

The Evolution Perspective of the Small and Medium Enterprises in Galati Country after the Pandemic Crisis

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Abstract

Galati County developed around the Galati Steel Plant built after 1960 and almost closed today. Of the more than 45,000 employees on the steel platform in 1989, about 5,000 remain today.

The production capacities of coke, 4 blast furnaces, 2 steelworks, galvanizing section and 2 rolling mills from the main production flow have disappeared.

Bankruptcy: ICPAM, ICMRSG, ATLAS companies that provided complex services for the Combined.

There were about 44,298 SRL, PFA, SA, Family associations with fluctuating activity, undeclared work and high bankruptcy rate. Out of 10 companies that are being set up, I appreciate that 7 go bankrupt in the first three years of activity and another 2 in five years of activity.

The CORONAVIRUS crisis has accentuated the trend of increasing unemployment, reducing population incomes and the transfer from Galati to rural areas.

In the article I present some solutions to stop the negative trends from an economic point of view after overcoming the CORONAVIRUS crisis.

Key words: change, financial, spiritual, family, professional

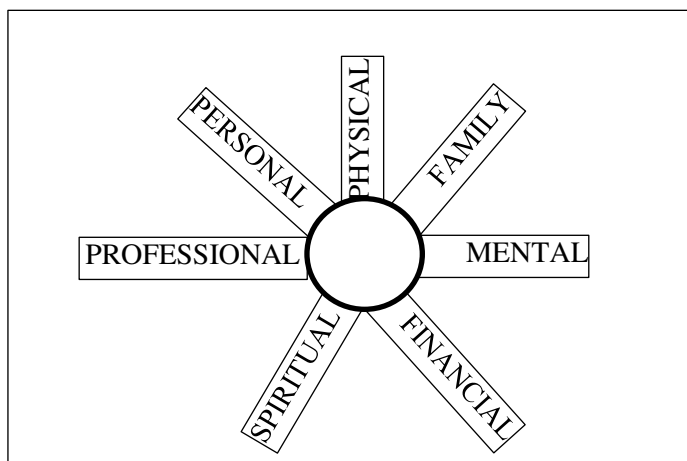
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1. Introduction

In conditions of crisis as we are at present in most countries of the world, a classic solution is recommended "**in new times, new solutions**". Something must be changed without trying to "**discover the wheel**" or "**hot water**."

In my opinion, we can start from "The Wheel of Life", a concept developed by Zig Ziglar in the book *Born to Win. Find your way to success*". (Ziglar 2020, p. 44)

Figure no. 1. The wheel of life



Source: (Ziglar, 2020, p. 44)

In the opinion of the two authors mentioned, it is necessary to achieve a certain degree of success in every aspect of life. For the current generation of active population, it seems to me the understanding of four concepts, which I reproduce below:

a. What does success mean?

1. "Success means having a home, being surrounded by people you love and who love you in turn;
2. Success means having financial security to meet your monthly obligations and knowing that your family is insured in the event of a death.

b. What success does not mean

3. Success does NOT mean wanting to make more money when you already have more than you can spend;
4. Success is NOT just about work, you also need fun.

Although the Romanian school does not currently promote entrepreneurial knowledge in middle school, high school, college, doctorate, changing the attitude of the population towards private property would be a way to overcome the negative effects of the CORONAVIRUS crisis in Romania.

Specifically, it is appropriate to promote the idea that if I still have to work for more than 70 years to be able to cover my minimum expenses for utilities, food, medicine, holidays then it is preferable to replace the employment contract with the service contract (figure 2).

Figure no. 2. Service contract, versus employment contract

	LABOR CONTRACT	SERVICE CONTRACT
Benefits	<ul style="list-style-type: none"> • Safety – false • Minimal risk – false • Low taxes – false 	<ul style="list-style-type: none"> • Safety - if you have knowledge • Minimal risk - if you prepare • Low taxes - if you improve
Disadvantages	<ul style="list-style-type: none"> • Low safety • Maximum risk • High taxes 	<ul style="list-style-type: none"> • Low safety – false • Maximum risk – false • High taxes – false

Source: Own contribution

2. Theoretical background

After the Second World War, Romania came under Soviet influence in a proportion of 90%. The first strategic decision of the new communist leadership in Romania was the collectivization of agriculture and the second was the industrialization of the country.

The Galati area was the "beneficiary" of both strategic decisions. Thus, the commune of Pechea in Galati County was the first commune in the country to set up an Agricultural Production Cooperative (CAP) and the Galati Iron and Steel Works, built between 1960 and 1990, became the largest industrial platform and the largest energy consumer in Romania.

The revolution of 1989 in Romania generated profound changes in the structure of economic agents, their form of organization and their contribution to the country's domestic product.

3. Research methodology

We used three research methods: "historical analysis of strategic decisions in Romania after the Second World War", "statistical analysis of the causes and effects of the industrialization process" and "socio-economic forecasting methods at the level of a region".

4. Results

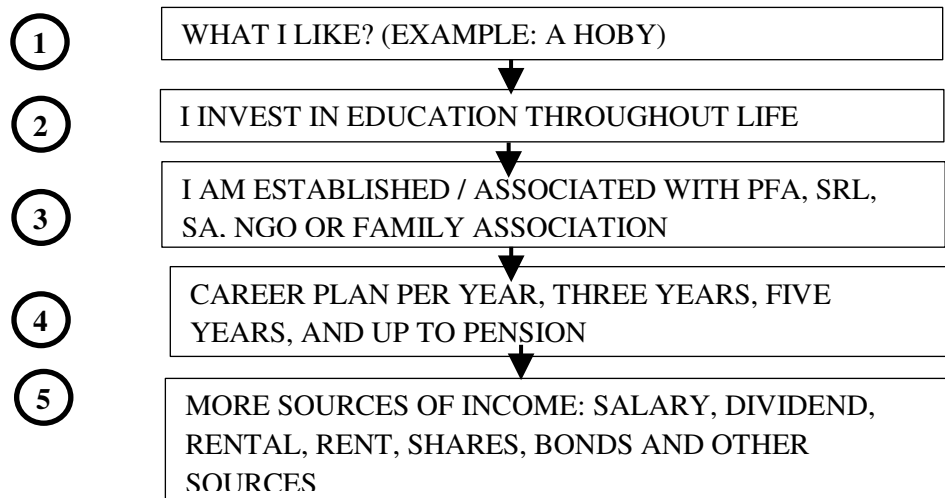
4.1. What is meant by "knowledge"

If you opt for an employment contract, it is appreciated that you have "peace" in terms of stress, fines, free time. What is not known is that you will NOT be able to maintain a home, you will NOT

be surrounded by people you love and who will love you, in a few words; YOU WILL NOT HAVE FINANCIAL SECURITY.

Knowledge is meant to develop your skills according to a five-point scheme.

Figure no. 3. Five-point "knowledge" plan



Source: Own contribution

4.2. The perspective of SME development in Galati

The active population in the Galati area / region appreciates that they do not have entrepreneurial knowledge acquired through the educational system. But the "need for money" will lead to the need for "more sources of income" and duration of activity and to ages older than 65, 70 and even 80 years and consequently the working population will be forced by the "economic reality" to find solutions.

The germs of the need for improvement by own forces can be observed from the analysis of the economic situation of two communes from Galati county: Matca and Valea Mărului. For example, Matca is a developed commune: incomes above the national average, supermarket, wholesale market, equipped dispensary, dental office, asphalt, sewerage, commercial bank. The example of Matca commune was also taken by Valea Mărului commune, which after 1989 developed slowly, slowly and in the markets of Galați also appeared the brand "tomatoes of Valea Mărului" and in the commune two wedding salons were developed, solariums, greenhouses, sewerage, asphalt, ecological pit.

In the county there are other communes that have copied the MATCA model, such as: Liești, Ivești, Pechea, Slobozia Conachi, Reditu, Cuca, Braniștea or Gohor.

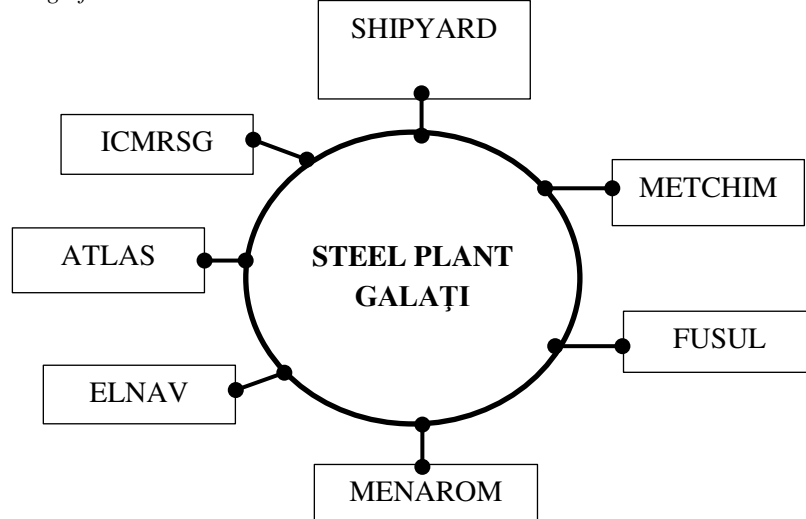
For the city of Galați, a possible explosive development could be SMEs with object of activity in: IT, food research, tourism on the Danube or Economic Consultancy for the reduction of taxes and fees. Unfortunately, there are three models of private environment development in Galati that have failed: SOFT PARK, FREE ZONE and INDUSTRIAL PARK (about 10 million euros of investments from European funds).

4.3. What happened to the GREAT TAXPAYERS IN GALATI?

At the beginning of the 90s, there were in Galați the so-called LARGE TAXPAYERS WHO collaborated with the largest company in the country in terms of turnover and number of employees, namely the Galati Steel Plant.

Most of the employees of those companies were "forcibly industrialized" (they received apartments, were educated at work, received food stamps and sometimes treatment tickets or rest through the union) received a precarious vocational education, the intellectual layer being formed in significant percentage in evening or non-attendance education (fig. 3).

Figure no. 3. Significant industrial actors in Galați in the 90s



Source: Own contribution

Currently significant industrial actors have gone bankrupt or changed the scope of activities and laid off staff over the age of 30-40, who left their small fortune to children (the apartment and some money) and returned to the rural area where they came from.

5. Conclusions

a. Effects of the 1989 revolution on the population of the Galați area

1. The incomes of the population in the Galați area are well below the national average;
2. Universities in the Galați area are not a significant attraction for young people, do not offer lifelong learning courses and do not do prestigious theoretical and fundamental research;
3. The project "GALAȚI - BRĂILA, the largest urban area" in the country has fallen or left something on paper anyway;
4. Young people are oriented towards paid services through poorly paid employment contracts;
5. The CORONAVIRUS crisis will accentuate the negative trends for the population in the Galați area.

b. Proposals for the development of the Galați area

1. To prepare young people and the active population to make them opt for the replacement of "employment contracts" with "employment contracts plus service contracts";
2. Stimulating the working population (including the population over 65 years old) for the provision of services in 6 fundamental areas for the Galați area: IT services, agriculture, food research, naval research, specialized medical services and national economic consultancy for reducing taxes and duties.
3. Promoting the concept of "university for the third age" at national level through online education;
4. Resumption and implementation of the unification project of the cities of Brăila and Galați.

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