SPECIFICITY OF THE LOCAL FIRMS ACTIVITY

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Abstract:

Currently, one of the unsolved problems in Romania is linked to disparities occurred in the living standards of the population in certain areas of Romania. To eliminate these disparities should, in our view, to put emphasis on the sustainable development of companies with activities at local level. Thus, it can provide sustainable jobs and on the consumer side, an offer of goods and services consistent with the sustainable needs of the population. The study makes a pertinent analysis (based on annual balance sheets) of economic and financial potential, utilization of potential, the results and performances of companies with activities locally in Romania between 2007 -2014, providing support for decisions to help the business environment in Romania.

Key words: local communities, goods and services, companies' activity

JEL classification codes: D04, D24, H41

1. Introduction

In the context of sustainable economic development, SMEs play an important role. However, if we refer to ensuring the purely local communities should refine the analysis, taking into account only those businesses with local vocation. Of course, first comes into question public services provided by legal firms and other goods provided local communities, in terms of free competition or monopoly.

2. Public services and local communities

Public service in the current sense is an activity of the institutions of state administration of a legal person, public or private, providing an activity of general interest.

Creating public services have long been state monopoly both in Western countries and communist countries, but for different reasons: for the capitalist state, to ensure the rights and freedoms of all its citizens, it was an obligation satisfies general interests; for the communist state, public services under the management of private enterprises constituted a threat.

Since the interwar period, the state and its institutions were forced to entrust some public services to private individuals as it could not meet social requirements. Thus, it is arose the idea of a service of general interest provided by a private firm. In 1964 Laumbadere show that "public service is a general interest activity, performed by a private person having powers under the control of political power (Ajda 1964, p. 91). So, according to this definition, the public service must meet the following conditions:

- A first condition is "general interest". Analyzing this aspect, we find that in the activity of firms is difficult to distinguish what is the general interest and private interest.

- The second condition refer to (according to the definition of a private firm) advantages for serving the general interest which enjoys such authority and not equality in its relations with third parties. This report will enable the authority or monopoly activity or issuance of unilateral acts or setting fees.

- The third condition concerns the administration control over the activity of services. Thus, a private person can only perform a public service by a delegation given by an institution public and it is necessary to delimit the perimeter within which they may act.

The current definition outlined in the late 80s recognizes that some public services performed by private individuals should not necessarily enjoy the prerogatives of public power. This concerns in particular to a series of public social services (health, culture, education, etc.) which are provided by private firms.

Since 1990, the idea of democracy in Romania was imposed in practice management system through the transfer of public services and states their teaching duties to private given that they

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should not necessarily enjoy the prerogatives of political power. However, the state currently has a monopoly on services considered of national interest that we establish and coordinate centralized (police, civil status, PSI, maintenance of inland transport, etc.).

From the definition given above, public service characteristics are:

- Public service is organized and authorized directly by an authority of local public administration, operating under its supervision;

- Public service aims to meet the needs of the public, corresponding to the general interest;

- Public service is always provided by government, whatever that is done (thru its own activities or through other service providers);

- The establishment of public service is the exclusive attribute of deliberative bodies, namely the local councils and their organization and functioning of the executive authorities is the attribute that is the prefect (the county) and mayors (for Municipalities).

3. Firms with local activity - factor of local economic development

At the local level, along with public services, there are a number of activities that are provided directly in the community, and not of the responsibility of the local public administration, such as local commerce, people transport, local tourism etc. These firms are created in accordance with the Law of Companies No.31/1990 and it operates under the principles of the law of supply and demand on a regulated local market.

Some public services, since 1990, have been privatized; much slower process than economic, but not because of lack of legislation, but in particular because of officials in public administration.

Privatization in Romania, was supposed to start first, with public services to create precedent under which privatization phenomenon to become politically acceptable.

In the management of public services we inspired a number of viable systems of the developed capitalist countries. Regarding privatization, did not take into account the many ways and forms used in these countries, when the phenomenon is much wide than generally (ex.: railways in the UK and Japan, the Renault factories in France, distribution electricity and telecommunications in the USA etc.).

The paradox is that in our country just administrative doctrine is the biggest obstacle to privatization. Thus, there are several hypotheses of administration, both the central and the local government level, which resulted in hindering privatization of public services in some areas and that proved to be false.

A first hypothesis is that there are not enough private service providers to ensure competition and whether it would be only one provider would reach monopolistic practices. This hypothesis believes it is wrong for the following reasons:

- Assume that the state monopoly is preferable to a private company; reality show, however, that after 1990, the administrative bureaucracy is worse than any other bureaucracy, and state monopoly is permanent, consumers no longer have any hope of improving services if they are bad, and in Romania in the past 10 years they leaves much to be desired;

- In public service, highly diversified, there are several potential providers. Thus employees of kings may establish a company and can take over the public services or managers of state firms can set up companies in the field. Finally, privatization of public services can attract private entrepreneurs by offering some better gains than the state or by the possibility of using money received from the redundant (between 8:20 salaries) to launch a business.

The second erroneous assumption lies in the fact that the administrations central or local publics think public services as national monopolies. It is well-known case of maintaining services for the public interest under the patronage of the state (airlines, railways, urban transport, etc.);

An example of false public utility is the privatization of telecommunications services in almost all countries in Europe; generally, private companies have lower costs and a much higher quality and efficiency of services. Not the same happened in Romania, where the sale of part of Romtelecom shares to a Greek firm that has generated more expensive phone calls within five years, 20 times.

A third hypothesis is wrong in the state's obligation to provide public services to ensure poor people's access to them. It is well known that the state subsidizes a range of public services, in order to provide users with cheap services, only those subsidies have a number of undesirable effects, such as for instance, the public transport. But, this subsidy generates monthly basically the following:

- Lack of motivation of employees (managers, engineers, economists) to reduce production costs;

- Maintaining in service of unsolicited trails;

- Lack of organization.

All presented lead to an expensive transportation and ultimately affecting poor people because they generally are public transport users. On the other hand, the grants are paid from the budget (local or central), so poor people pay all the taxes. In addition it should be mentioned how the government subsidizes all citizens regardless of the fact that some of them have or no means to pay the services.

A positive example is the subsidy for system of public transportation used in the US, which only grants a subsidy for poorest people to pay the cost of the ticket. This compensation system can be used and health services, housing or education.

Finally, the fourth hypothesis obviously false is to state that public services are intended for citizens, not for profit. In reality, no one from public service can be free, i.e. ineffective.

In conclusion, it must be recognized that privatization is easier in some areas such as telecommunications, energy distribution, transmission, but more difficult in the case of education, health, since they require the intervention of central government.

Even in this case, it must be recognized that the central government or local provides a range of public services. It has accepted that they can be administered by a number of private individual companies on a contractual basis.

Precisely the lack of funds should oblige the central or local governments to privatization for eliminate subsidies.

Partnership method has the advantage that induce competitive behavior of public service providers and while not involve high costs for the state budget or local budgets.

When is adopted a flexible legal framework relative to capital movements is possible and the interest of foreign investments is growing to simplify the administrative burden for central or local government. The partnership has at least in the broadest sense of cooperation between state and private companies, many variations, such as public works subcontracting, leasing of land and infrastructure for public execution, franchising joint ventures.

Economic, social and political, in many countries poorly developed or developing, does not allow full implementation of privatization of public services or at least not in form the sale of shares. It is therefore possible that Michel Todoroi, an eminent western economist, has been right when he said "public corporations can still play an important role in economic development as long as the political will exists to minimize the abuse of economic power, will correct share price and market distortions useless."

In analyzing the firms with local activity must be considered and performance indicators applicable to the evaluation. These indicators can be grouped into the following categories on which we present below, and based on the results obtained in Western countries: economic indicators; Quality indicators.

In the economic indicators field we can specify:

a) The unit cost performance is an excellent indicator that can be easily understood by citizens and local elected officials, not experts in the field. For example, is can compare the annual cost of schooling for a student from a school with the same type of costs from another educational institution (in the same country or in different countries).

In some European Union member states, the information relative to "unit cost" is published in a form allowing comparisons at national level (e.g. Denmark, Sweden, and Norway).

It is also becoming more frequent issues of international comparisons about unit costs. The unit cost, the starting point in studies on labor productivity, which is compared in time and weighted index to eliminate the effects of inflation. At the same time, it must take account of changes in the quality of service provided.

The "unit cost" is very good to compare productivity developments. In technical fields it is used for a long time. Thus, most of the local authoritarians know the cost of m3 of water or the removal of waste (tons or m3 per capita). When public services are charged, this indicator is very exact. It should however be borne in mind that for other services "unit cost" is difficult to calculate Thus, existing systems of evaluation and analysis does not always provide information on the costs of a service, and this because sometimes the difficulty lies in defining unit measure. For example, it is very difficult to quantify "unit cost" itself, where local social care services, care of disabled people, or children in need.

In such areas the development of reliable performance indicators is very difficult to achieve and requires several years.

b) Rates are selling price of local public services, products, taking into account the investment costs and inputs (raw water, energy, labor, etc.);

c) Indicators of efficiency are needed especially in areas where local public service is a natural monopoly. In these circumstances, could for example, a network of water efficiency, measured as the ratio between the water and the amount of water produced and invoiced.

Quality indicators:

The concept of quality of public services is generated thru the nature of the benefit recipients' expectations. From this point of view, important elements of local public services are:

- Opportunity;

- Continuity;

- The comfort of citizens.

However, sometimes activities carried out by local government have other objectives than satisfying the individual beneficiary, having admitted certain common objectives, namely:

- Providing local public services without economic constraints;

- Treating people equally to local public service provision.

In these cases, service delivery should focus primarily on needs and not on demand. The level of satisfaction of the beneficiary should not be the only indicator of quality. Thus, in some technical fields it is relatively easy to measure quality. For example, in the electricity supply quality corresponds mainly to the lack of breaks, and in terms of the quality of public waste collection, it cannot be measured by the number of complaints received from beneficiaries claiming delays in delivery or negligence manipulation. It is also very difficult to measure the quality of public social services, health or education. In these areas there unique performance indicators and the main problem that arises is "apportioning responsibility to define quality?":

- Provider

- Beneficiary;

- A group of experts.

Efficacy is probably the most important factor in local public services chapter. These can be provided in an economical and efficient manner, but if you do not meet their primary objective, may be a waste of energy (resources).

As we mentioned previously, there are areas where measurements are made more delicate due mainly to difficulties arising in defining goals and objectives. The political intentions must be translated into operational objectives, which is a very delicate operation. Moreover, given the relationship between a service and a goal (or purpose) it is sometimes particularly difficult to establish.

The distinction must be made between effectiveness and efficiency so when constructing a road, the efficiency is measured by the cost / Km. Effectiveness corresponds to the following indicators:

- Report of reducing cost and travel times;

- Reduce transportation costs;

- Decline in the number of accidents.

In documents made available by Member States to the European Union are not many examples of performance indicators that can reflect the effectiveness of local public services in the fields of education, social aid, health, helping the elderly, etc. However, it can make a general idea on the effectiveness of service based on a number of other factors relevant and reliable by which it is much easier to accomplish more complex studies to determine the effectiveness.

Regarding the use of performance indicators by local authorities, in most cases, they are used as complementary information for management control of local public services.

In technical fields such as water and electricity, sewage treatment, road maintenance, efficiency indicators are used more time because:

- Production activity in these areas is easily measured;

- Dates are the same as those used in the calculation of tariffs;

- Staff trained to use the measurement results.

On the contrary, in other sectors, the use of these indicators is the latest. Services like maintenance of green spaces, gardens and public parks, schools and social welfare wake often political interest and introduced new techniques for managing their supply level. And in the important area of environmental protection it is often possible to define objectives and results expressed as performance indicators.

4. Evolution of the companies' active locally in the period 2007 -2014

To draw some conclusions relating to firms active locally, we used the annual financial statements made available by the Ministry of Public Finance for 2007 – 2014 periods. The selection criteria for companies operating locally have been the industry (classification according to NACE rev. 2008) and their size (micro, small and medium size firms, according methodological Ministry of Public Finance).

Analysis indicators selected relate to economic potential, the utilization of its economic and financial results and performance, both in the regions structure and the dynamic for the period 2007 -2014. As regards developments in the economic potential of companies active locally were used following indicators: total assets, property, available cash, current assets, number of staff and number of companies. From the point of view of the average value of total asset, the data are presented in the following table.

Table 1

Dynamics of average total assets during 2007-2014 for companies grouped by region

No. crt.	Region Development	Total average assets per unit -dec.31.2014- (lei)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	1461496	132,30	135,15	122,94	153,53	156,04	144,48	145,04
2	NORD – EST	1392468	127,02	127,35	116,70	137,93	143,34	132,63	149,22
3	SUD – VEST	1607482	143,75	147,86	118,04	133,28	143,98	160,65	164,18
4	SUD – EST	1963858	132,02	131,40	108,12	125,89	135,30	148,25	175,66
5	SUD	1631711	136,20	125,91	118,71	146,38	155,53	147,24	159,78
6	CENTRU	1816460	133,17	127,86	110,62	130,29	138,47	140,99	161,15
7	VEST	1854544	135,81	118,91	109,44	135,37	148,95	144,42	148,35
8	BUCUREŞTI - ILFOV	20722439	137,39	115,30	151,98	149,92	141,98	142,10	283,64
	Total	**6445978**	**133,42**	**121,25**	**140,42**	**149,56**	**148,15**	**148,53**	**250,09**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

It is noted that the total average value of assets increased 2.50 times during 2007-2014, which may be positive, but it appears obvious disproportion between Bucharest - Ilfov region and other regions. The average level of total assets in 2014 to a company in Bucharest - Ilfov region is over 10.55 times higher compared to the average for a company in South - Eastern region (the region next level of this indicator) and over 14.88 times for a company in the Northeast region (last ranked the level of this indicator). Dynamically, the average total assets for the Company increased by 2.83 times over this period for the Bucharest - Ilfov and miss with 45.04% for the North - West.

Analysis of fixed assets, as an important element of the total assets of a company can be done using the following table.

Table 2

Dynamics of average fixed assets during 2007-2014
for companies grouped by region

No. crt.	Region Development	Average fixed assets -dec.31.2014- (lei)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	735513	133,72	136,94	117,75	139,12	141,33	137,74	151,01
2	NORD – EST	741554	132,32	129,45	110,44	128,16	133,97	126,35	163,58
3	SUD – VEST	836162	149,98	168,97	102,71	117,69	126,17	157,90	174,57
4	SUD – EST	994331	132,59	123,39	91,89	107,90	111,72	135,99	167,86
5	SUD	831096	139,81	125,04	107,26	132,16	140,95	140,87	169,10
6	CENTRU	1008817	138,37	133,82	102,11	118,94	124,32	137,01	170,91
7	VEST	985240	138,42	122,50	103,32	130,00	137,02	141,68	151,03
8	BUCUREŞTI - ILFOV	12616569	138,59	117,17	151,64	143,74	130,76	132,46	297,34
	Total	**3816140**	**135,11**	**122,80**	**138,73**	**141,98**	**135,53**	**139,83**	**265,96**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

The total value of tangible assets has a significant share in firms active locally. At country level, for 2014, this indicator represents approximately 59.20% of total assets. In this case, detach the same conclusion: Bucharest - Ilfov region has companies with the highest average value of tangible assets in the year 2014, and dynamic lowest increases are recorded for companies in the North - West and North - East.

Another analysis is the evolution of the structure and level of available funds, which can provide an insight into the financial resources of these companies for the period 2007-2014.

Table 3

Dynamics of average available monetary funds during 2007-2014
for companies grouped by region

No. crt.	Region Development	Average available monetary funds -dec.31.2014- (lei)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	77370	113,66	111,79	112,65	137,17	138,14	145,51	148,75
2	NORD – EST	61168	105,86	90,15	106,05	119,94	119,65	123,34	148,44
3	SUD – VEST	64564	121,02	101,86	108,49	122,01	122,10	137,87	139,89
4	SUD – EST	72886	114,30	103,42	112,79	127,20	135,99	140,06	152,40
5	SUD	74557	125,63	112,62	113,86	131,79	129,15	141,19	150,08
6	CENTRU	82290	106,36	102,59	104,06	119,59	126,33	134,70	155,27
7	VEST	80703	110,00	95,89	99,65	117,15	128,31	131,15	143,49
8	BUCUREŞTI - ILFOV	401146	128,37	105,67	124,73	122,35	114,07	118,05	274,46
	Total	**153390**	**120,57**	**105,94**	**119,45**	**126,19**	**123,06**	**128,94**	**233,83**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

In this case, firms in the North - East averaged reduce the financial resources at the end of 2014, 6.55 times lower compared to the average for the region Bucharest / Ilfov. Dynamically, the smallest increases recorded for firms in the South - West with an increase of only 39.89% in 2014 compared to 2007 and an average level at the end of 2014 of the lowest (only 64 564 lei).

Regarding current assets, mostly consisting of receivables situation is presented in the table below.

Table 4

Dynamics of average current assets during 2007-2014
for companies grouped by region

No. crt.	Region Development	Average current assets -dec.31.2014- (lei)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	725983	130,85	133,30	128,28	168,34	171,18	151,42	139,46
2	NORD – EST	650914	121,50	125,16	123,20	148,08	153,10	139,16	135,65
3	SUD – VEST	771319	137,57	126,94	133,23	148,72	161,63	163,37	154,23
4	SUD – EST	969527	131,23	142,36	130,32	150,49	167,55	165,02	184,46
5	SUD	800615	132,55	126,80	130,31	160,78	170,28	153,67	151,14
6	CENTRU	807643	127,08	120,89	120,56	143,54	155,00	145,63	150,42
7	VEST	869304	132,85	114,83	116,38	141,48	162,51	147,53	145,42
8	BUCUREŞTI - ILFOV	8105870	135,41	112,21	152,55	160,13	160,53	158,03	264,65
	Total	**2629838**	**130,97**	**119,01**	**142,87**	**160,53**	**166,43**	**161,15**	**230,16**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

From this perspective, a high level of this indicator, as is the case in the Bucharest / Ilfov is not necessarily favorable. The claims, which have the largest share represents a particular problem for the Bucharest / Ilfov, where they increased 2.64 times in 2014 compared to 2007.

In firms with local activity generally activates on average about 15 people in 2014, changes in the level and structure presenting below.

Table 5

Dynamics of average number of employed during 2007-2014
for companies grouped by region

No. crt.	Region Development	Average number of employed -dec.31.2014- (lei)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	7,30	107,76	106,47	86,64	97,84	95,26	85,52	122,70
2	NORD – EST	7,62	104,58	95,29	84,52	88,96	89,50	80,34	127,68
3	SUD – VEST	7,57	109,18	80,27	67,74	78,54	74,07	71,41	131,47
4	SUD – EST	7,73	103,43	96,04	76,65	84,56	84,83	77,83	131,04
5	SUD	7,87	107,74	100,40	80,91	93,86	90,92	93,78	112,13
6	CENTRU	8,69	114,58	108,46	79,90	87,75	87,01	83,11	128,14
7	VEST	7,61	109,02	97,04	82,60	91,75	92,27	79,30	123,80
8	BUCUREŞTI - ILFOV	37,16	118,00	94,69	114,09	105,98	100,61	97,85	231,67
	Total	**15,14**	**110,95**	**97,71**	**93,74**	**96,98**	**94,47**	**89,88**	**175,65**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

If this indicator analysis, the Bucharest / Ilfov stands out clearly with more than 37 employees, a typical mid-size firms, while in other regions, average operating companies with under 10 employees (micro specifically). A cause of the situation in 2014 is the dynamics specific to the Bucharest / Ilfov, where the average number of employees has increased 2.31 times during 2007-2014, while the rest of the country, this indicator increased by only 12, 13% in the South region and 31.47% for the region of South - West.

The number of firms with local activity increased on average by 7.64% in 2007 – 2014 periods, this situation presenting analytical regions in the table below.

Table 6

Dynamics of number of companies during 2007-2014 for companies grouped by region

No. crt.	Region Development	Number of companies -dec.31.2014- (lei)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	70124	90,28	95,73	90,38	91,13	90,85	96,30	109,09
2	NORD – EST	51806	92,26	94,68	90,69	90,53	89,19	93,17	105,10
3	SUD – VEST	34759	83,61	98,68	94,22	94,77	94,22	98,90	108,37
4	SUD – EST	56240	89,81	96,39	92,24	92,27	91,34	95,23	105,32
5	SUD	54965	90,97	97,78	94,29	94,36	93,89	98,19	105,11
6	CENTRU	57455	87,89	93,76	89,70	89,32	88,57	92,04	105,27
7	VEST	45389	86,94	95,43	89,90	89,85	89,15	93,32	107,73
8	BUCUREŞTI - ILFOV	124022	85,35	98,41	92,37	96,56	98,08	103,96	111,14
	Total	**494760**	**88,33**	**96,46**	**91,66**	**92,69**	**92,49**	**97,14**	**107,64**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

Given the economic and financial crisis period, it is observed that in the period 2008 - 2013, the number of companies at national level was lower than in 2007, only the last two years recorded an improvement of the situation. We can say that 2014 will be a change in trends recorded until then, the number of firms is higher this year in all regions than in 2007.

Overall, in terms of economic and financial potential, can make two observations:

- Dynamically, the Bucharest / Ilfov has the highest values of the indicators for characterizing growth potential, while the North - West and North – East region had the lowest values,

- The structure, the mean for economic and financial potential of the region Bucharest - Ilfov 2014 is over 2 times higher than the rest of the country.

These figures show that local economic development was done differently across the country, levers, instruments and means of enhancing the potential of being more concentrated in the region Bucharest / Ilfov and much less in the Northern area of the country.

In terms of the use of economic and financial potential, we used the following indicators: average personnel costs and total costs. In terms of personnel costs, data presented in the following table.

Table 7

Dynamics of average personnel costs during 2007-2014 for companies grouped by region

No. crt.	Region Development	Average personnel costs -dec.31.2014- (lei)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	159213	132,99	119,95	106,89	132,94	141,00	129,96	143,81
2	NORD – EST	156199	129,23	116,05	97,60	116,59	123,09	121,12	153,77
3	SUD – VEST	169696	146,27	113,22	95,18	114,82	121,15	140,79	159,32
4	SUD – EST	166407	135,17	117,51	96,00	116,64	121,86	123,24	154,59
5	SUD	179955	134,64	113,97	99,79	124,49	132,23	125,54	156,60
6	CENTRU	214066	137,20	117,11	102,39	126,04	134,85	134,23	158,21
7	VEST	195076	134,97	107,77	101,78	129,22	138,94	127,34	150,54
8	BUCUREŞTI - ILFOV	1771828	149,11	126,13	150,66	156,22	150,24	157,53	278,55
	Total	**576652**	**140,72**	**122,64**	**129,55**	**145,26**	**146,25**	**150,01**	**238,53**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

Although the period 2008 - 2014 the total number of firms with local activity was lower compared to 2007, average personnel costs were consistently higher compared to 2007. In the case of the Bucharest / Ilfov, if in 2012 the number of companies was lower by 7.51% compared to 2007, with average personnel costs was 50.24% higher! The same situation exists in other regions. Only in 2010 and only four regions, namely North East, South West, South East and South, average personnel costs were lower than in 2007. One possible cause of this situation is the rise in turnover and performance indicators, while the demand is covered.

If we look at the average total expenses for the period 2007 - 2014, the situation is as follows:

Table 8

Dynamics of average total expenses during 2007-2014 for companies grouped by region

No. crt.	Region Development	Average total expenses -dec.31.2014- (lei)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	1357823	139,21	121,51	105,23	132,44	141,38	119,08	138,01
2	NORD – EST	1246524	131,48	110,29	101,81	121,38	132,20	113,07	137,08
3	SUD – VEST	1315944	143,85	108,84	101,76	116,29	123,84	114,19	148,36
4	SUD – EST	1381035	139,36	117,68	108,17	129,33	140,63	118,91	140,99
5	SUD	1568657	143,47	112,13	103,81	132,66	140,58	122,97	151,35
6	CENTRU	1547448	137,83	109,37	102,22	121,25	128,06	117,83	148,25
7	VEST	1399502	141,24	104,14	102,36	129,45	143,22	113,56	140,47
8	BUCUREŞTI - ILFOV	18935175	148,84	114,50	149,69	164,82	159,78	160,53	267,04
	Total	**5801265**	**142,52**	**114,90**	**132,30**	**153,47**	**155,50**	**149,52**	**235,31**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

While at the country level, total assets have increased an average of 2.50 times, total expenses increased by 2.35 times, which reflects a better use of assets. The same trend is manifested in all developing regions.

In terms of economic performance, a special place is the amount of turnover. The dynamic, total, in 2014 this indicator was 2.39 times higher than the level reached in 2007, a level higher than that registered on the total expenses (an increase of 2.35 times), as can be seen lower.

Table 9

Dynamics of average annual turnover during 2007-2014 for companies grouped by region

No. crt.	Region Development	Average annual turnover -dec.31.2014- (lei)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	1316739	136,22	117,32	102,22	128,47	137,81	116,21	140,84
2	NORD – EST	1142280	130,84	109,18	99,07	119,96	130,83	112,41	133,44
3	SUD – VEST	1161212	141,69	104,79	99,37	113,29	119,75	106,61	144,22
4	SUD – EST	1267492	139,95	115,53	106,74	129,72	139,66	117,60	137,26
5	SUD	1454538	141,88	108,74	101,42	128,58	136,77	120,11	146,55
6	CENTRU	1459195	136,85	107,22	101,18	120,17	127,72	116,24	148,63
7	VEST	1296787	137,33	101,25	100,62	127,07	140,47	110,97	139,87
8	BUCUREŞTI - ILFOV	18496299	143,24	113,97	145,92	156,16	152,36	156,16	273,44
	Total	**5618386**	**113,52**	**129,38**	**147,34**	**149,98**	**113,52**	**110,51**	**239,83**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

Distance between levels of development of regions increased during the period under review, partially reflected by this indicator. The average level of annual turnover for firms with local activity has increased in the North – East region with 33.44% in 2014 compared to 2007, while in the Bucharest - Ilfov region this indicator increased 2.73 times!

Total average income increased an average of 2.36 times the total land in the analyzed period, the largest increases being between 2013 and 2014, but is lower than those recorded turnover (2.39 times). The situation is the structure as below.

Table 10

Dynamics of average total income during 2007-2014
for companies grouped by region

No. crt.	Region Development	Average total income -dec.31.2014- (lei)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	1432932	135,57	116,27	101,27	128,84	136,72	115,48	142,85
2	NORD – EST	1242435	129,57	107,13	98,00	117,91	128,49	110,65	134,60
3	SUD – VEST	1250149	141,21	104,00	98,47	112,92	119,83	107,41	142,92
4	SUD – EST	1435411	136,57	112,54	103,60	126,11	135,25	114,78	144,02
5	SUD	1609200	141,52	107,89	100,53	128,53	136,28	119,30	151,46
6	CENTRU	1586595	135,56	104,56	99,04	117,96	125,08	114,62	149,24
7	VEST	1427294	136,91	99,27	98,39	125,40	138,39	110,63	140,19
8	BUCUREŞTI - ILFOV	19612227	143,65	111,59	145,96	96,57	151,62	155,26	268,27
	Total	**5994358**	**138,38**	**111,32**	**128,72**	**108,81**	**148,73**	**144,92**	**236,81**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

In this case, the region of the North - East is inferior both in terms of growth (average growth during 2007-2014 to 34.60%) and in terms of the average level achieved in 2014 (only 1242435 lei recorded in relation to the region Bucharest / Ilfov – 19612227 lei).

Regarding the performance of companies with local activity, an important indicator is the average realized gross profit.

Table 11

Dynamics of average gross profit during 2007-2014
for companies grouped by region

No. crt.	Region Development	Average gross profit -dec.31.2014- (lei)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	119497	99,41	83,61	76,14	108,48	103,40	98,78	198,61
2	NORD – EST	73102	102,22	78,73	76,23	91,71	99,12	98,36	145,52
3	SUD – VEST	76617	116,08	74,61	79,84	100,09	96,47	97,27	149,35
4	SUD – EST	134259	115,71	82,10	76,61	106,21	97,46	112,98	194,32
5	SUD	111964	118,22	78,34	81,96	103,57	104,05	100,85	165,01
6	CENTRU	115031	119,48	74,70	75,41	91,49	99,07	100,83	166,65
7	VEST	100582	100,65	75,82	73,99	95,99	109,02	95,61	148,20
8	BUCUREŞTI - ILFOV	1199138	110,62	113,97	136,70	81,62	87,11	110,17	283,38
	Total	**380848**	**108,41**	**102,71**	**116,09**	**89,91**	**95,00**	**111,14**	**253,43**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

Although the period 2008 - 2012, five out of eight regions recorded average results below the base year 2014 the situation has improved, the increases are significant, especially in the region of Bucharest / Ilfov (an increase of 2 83 times) but more modest in the North - East and West region.

The regions and the country total in the same period under review there were total losses, which averaged 2014 were 2.22 times higher compared to 2007. These losses were higher in the period 2009 - 2013 period strongly influenced by economic and financial crisis, as can be seen from the data table below.

Table 12

Dynamics of average total loss during 2007-2014
for companies grouped by region

No. crt.	Region Development	Average total loss -dec.31.2014- (lei)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	44388	179,03	242,71	195,59	222,52	234,84	221,00	108,52
2	NORD – EST	77191	136,46	158,59	190,15	186,32	198,27	172,34	211,28
3	SUD – VEST	142412	189,21	250,13	202,10	241,63	244,45	420,40	223,93
4	SUD – EST	79884	198,63	256,11	231,67	212,79	263,56	314,46	153,79
5	SUD	71422	145,42	188,81	177,53	220,63	210,40	213,54	170,79
6	CENTRU	75884	169,62	187,13	143,54	159,28	157,39	185,50	152,53
7	VEST	72790	180,47	192,55	160,72	177,66	215,11	164,30	158,08
8	BUCUREŞTI - ILFOV	522086	253,87	259,80	285,54	306,03	272,86	218,91	256,90
	Total	**187756**	**212,88**	**238,47**	**240,84**	**264,48**	**253,49**	**226,27**	**222,64**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

The situation is unfavorable for the regions South - West and North - East where in 2014 the average total company gross profit is lower than the average total loss.

Due to the above statements and the influence of factors more or less local (purchasing power of the population, locally, the financial strength of the local public administration, the funds raised locally in the economic cycle, etc.) in the period under review average total liabilities increased 2.11 times at the country level. The situation is the structure as below.

Table 13

Dynamics of average total liabilities during 2007-2014
for companies grouped by region

No. crt.	Region Development	Average total liabilities -dec.31.2014- (lei)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	1099470	136,92	141,63	136,85	168,22	171,91	157,85	144,28
2	NORD – EST	1125197	121,42	121,72	121,31	145,30	151,55	137,39	159,58
3	SUD – VEST	1781001	143,03	125,56	122,41	137,88	151,31	189,53	218,31
4	SUD – EST	146677	139,94	144,92	134,29	153,11	167,26	179,64	18,30
5	SUD1	1249394	137,35	129,03	126,80	165,24	167,85	157,45	167,86
6	CENTRU	1253793	137,04	128,60	117,34	141,08	148,38	149,48	156,41
7	VEST	1321712	139,69	125,80	123,04	149,12	164,60	157,02	144,00
8	BUCUREŞTI - ILFOV	9820170	138,39	112,22	144,60	154,46	151,41	144,18	232,43
	Total	**3432682**	**135,00**	**120,41**	**138,44**	**157,07**	**159,58**	**154,66**	**211,64**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

Average total debt was at the end of 2014, higher average value of current assets, both at the country level and at the regional level (with one exception, the South – East region). There are cases, such as the South - West or the Bucharest / Ilfov regions when total debt average increased more than 2 times in the analyzed period, which makes us say that locally, providing goods and services was done increasingly more on credit, whether it is long, medium or short, and in the future will appear new problems related to the reduction of these debts.

In terms of performance labor utilization, labor productivity in companies that operate at the local level has increased over the period analyzed by 6.64 times at the country level, mainly reflecting the increased turnover. The situation in dynamics and structure are presented in the following table.

Table 14

Dynamics of average labour productivity during 2007-2014 for companies grouped by region

No. crt.	Region Development	Average labor productivity -dec.31.2014- (lei/employee)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	180375	126.41	139.29	164.34	215.79	312.18	424.21	486.92
2	NORD – EST	149906	125.11	143.35	168.02	226.58	331.20	463.41	484.32
3	SUD – VEST	153397	129.78	169.42	248.53	358.49	579.57	865.26	949.17
4	SUD – EST	163971	135.31	162.77	226.66	347.72	572.46	864.99	906.04
5	SUD	184821	131.69	142.63	178.78	244.91	368.42	471.86	616.71
6	CENTRU	167917	119.44	118.07	149.52	204.76	300.56	420.37	487.59
7	VEST	170406	125.97	131.43	160.11	221.74	337.57	472.39	533.71
8	BUCUREŞTI - ILFOV	497748	121.39	146.11	186.87	275.35	416.98	665.46	785.44
	Total	**371096**	**102.32**	**135.48**	**212.95**	**329.32**	**395.73**	**486.56**	**664.34**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

At the end of 2014, average labor productivity in the Bucharest / Ilfov region was 3.32 times higher compared to the North – East region, which can translate into a different level of annual turnover to the same number of employees. An argument could be offered and the prices at which goods and services for local communities. It is known that prices and general living standards in Bucharest City are higher than those recorded in regions such as North - East and North - West.

Another cause could be the level of pay for employees. From this point of view, the situation average cost of labor in dynamic and structural regions are presented as below.

Table 15

Dynamics of average labour cost per employee during 2007-2014 for companies grouped by region

No. crt.	Region Development	Average labor cost per employee -dec.31.2014- (lei)	Dynamics (2007=100%)						
			2008	2009	2010	2011	2012	2013	2014
1	NORD – VEST	21810	123.41	112.66	123.37	135.87	148.02	151.96	117.20
2	NORD – EST	20499	123.57	121.79	115.48	131.06	137.53	150.76	120.43
3	SUD – VEST	22417	133.97	141.05	140.51	146.19	163.56	197.16	121.18
4	SUD – EST	21527	130.69	122.36	125.24	137.94	143.65	158.35	117.97
5	SUD	22866	124.97	113.52	123.33	132.63	145.44	133.87	139.66
6	CENTRU	24634	119.74	107.98	128.15	143.64	154.98	161.51	123.47
7	VEST	25634	123.80	111.06	123.22	140.84	150.58	160.58	121.60
8	BUCUREŞTI - ILFOV	47681	126.36	133.20	132.05	147.41	149.33	160.99	120.24
	Total	**38088**	**126.83**	**125.51**	**138.20**	**149.78**	**154.81**	**166.90**	**135.80**

Source: Own calculations based on annual financial statements of economic operators in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

Although the average level of annual turnover and profit for the Bucharest / Ilfov region are much higher compared to the North - East region (of 16.19 times, 16.40 times respectively) in 2014, in terms average labor cost ratio is only 2.32 times in favor of the Bucharest / Ilfov region.

Dynamically, the labor cost increases are quite modest in all cases for the period under review, with larger increases in 2013 (an increase of 97.16% in the South West region), which shows a quasi-constant in terms motivating wage labor.

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