ANALYSIS ON THE STRUCTURE BY GROUPS OF ENTERPRISES AT MACROECONOMIC LEVEL

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Abstract

Macroeconomic activity must be based on correlations and proportions, ensuring the flows of products, materials and materials available to the national economy, so as to increase the profitability of all companies.

From the point of view of the current situation in the national economy as a structure, we can identify a series of groups of enterprises deeply specialized in certain fields, such as those found in many multinationals in Romania and contribute to economic growth.

In this article, the authors aimed to highlight on the basis of concrete data this current situation of the structure of the national economy by groups of enterprises and to decipher the perspective through which this structure can be qualitatively improved at the country level.

Statistical-econometric methods and models are used that highlight precisely these opinions expressed by the authors.

Keywords: *correlations, proportions, national economy, enterprises, perspectives.*

JEL classification: *C10, E10.*

Introduction

The economy of any country consists of enterprises that are grouped according to the object of activity and according to the existing activity on the market. From this point of view, the study of the structure of these groups of enterprises is related to a more detailed analysis of the macroeconomic proportions and correlations.

Of course, in a harmonized economy there can be no groups of enterprises that do not find their utility, especially in the context in which we perform an analysis based on input-output tables, which suggest intermediate consumption, inflows and outflows from a branch to branch or plan at branch

level, from one enterprise to another. This study needs to be carried out and it finds a solution through the published article in which the authors referred to the evolution of these groups of enterprises over time and how they correlate in size to ensure a framework for the stability of the national economy.

The aim of this article is to use the data published by the National Institute of Statistics and Eurostat to highlight the existence of these groups of enterprises, the perspective of their evolution and how they interrelate.

We used the methodology used by the National Institute of Statistics and Eurostat with emphasis on structural analysis, index analysis, use of index method, use of comparison method, use of method of analysis of existing proportions and correlations at macroeconomic level and other possibilities and methods that statistics offer.

Of course, the problem of the structure of business groups at macroeconomic level needs to be constantly studied and needs to be slightly improved through the use of investment. Of course where there is an imbalance, where there is a need to improve the number of enterprises, the quality and quantity of production that is obtained, to make or attract additional investment.

The work is up-to-date at all times and must be continued and supplemented with other aspects provided by the data provided by the relevant institutions.

Literature review

The macroeconomic structure can be achieved according to several criteria this analysis can be extended to the branches. A structure that reveals the development in territorial profile or by branches is also the one on groups of enterprises. Several researchers have referred in their studies to this structural aspect as well. In this context, Anghel, M.G. and others (2019) made a paper on the evolution of industry in Romania, and Anghelache, C. (2019) conducts and publishes a study on the evolution of Romanian industry, in domestic and international context, analysing the change in industry structure by groups of enterprises. Anghelache, C. and Burea, D. (2028) dedicate space to research the evolution of industry over time, analysing the structural construction of enterprise groups. Erosa, A. and Cabrillians, A. (2008) carry out a study in which they treat the economic evolution on the background of the development of the industrial branches in the context of the domestic and international market. Grand, D. and others dedicate their study to the analysis of industrial exchanges between the states of the European Union according to the individual capacity of each state and the structure of national economies, and Hoberg, G. and Phillips, G. (2016) deal with the study of industrial

exchanges depending on the connections that exist at European level. In this context, the structure on groups of enterprises, the basis of the development of multinationals, is also analysed. Lee, D., Shin, H., Stulz, R. (2016) addressed in their study the condition that capital development in industry must be the main link of economic growth.

Methodology

For an easier understanding of the analysis performed by the authors in this article we will briefly present the main methodological aspects used by the National Institute of Statistics. Thus, a legal unit represents any economic or social operator that has its own patrimony, which can conclude contracts with third parties in its own name and defend its interests in court, having legal personality. Also, the legal units are authorized natural persons, individual enterprises, family enterprises (in their capacity as entrepreneurs), or legal entities.

Control is a legal unit that is controlled if another legal unit holds a percentage strictly exceeding 50% in the decisions of the general meeting of shareholders, or which, by contract, has the right of control.

The group represents the set of enterprises linked to a group head by a real non-existent control quota, and the group head represents a legal unit not controlled, directly or indirectly by another legal unit and which controls at least one subsidiary.

The group of multinational enterprises is the group of enterprises consisting of at least two legal units located in different countries, and the subgroups of enterprises are the legal units (enterprises) of a group of multinational enterprises resident in the same country. As regards the resident group of undertakings it is the group of undertakings whose legal units (undertakings) are all resident in the same country.

Data, results and discussions

Analysing the data provided by the National Institute of Statistics, we find that Germany, France and Italy occupy the first three places in the top of the countries that control subgroups of enterprises in Romania. Also, in Romania, in 2019, 80,787 groups of enterprises were identified, out of which 5,496 groups of resident enterprises and 75,291 groups of multinational enterprises (462 controlled from within, respectively 74,829 controlled from abroad).

Out of the total groups of enterprises identified at national level, 5,140 were residents in 2019 with over 6% of the total groups, of which over 98% being made up of two or more legal units.

At the same time, in the same year, out of the total groups of multinational enterprises controlled from abroad and identified in Romania, 13,660 are groups controlled by foreign legal entities, and 61,169 are groups controlled by foreign individuals.

Graph number 1 shows the distribution of the number of enterprise groups by CANE Rev.2 sections and group types.

Distribution of the number of enterprise groups by CANE Rev.2 sections and group types

Graph 1
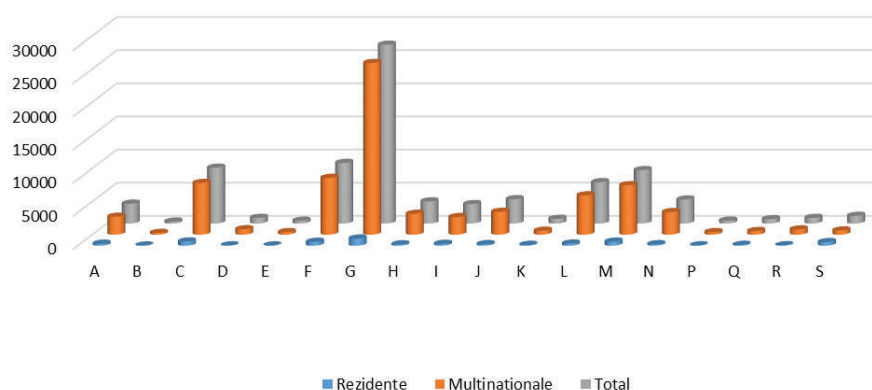
We find that in 2019, the distribution of groups of enterprises in Romania by economic activities, at the level of CANE Rev.2 sections, shows that most of them carry out their activity in wholesale and retail trade; Repair of motor vehicles and motorcycles - 34% of all enterprise groups (section G), construction - 11% of all enterprise groups (section F), manufacturing - 10% of all enterprise groups (section C), professional, scientific activities and technical - 9% of all business groups (section M) and real estate transactions - 8% of all business groups (section L).

Also, the resident business groups operate mainly in the following areas: wholesale and retail trade; Repair of motor vehicles and motorcycles - 20% (section G), manufacturing - 12% (section C), professional, scientific and technical activities - 11% (section M), construction - 11% (section F) and other service activities - 10% of the total enterprise groups (section S).

Graph number 2 shows the structure of the subgroups of enterprises in Romania, according to the share of the number of employees.

Structure of enterprise subgroups in Romania, by share of number of employees (%)
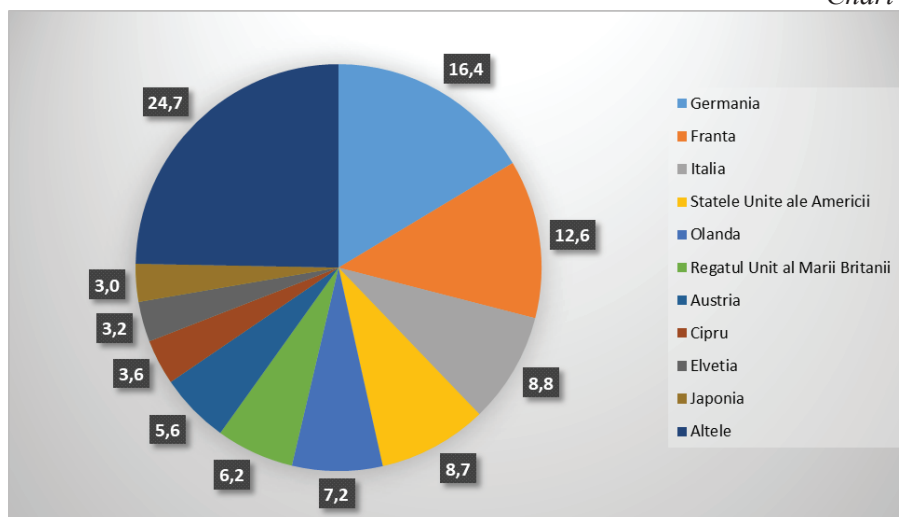
Interpreting the data presented graphically above, we find that in Romania, in 2019, a percentage of 28.1% of the total number of employees in active enterprises were employed in enterprises that are part of multinational groups controlled from abroad. Also, in the controlled enterprises from the top 10 countries, in 2019, 21.1% of the total number of employees in the national economy worked.

Compared to the share of the number of employees, most of the subgroups of enterprises in Romania are controlled from Germany, France and Italy, and the results of 2019 indicate that, depending on the share of employees, the subgroups of enterprises controlled by legal entities or individuals from Germany, respectively 16.4%, in second place are those controlled in France, respectively 12.6%, and in third place are those controlled in Italy, respectively 8.8%.

At the same time, depending on the share of employees in total groups of multinational companies controlled from abroad, the subgroups of controlled companies in Germany predominate in section C - Manufacturing (8.4%), in section G - Wholesale and retail trade; Repair of motor vehicles and motorcycles (3.0%) and in M - Professional, scientific and technical activities (2.5%), and of the sub-groups of controlled enterprises in France, 5.6% can be found in section C - Manufacturing, and in section G - Wholesale and retail trade; Repair of motor vehicles and motorcycles (2.6%). The Italian controlled enterprise subgroups dominate in Section C - Manufacturing (5.3%).

We also find that the trends in the evolution of economic activity by groups of enterprises between April and June 2021 are: increased activity in construction and retail trade, a relative stability of the number of employees in the manufacturing and services industry and rising prices in construction and retail trade. Graph number 3 was drawn up on the basis of the data.

Trends of economic activity during April - June 2021

Chart 3

developments	Manufacturing industry		construction		Trade with RETAIL		Services	
	mar.– may 2021	apr.– jun. 2021	mar.– may 2021	apr.– jun. 2021	mar.– may 2021	apr.– jun. 2021	mar.– may 2021	apr.– jun. 2021
The economic activity	↗	↗	↗	↗	↗	↗	↘	↘
Number of employees	→	→	↗	↗	↗	↗	→	→
Price	↗	↗	↗	↗	↗	↗	→	→

Interpreting the data for April 2021, we find that the managers in the manufacturing industry expect for the next three months, a moderate increase in production volume, respectively a short-term balance of + 10%. Also, for the beverage manufacturing activity there will be a sharp increase, respectively a short-term balance of + 40%, while for the manufacturing activity of clothing there will be a decrease, respectively a short-term balance of -17 %.

Regarding the number of employees, relative stability is estimated, the short term balance being -1% of the total manufacturing industry.

At the same time, for the prices of industrial products, a moderate increase is forecast in the next three months, respectively a short-term balance of + 13%.

In the construction activity according to the estimates from April 2021, there will be an increase in production volume for the next three months, respectively a short term balance of + 28%, and managers estimate a moderate increase in the number of employees, respectively a short term balance of +9 %.

Regarding the prices of construction works, they are expected to increase, respectively a short-term balance of + 20%.

In the retail sector, a trend of economic activity is expected to increase for the next three months, respectively + 16%, and in terms of the volume of orders addressed to suppliers of goods by commercial units it will register a moderate increase, respectively + 12%.

Employers forecast for the next three months a moderate increase in the number of employees, respectively + 11%, and the managers of the companies estimate an increase in retail prices of + 29%.

According to estimates from April 2021, the turnover in services will decline moderately in the next three months by -6%, while in the services sector is estimated a relative stability in the number of employees.

Regarding the selling or invoicing prices of the services, they will have a tendency of relative stability according to the opinion of the managers.

Conclusions

The macroeconomic structure by enterprise groups is imported because it must be interpreted in close correlation with the maintenance of macroeconomic proportions and correlations. Of course, the study shows that in Romania there is still room for the development of this structure, there are segments of activity in the field of industry, especially where there is room for initiation, establishment of new companies to ensure the maintenance of correlations and macroeconomic proportions.

It is also found that investments are insufficient to be able to develop some groups of enterprises or to initiate the establishment of other companies to form other groups, which means the positive expansion of industry in Romania.

At the same time, by improving the structure and the number of enterprises that enter these groups at macroeconomic level, the creation of jobs is ensured, which will ensure the absorption from unemployment and from the unemployed population of a significant number of people.

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