

Overview of Family Business Relevant Issues

Country Fiche Romania

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Crafts, small businesses, cooperatives and mutuals

In the framework of the study “Overview of Family Business Relevant Issues”

This study has been elaborated with reasonable care. The authors and the project co-ordinator do not, however, accept responsibility for printing errors and/or other imperfections and potential (consequential) damage resulting thereof.

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1 Introduction

In Romania, the issue of family businesses constitutes the topic of both public and political discussions.

Public discussions on this issue can be easily found on sites and forums of economic and legal structure, and regard the advantages offered by this kind of business, the applicable law and the practical manners in which such business can be developed.

Political discussions indicate state officials' concern of helping persons who show entrepreneurial abilities but do not have very high financial resources, by developing a unitary legal framework to simplify the process of establishing and developing a small business.

In essence, these commitments are taken by the Government of Romania under the Adhesion Partnership, namely, encouragement to establish new enterprises, development of entrepreneurial basis and improvement of the business environment. The development of a strong sector of small and medium-sized enterprises, including family businesses is also one of the priorities of the Romanian Government's post-adhesion strategies, due to the fact that the macro-economical stability and growth depends on its evolution.

The promotion of normative acts on small businesses target the development of the competitive environment by simplifying the market entry formalities and by reducing the criteria that must be carried out in order to carry on an economic activity.

Since the evolution of the degree of employment also depends on the development of family businesses, the concerns of the governmental bodies aim the facilitation of such enterprises' access on external markets, the capitalization of the productive potential, the reduction of discrepancies regarding market information, consultancy and instruction services between family businesses in Romania and family businesses in EU.

Both public and political debates do not differentiate the sizes of a family business, but only the forms of one persons' access in an economic activity, such as:

= freelancer, individual enterprise, family business

= institutional associative forms (trading companies, agricultural companies, economic interest groups, co-operatives)

= regulated trading professions

= liberal professions

2 Understanding of “family businesses” in the national context

In Romania, the notion of family business has various meanings:

1. Official meaning, of “family business” or of “freelancer”, under Law No. 300/2004 (Art.1 - 4) on authorizing individuals and family businesses to carry on independent economic activities.

Thus, individuals, Romanian or foreign citizens, from the European Union Member States and from the states of the European Economic Area, may carry on independent economic activities on the territory of Romania or they may establish family businesses under the provisions of the present law. Individuals and family businesses can be authorized to carry on economic activities in all fields, professions and occupations, with the exception of those regulated by special laws.

The family business may be established at the initiative of an individual and comprises the individual's family members. Members of a family are considered to be the husband, the wife and their children over 16 years at the date of the family business authorization, as well as their relatives, including relatives four times removed.

If the activity is carried on in the context of the right to settle, the family business shall comprise the family members that have the domicile or the place of residence in Romania. The family business shall be represented in its relationships with others by the person on whose initiative the family business was established or by his/her representative, under an authenticated power of attorney.

The individual that carries on independent economic activities, including individuals that are members of family businesses, under Law No. 300/ 2004, is self-employed. The capacity of self-employed regards the right to be insured in the public pension system and other rights of social insurances, of social health insurances and of unemployment insurances, under the conditions provided by the laws that regulate these domains. Individuals that carry on independent economic activities and family businesses authorized under the conditions of the current law can not employ persons under an individual working agreement to carry on the activities for which the authorization was obtained.

Individuals that carry on independent economic activities and the family business shall have the authorization and the registration certificate issued by the Trade Registry.

2. Broad, everyday meaning, according to which, the notion of „family business” nominates a company integrally owned by the members of the same family, with a closer or more distant degree of relationship, that run the business directly or indirectly and that have employed persons (i.e. no one-person enterprises) under an individual working agreement in order to carry on the activities declared on registration.

A family business shall be integrated in the category of Small and Medium-sized Enterprises if the number of employees does not exceed 250.

Romanian entrepreneurs, and implicitly the ones involved in family businesses, do not have a major concern to maintain their own business in a certain size class. They pursue the evolution of their own business, of the market in which they activate or the market they target, they assess their resources (especially the financial and human resources) and, depending on the case, they ensure or not the passing into a new faze of development.

3 Importance of family businesses for the national economy

In Romania, between December 1990 – December 2007, 439,993 family businesses and freelancers were registered, value that represents over a quarter of the number of registrations at the national level (1,700,635) and over a half of the number of Small and Medium-sized Enterprises (SMEs) (700,000) that act in the Romanian market.

The capital of Romania, Bucharest, leads in the top of the areas where most such entities carry on their activities – 21,523 freelancers & family businesses, followed at a small distance by the following counties: Suceava - 20,624 freelancers & family businesses, Cluj – 20,073, Prahova – 17,418, Maramureş – 17,386, Arad – 15,816, Mureş – 15,805, Iaşi – 14,689 and Dâmboviţa – 14,267. The lowest positions in this classification are occupied by the counties Ialomiţa – 5,983, Brăila – 5,850, Covasna – 5,034, Călărăşi – 4,959, Gorj – 4,871, Ilfov – 3,536 and Giurgiu – 3,306. This distribution is different from non-family businesses/enterprises in general.

The analysis of this classification shows that more than 1/3 of the family businesses are centered in economic (industrial) and touristic developed areas of Romania, while in 7 of the lowest developed areas of the country, based mainly on agricultural activities, are listed less than 10 % of the number of registered family activities at the national level.

Regarding the distribution of these forms of organization of the economic activities on domains, on the first place in the classification of family businesses „interest” is the retail trade (with the exception of motor vehicles and motorcycles) and repair of personal and household goods – 186,507 freelancers & family businesses, followed by land transport and transport via pipelines – 39,046, construction – 29,392, provision of services to companies – 27,869, wholesale trade (with the exception of motor vehicles and motorcycles) – 20,146, agriculture and related service activities – 17,588, hotels and restaurants – 15,274 and food and beverages industry – 15,000. The fields with the lowest degree of representation in the family businesses are: transport by road industry – 31 freelancers & family businesses, extra-territorial organizations and bodies – 30 freelancers & family businesses, activities of private households, service activities incidental to oil and gas extraction, excluding surveying – 26 freelancers & family businesses, oil processing industry, manufacture of coke, refined petroleum products and nuclear fuel – 25, air transport – 18, manufacture of office machinery and computers – 16, activities of households, namely undifferentiated goods producing activities of private households for own use – 11 and extraction of crude petroleum and manufacture of refined petroleum products – with only 2 freelancers & family businesses. This distribution is different from non-family businesses/enterprises in general.

According to the statistics for 2006, in Romania, in family businesses at the national level (authorized family businesses and freelancers), 1,768,143 persons carried on their activity (1,255,932 men and 512,212 women).

These represent 19% of the total number of the employed population (9,313,267 persons). According to the gender, 12% of the female gender employed persons carry on an activity in a family business, while for the male gender population the percentage is more than double, namely of 24.75%.

Such business is preponderantly registered in the rural area, where a number of 1,520,200 persons are registered, as compared to only 247,944 persons in the urban area.

The structure of national economic activities that involve most of the family businesses is the following:

Activities of the National Economy	Number of persons
Agriculture, hunting and forestry	1,459,971
Fishing and fish farming	807 (all of male gender)
Mining industry	558
Manufacturing industry	26,501
Electricity, gas, steam and hot water supply	161 (all of male gender)
Construction	102,715
Wholesale and retail trade	79,071
Hotels and restaurants	2,046
Transport, storage and communication	29,111
Financial intermediation	896
Real estate activities	16,413
Public administration and defense	116 (all of male gender)
Education	1,116
Health and social work	5,331
Other activities of the national economy	43,330

4 Characteristics of family businesses

The main aspects that differentiate family businesses from those that cannot be classified in this category are the following:

- the managerial teams do not change for long periods of time
- they manifest a certain conservatory thinking regarding their field of activity and a slight resistance to its enlargement
- they are more “inclined” to economies than to investment
- the period of activity, in particular of family businesses, is relatively short and often identical to the period of activity/the life of the initiator as young people are not much interested in continuing the business
- they are often behind from the technical-material equipment’s point of view, in particular family businesses
- the targeted public regarding the goods and services offered by family businesses is usually constituted by the social disfavored classes with low income
- family businesses are far from stepping into the era of the Internet and from capitalizing, at least at a medium level, the facilities offered by it
- the degree of training (especially in the field of business) of those who established family businesses is relatively low, knowledge of a language of international circulation being very rare in this segment
- family businesses are ran instinctively, and these instincts regard the satisfaction of some primal needs
- the management of family businesses is reactive, focusing on minimum profit and trying to maintain the business running

5 Institutional actors and their strategies, policies and initiatives

The first legislative changes regarding simplifying of registration procedure, especially for those who want to set up a family business or authorised individuals, were issued on the fall of 2003.

The process of authorisation to carry on economic activities and registration of a family business starts on the moment when this is requested through a document addressed to the local City Hall. Then, the City Hall announces the Trade Register and sends all documents to be verified. The Trade Register will register the desired name for the business. After the Mayor will issue the authorisation, the Trade Register will complete the process of registration of the company.

The status of Family Business is recommended for those who have a small business. This form of association do not require a strict accountancy procedure and quarterly reporting.

The accounting system consists only in a register where all incomes and expenses are monthly registered, so it will not be necessary to hire an accountant. This could be considered one of the advantages of a family business. The annual tax is 16% of the estimated incomes over the year. The estimation is being done by authorised persons. In the first part of the year it will be made a streighten out of the tax based on justifying documents for incomes and expenses, so the company could have a tax to be paid or to be recovered. Another advantage is that there is no limit upon income using. There are also some major disadvantages. One of these is that the staff should be only family members. Another disadvantage is that expenses are limited accordingly to Fiscal Code. The deductible expenses are the ones made for making incomes.

Although any specialised research organisations dealing with family business have not been set-up till now, a small number of entities such as National Trade Register of Commerce and Romanian National Institute of Statistics etc. are regularly issuing reports and statistics regarding this type of business.

	Explanation
institutional features	
name of the actor	Agenția Națională pentru Întreprinderi Mici, Mijlocii și Cooperăție National Agency for SMEs & Co-operatives
nature of the actor	<input checked="" type="checkbox"/> government <input type="checkbox"/> employers' organization <input type="checkbox"/> support service provider (information, advice, education) <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organization (including interest groups/representative organizations/lobbies) <input type="checkbox"/> others, namely:
address	Bucharest, 11 Poterași St.
telephone	phone: + 0040213362820 fax: + 0040213361843
web-page	www.mimmc.ro
e-mail	publicinfo@mimmc.ro
content based features	
name of the strategy/initiative/regulation	Programului pentru dezvoltarea abilităților antreprenoriale în rândul tinerilor și facilitarea accesului acestora la finanțare - START – START Program for entrepreneurial skills development amongst young people.
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labor law/social security law <input type="checkbox"/> company law <input type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input checked="" type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input type="checkbox"/> others, namely:
objective	Creating a business environment favorable to establishment and development of SMEs; Development of SMEs capacity; Improving of SMEs access to financing sources; Improving of SMEs access to foreign markets; Promoting of entrepreneurial culture and strengthening management performance
initiation	November 2004 – December 2005
contents/description of the initiative/measure	Organizing the training courses in order to develop the entrepreneurial skills for gaining theoretical knowledge proper for start-up of a business

	Explanation
user based features	
eligibility criteria/target group	Individuals Legal persons, including freelancers and family business, SMEs
Promotion tools/information strategy	Website announce Promotion through institutional partners
source of funding	<input type="checkbox"/> EU-funds <input checked="" type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input type="checkbox"/> others, namely:
costs for participants/members	Maximum 10000 Euro obtained from a bank credit (Through this programme there have been organised and financed trainings for eligible beneficiaries (including representatives of family businesses) on various domains of interest for entrepreneurial development. The objective was to acquire theoretical and practical knowledge for starting / developing a business. At the second stage of the programme there has been granted a financial loan of 10.000 € and a grant of 20.000 RON in order to finance the best business plans issued by the beneficiaries of trainings.)
performance based features	
evolution	- 830 registration forms received, 15 of them have been rejected - 500 persons trained in 6 specialized centers - 86 business plans registered in project contest, 4 of them being declared as eligible The programme is important because it promotes a system which facilitates mobility of young people between education system and labour force market. The programme has the objective to develop entrepreneurial skills in order to facilitate the access within private economic structures, including family businesses.

	Explanation
institutional features	
name of the actor	Agenția Națională pentru Întreprinderi Mici, Mijlocii și Cooperăție National Agency for SMEs &Co-operatives
nature of the actor	<input checked="" type="checkbox"/> government <input type="checkbox"/> employers' organization <input type="checkbox"/> support service provider (information, advice, education) <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organization (including interest groups/representative organizations/lobbies) <input type="checkbox"/> others, namely:
address	Bucharest, 11 Poterași St.
telephone	phone: + 0040213362820 fax: + 0040213361843
web-page	www.mimmc.ro
e-mail	publicinfo@mimmc.ro
content based features	
name of the strategy/initiative/regulation	Programul național multianual pe perioada 2006 - 2009 pentru susținerea meșteșugurilor și artizanatului 2006-2009 Multi-annual national program for supporting crafts and handicrafts
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labor law/social security law <input type="checkbox"/> company law <input type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input checked="" type="checkbox"/> financial support <input checked="" type="checkbox"/> marketing <input type="checkbox"/> networking <input type="checkbox"/> others, namely:
objective	<p>- stimulation of the handmade and small industry development in Romania, strengthening of the small handymen's class that carry on their activity individually or organized through associations or other organizations, especially in rural localities but also in urban ones,</p> <p>- protection of the professions that include a large number of manual operations and re-launching the services and products obtained by such professions, especially those with traditional specificity, including popular art and handicrafts objects</p> <p>- promoting these products and services on national and international markets.</p>
initiation	2006 - 2009

	Explanation
content based features	
contents/description of the initiative/measure	<p>The Program supports, by non-refundable financial allowance, the following eligible activities:</p> <ul style="list-style-type: none"> - participations at fairs and exhibitions in Romania and abroad - elaboration and production of printed materials for promoting the economic agent - creation of a website on the Internet for presenting the applicant's activity and the promoted products and services - acquisition of PC-type computers and/or of portable systems comprising: central processing unit, monitor, simple or multifunctional printer, as well as the operating system licenses; - acquisition of various tools, devices, equipments, gears, machines necessary to carry on the activity (with the exception of technological lines that no longer enable maintenance of the prevalent manual execution of the finished products and services provided)
user based features	
eligibility criteria/target group	Individuals or family businesses authorized to carry on activities in the field of crafts, especially of traditional crafts and in the field of popular art and handicraft, according to the Law No. 300/2004 on authorizing individuals and family businesses to carry on independent economic activities.
Promotion tools/information strategy	<p>Website announce</p> <p>Promotion through institutional partners</p>
source of funding	<input type="checkbox"/> EU-funds x national funds (governments) <input type="checkbox"/> membership fees <input type="checkbox"/> others, namely:
costs for participants/members	The amount of the non-refundable financial allowance granted to selected beneficiaries is equal to the equivalent of 90% of the value of eligible costs carried out (without VAT), but without exceeding the amount of RON 20,000, for each beneficiary.
performance based features	
evolution	<p>For the whole implementation period of the Program, a number of 450 beneficiaries were forecast.</p> <p>The programme is important because:</p> <ul style="list-style-type: none"> - it stimulates the development of handicrafts and small industry from Romania, to strenghten the domain of handicrafts by working individually or in association (including family business), especially in rural areas but also in urban areas too. - To protect the jobs that comprise a large number of operation manually executed and relaunching of products and services issued within these jobs, especially traditional handicrafts - Promoting traditional products and services on national and international markets <p>Increasing the number of new jobs for women and for the young generation from all over the country</p>

	Explanation
institutional features	
name of the actor	Societatea de Microfinanțare Rurală LAM IFN SA LAM Rural Micro-Financing Society
nature of the actor	<input type="checkbox"/> government <input type="checkbox"/> employers' organization <input checked="" type="checkbox"/> support service provider (information, advice, education) <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organization (including interest groups/representative organizations/lobbies) <input type="checkbox"/> others, namely:
address	527105 Ilieni, jud. Covasna Str. Principală nr. 222.
telephone	0040 267 351 874, 314936
web-page	www.lamilieni.ro
e-mail	lamsa@zappmobile.ro
content based features	
name of the strategy/initiative/ regulation	Loan packages offered for private and family businesses
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labor law/social security law <input type="checkbox"/> company law <input type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input checked="" type="checkbox"/> financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input type="checkbox"/> others, namely:
objective	The Invest-LAM loan package was conceived for those private and family businesses who intend to improve their enterprise by investing or purchasing machinery and production equipment or plan to modernize their infrastructure.
initiation	1999

	Explanation
content based features	
contents/description of the initiative/measure	<p>Various crediting possibilities (up to EUR 25,000, for investment and development, for covering current expenses, for newly started businesses) with advantageous conditions:</p> <p>Credit packages offered for private and family businesses</p> <ol style="list-style-type: none"> 1. INVEST-LAM - for investment and development <ul style="list-style-type: none"> * max. 25.000 euros in local currency * pay off period of max. 5 years * interest rate of 15-18% 2. CURENT-LAM - for covering current expenses <ul style="list-style-type: none"> * max. 15.000 euros in local currency * pay off period of max. 1 year * interest rate of 18-20% 3. START-UP-LAM - for newly started businesses <ul style="list-style-type: none"> * max. 10.000 euros in local currency * pay off period of max. 5 years * interest rate of 18-20%
eligibility criteria/target group	<p>An Invest-LAM credit can be granted to a private or family business which:</p> <ul style="list-style-type: none"> - disposes of a valid license and operates in line with its regulations; - disposes of own sources required by LAM PLC; - can produce legal guarantees; - can gather at least 15 points.
Promotion tools/information strategy	<p>Direct marketing</p> <p>Web promotion</p>
source of funding	<p><input type="checkbox"/> EU-funds</p> <p><input type="checkbox"/> national funds (governments)</p> <p><input type="checkbox"/> membership fees</p> <p>x others, namely: Private joint stock company</p>
costs for participants/members	<p>Yearly interest rate:</p> <ul style="list-style-type: none"> - former clients 15%, - new clients 16% - in case of non-secured loans 18%. <p>Interest rates can be negotiated.</p> <p>Other expenses:</p> <ul style="list-style-type: none"> - Credit application fee: RON 60 (due at application). - Handling charge: 1% of the amount (due upon granting the loan)
performance based features	
evolution	<p>Invest-LAM loan can be used for:</p> <ul style="list-style-type: none"> - Purchasing work equipment (cars, vans, IT equipment, software, medical equipment, various tools and equipment); - Purchasing or building working sites; - Modernizing, rebuilding and renovating workshops, offices, consulting rooms <p>608 loans in progress as at December 2006</p>

	Explanation
institutional features	
name of the actor	ProCredit Bank
nature of the actor	<input type="checkbox"/> government <input type="checkbox"/> employers' organization <input type="checkbox"/> support service provider (information, advice, education) <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organization (including interest groups/representative organizations/lobbies) x others, namely: bank
address	Str. Buzești nr. 62-64, Sector 1, Bucharest,
contact person	Tel: +4021-201 60 00, Fax: +4021-201 60 02
web-page	www.procredit.ro
e-mail	headoffice@procreditbank.ro
content based features	
name of the strategy/initiative/regulation	Business loans
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labor law/social security law <input type="checkbox"/> company law <input type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments x financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input type="checkbox"/> others, namely:
objective	Quality financing and general banking services for micro, small and medium-sized enterprises and agricultural producers (including family business) in Romania.
initiation	2003
contents/description of the initiative/measure	Various loan opportunities (up to EUR/USD 50,000) under advantageous terms and conditions Credit packages offered for private and family businesses 1. INVEST-LAM - for investment and development * max. 25.000 euros in local currency * pay off period of max. 5 years * interest rate of 15-18%

	Explanation
user based features	
eligibility criteria/target group	Professionals, family businesses, freelancers, companies
Promotion tools/information strategy	Direct marketing, website announces
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees x others, namely: private funds
costs for participants/members	No real-estate securities needed
performance based features	
evolution	See table below

Operational Statistics	2006	2005	Change (%)
Number of Loans Outstanding	29621	21164	40
Number of Loans Disbursed within the Year	22318	16842	33
Number of Business and Agricultural Loans Outstanding	24768	18824	32

	Explanation
institutional features	
name of the actor	Agenția Națională pentru Întreprinderi Mici, Mijlocii și Cooperație National Agency for SMEs &Co-operatives
nature of the actor	x government <input type="checkbox"/> employers' organization <input type="checkbox"/> support service provider (information, advice, education) <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organization (including interest groups/representative organizations/lobbies) <input type="checkbox"/> others, namely:
address	Bucharest, 11 Poterași St.
telephone	phone: + 0040213362820 fax: + 0040213361843
web-page	www.mimmc.ro
e-mail	publicinfo@mimmc.ro

	Explanation
content based features	
name of the strategy/initiative/ regulation	LAW No. 359 of September 8, 2004 on simplifying the formalities for incorporating individuals, family businesses and legal persons in the trade register, tax registration thereof, as well as for authorizing the operation of legal persons
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labor law/social security law x company law <input type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input type="checkbox"/> others, namely:
objective	- Simplification of the specific registration procedures with the Trade Registry and of tax registration with the Ministry of Public Finance - Simplification of the administrative procedures regarding the issuing of the operating license
initiation	September 8, 2004
contents/description of the initiative/measure	Simplification and acceleration of the procedures for the registration of traders, the improvement of the quality of services provided by the National Trade Registry's Office and by the trade registry's offices attached to the tribunals.
user based features	
Promotion tools/information strategy	Individuals Family businesses Legal entities
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input type="checkbox"/> others, namely No financier involved

	Explanation
performance based features	
evolution	<p>The law provides clearer and simpler procedures for authorizing the incorporation of traders, so that the period between the initiation of the steps regarding the establishment of the company and the operation of the business to be shorter.</p> <p>The issue period for the registration certificate and the remarks certificate was reduced from "up to 10 days" to 3 days, and 5 days respectively, according to the provisions in the Civil Procedure Code.</p> <p>The authorization of the business operation is based upon the affidavit that mentions, depending on the case, that the trader does not operate his business or that he complies with the conditions provided by the law in force regarding the carrying on of the activity.</p> <p>The attachment to the registration certificate was eliminated and the control carried out by the public authorities was emphasized.</p>

	Explanation
institutional features	
name of the actor	Ministerul muncii, familiei și egalității de șanse Ministry of Labour, Family and Equal Opportunities
nature of the actor	<input checked="" type="checkbox"/> government <input type="checkbox"/> employers' organization <input type="checkbox"/> support service provider (information, advice, education) <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organization (including interest groups/representative organizations/lobbies) <input type="checkbox"/> others, namely:
address	Str. Dem.I.Dobrescu nr.2-4 sectorul 1 Bucharest
telephone	0040 21 313 62 67, 315 85 56
web-page	www.mmssf.ro
e-mail	relatiicupublicul@mmssf.ro
content based features	
name of the strategy/initiative/ regulation	METHODOLOGICAL NORMS No. 2560/6 of June 18, 2004 on conditions for granting soft loans from the unemployed insurance budget, respectively for granting non-refundable funds, to small and medium-sized enterprises, co-operatives, family businesses and individuals that carry on independent economic activities

	Explanation
content based features	
type	<ul style="list-style-type: none"> <input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labor law/social security law <input type="checkbox"/> company law <input type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments x financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input type="checkbox"/> others, namely:
objective	Regulation of the conditions for granting and repaying soft loans, for granting non-refundable funds, for setting up guarantees, organizations and for carrying on tenders to designate banks and agencies authorized to grant soft loans, respectively non-refundable funds from the unemployed insurance budget
initiation	June 2004
contents/description of the initiative/measure	<ul style="list-style-type: none"> - Basic principles for granting soft loans, respectively non-refundable funds - Establishment and allocation of funds for granting soft loans. Persons in charge - Beneficiaries - Procedure of designating the bank or agency authorized to grant soft loans
performance based features	
evolution	<p>Soft loans, respectively non-refundable funds contribute to the creation of new jobs, especially for the unemployed and favour the initiation of independent activities, the establishment and development of family businesses, the establishment and development of SMEs and co-operatives.</p> <p>Loan funds, respectively non-refundable funds initiate and promote profitable economic activities that develop and improve the status of lawful beneficiaries. The granting of soft loans, respectively non-refundable funds, is based upon the transparency principles regarding loan operations.</p>

6 Future issues

The future evolution of the family business sector in Romania depends mainly on the extent to which they manage to overcome competition on the Sole European Market.

From this point of view, the small Romanian businesses appear to be disfavored, because of the following reasons:

- Romania does not currently have a relevant tradition of family businesses, the oldest ones having no more than 18-19 years of activity
- their activity expectancy is identical to the period of its initiator's activity, the young generation generally not being interested to take over such businesses
- the majority of those who run a family business do not have previous experience as businessmen, but only as employees in state enterprises
- the small family businesses are ran mainly by people without university education, that are not trained in the business field, and whose concerns are to provide the everyday living, and not to develop in the perspective of the business
- Romanian family businesses do not have extensive technical and material endowments, the limited financial resources being the main cause for these situations.

Good perspectives in the evolution of family businesses emerge from:

- the possibilities of capitalizing the tourist and agricultural potential
- the expansion of the constructions and arranging industries
- the development of the services industry, including the transport industry
- the inclination of Romanians towards carrying on trading activities
- the choice of the majority of the population, especially of those past middle age, to repair personal and domestic goods instead of buying new ones

According to the provision of Law no. 346/2004, in 2008 the Ministry for SMEs, Trade, Tourism and Liberal Professions will launch a pilot program on business transfer. This program will support the cost for registration, publicity taxes, notary fees and other taxes related to the business transfer within the same family. The business transfer represents the transfer of an enterprise and trade assets within the same family, in order to ensure the continuity of the economic activity of that enterprise. The family members are: the husband, the wife and their children. In this case, the transfer will be free of charge.

7 Bibliography

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