior of the enterprise (C) and its performances (P) -in the process of industry restructuring were different along the stages of reform in case of countries in transition.

In developed countries this relationship between the state and public enterprises led to an increased efficiency in the end, the latter having in many cases financial deficiencies and difficulties in maintaining external markets in the condition of intensification of competition and involving expenses from the state budget, the only solution being privatization.

Enterprise reform is in an incipient stage, because on the one hand, economic and financial difficulties increased, and, on the other, a certain lack of authentic managerial professionalism is seen, sometimes determined by insufficient understanding and expertise, unlike in developed countries (there are still cases with the mentality to execute tasks coming from the superior bodies, moreover, there is a lack of direct confrontation with the realities of market economy).

Given the large dimension of certain enterprises and the possibility of their privatization by several share-holders, we believe that in our country too, besides enterprises controlled by their owners (principal share-holders), management control will be widely extended, with benefic implications on the behavior of the enterprises, the condition being an efficient stock market organization. Practices of developed countries show that, unlike companies controlled by owners, those having a managerial control aim at obtaining larger sales figures (but not necessarily maximizing profit) and are interested in allotting a large part of the profit to development.

CONCLUSION

In a number of regions situated mainly in the applicant countries, the strong dependence on traditional industries suggests, in view of the anticipated conversion and restructuring, that new economic changes will occur, including some after enlargement. In addition, the current changes in the services sector (transport, finance, commercial intermediaries) could aggravate the economic conditions of certain regions development is not lagging behind.

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