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**ANALYSIS AND BARRIERS TO THE SMES DEVELOPMENT  
IN THE REPUBLIC OF MOLDOVA****ABSTRACT**

**The sector of small and medium-sized enterprises (SMEs) has a significant impact on major economic and social processes in the Republic of Moldova. The main elements of the contribution made by SMEs in the economic development of the country, in particular: their impact on the structure of the economy, employment, value creation, investment attraction are calculated and analyzed in this article, based on statistical data. In addition, the main barriers faced by Moldovan enterprises in recent years were identified based on the results of interviews conducted with the participation of the author.**

**Analysis of the main elements of contribution, along with the identification of the main barriers faced by businesses allows more rationale to develop and implement the policy of entrepreneurship development in the country.**

**Keywords:** small and medium-sized enterprises, enterprises' contribution to the economic development, barriers to business development, emerging market economies

**JEL classification:** L26, O11

**INTRODUCTION**

Research of small and medium-sized enterprises (SMEs) attracted the attention of researchers and practitioners in the last decades. The role of SMEs is due, above all, to the contribution they make in the social and economic development of the region. In particular, in many European countries, SMEs contribute to the development of competition, flexibly responding to rapidly changing demand, providing employment, enabling the self-achievement of citizens and creating conditions for the formation of the middle class. SMEs provide the establishment and development of private property, developing and implementing innovations; they are involved in the export and attract investment.

A significant proportion of companies from the Republic of Moldova are SMEs. One of the objectives of this article is to assess qualitatively the scale of the SMEs sector, to calculate and analyze the main elements of the contribution made by SMEs in the economic development of the country, in particular: their impact on the structure of the economy, employment, value creation, investment attraction. The second aim of the study is to identify the main barriers faced by Moldovan entrepreneurs, based on the results of interviews conducted with the participation of the author.

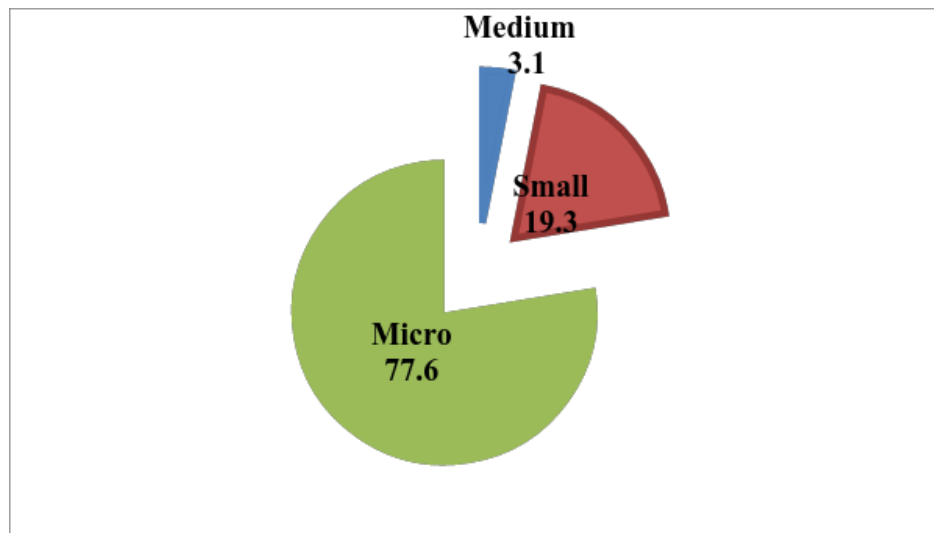
**2. CONTRIBUTION OF THE SMES TO THE ECONOMIC DEVELOPMENT OF THE  
REPUBLIC OF MOLDOVA****1.1. The definition of SMEs in the Republic of Moldova**

The legislation of the Republic of Moldova establishes criteria for classifying enterprises to small and medium-sized in the Law On Support of Small And Medium-sized Enterprises Sector, adopted in 2006. The Act provides the following classification of enterprises in the micro, small and medium size:

- Micro-enterprise is a managing subject, which corresponds to the following criteria: annual average listed number of employees should be no more than 9 persons, annual sales revenue sum – no more than 3 million lei, total yearly assets cost – no more than MDL 3 million.
- Small enterprise is a managing subject, which corresponds to the following criteria: annual average listed number of employees should be no more than 49 persons, annual sales revenue sum – no more than 25 million lei, total yearly assets cost – no more than MDL 25 million, excluding enterprises, which come upon criteria of micro-enterprises.
- Medium-sized enterprise is a managing subject, which corresponds to the following criteria: annual average listed number of employees should be no more than 249 persons, annual sales revenue sum – no more than 50 million lei, total yearly assets cost – no more than MDL 50 million, excluding enterprises, which come upon criteria of micro- and small enterprises.

## 1.2. The impact of the SMEs sector on the structure of economy

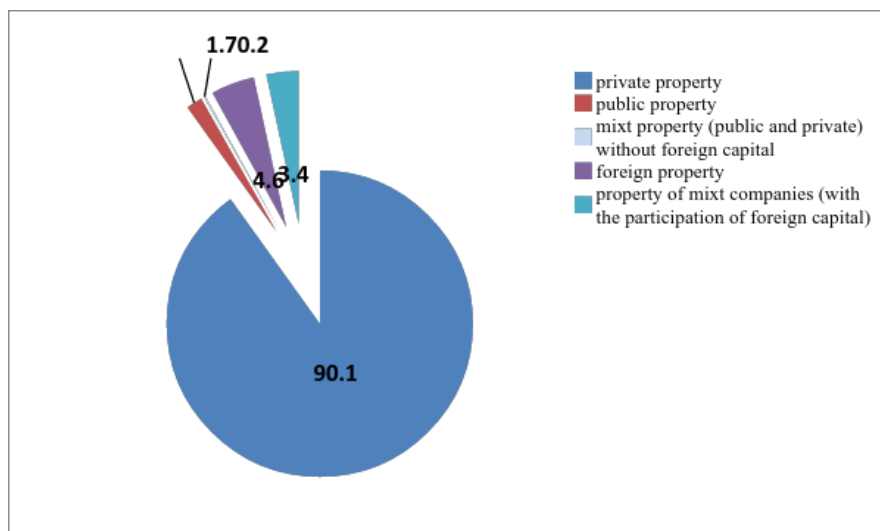
Moldovan statistical entities account for 53,700 economic agents, the vast majority of which - 52,300 (97.4%) belong to the SMEs sector (data from 2014). The structure of the SMEs sector in accordance with the legislation includes three groups of companies with different sizes: micro, small and medium. Micro-enterprises dominate in the total number of SMEs. Their share accounts for 77.6%, the share of small enterprises - 19.3%, medium - 3.1% of all SMEs. Throughout the analyzed period, the share of micro and small enterprises is slowly increasing, and the corresponding figure for the medium-sized enterprises is reducing. We view this as a negative trend, as mainly the medium-sized enterprises (as opposed to micro and small ones) have the resources that could potentially allow them to export and serve as a center of SMEs cooperation, especially in small towns and rural areas, being able in general to ensure the economic growth (Figure 1).



**Figure 1: The structure of SMEs by the size of enterprises in 2014,%**

*Source:* Developed by the author, based on *National Bureau of Statistics of the Republic of Moldova, 2015.*

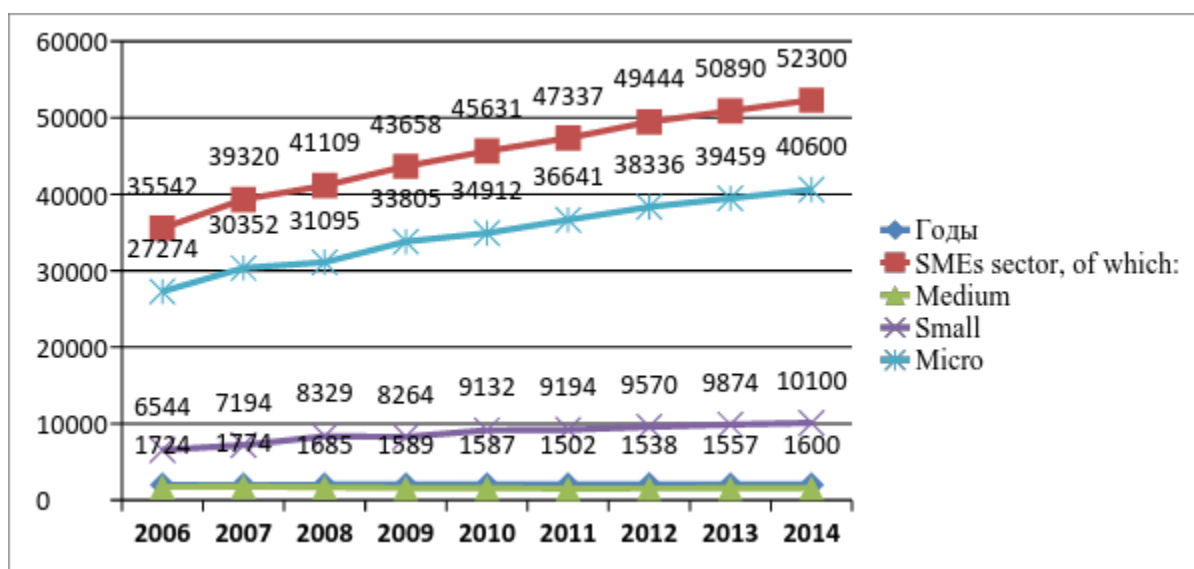
Realization of economic reforms in the country has greatly contributed to the establishment and development of enterprises based on private ownership. The structure of the SMEs sector by ownership shows that the private companies have the predominant share among them (90.1%). Only 1.9% of all economic agents (1.7% public property and 0.2% mixt property – public and private – without foreign participation) are related to companies, in the capital of which the public property is present. 8.0% of the companies operate wholly or partly based on foreign capital (4.6% foreign property and 3.4% property of mixt companies with foreign capital) (Figure 2).



**Figure 2: The structure of SME's by property forms in 2014, %**

Source: Developed by the author, based on *National Bureau of Statistics of the Republic of Moldova, 2015*.

A steady positive trend of growth of SMEs took place in the analyzed period (2006-2014). (Figure 3). Nevertheless, the index of growth of the number of companies before the crisis from 2008-2010 was significantly higher, reaching 110% in 2007. In 2008-2011, although the SMEs sector as a whole showed a growing number of enterprises, but for individual groups it has been a decline in this indicator. Beginning with 2012, there is observed again an increase in the number of SMEs in all groups, but the growth rate is much lower than before the crisis: 102-104%. During the last year the total number of enterprises increased from 50,900 units in 2013 to 52,300 units in 2014, the annual growth index amounting to 102.7%.

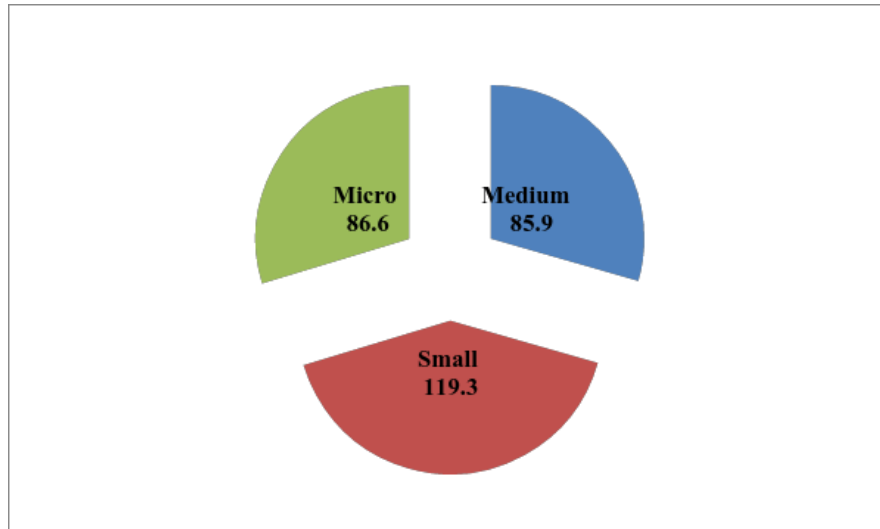


**Figure 3: Evolution of the SMEs number, 2006-2014, units**

Source: Developed by the author, based on *National Bureau of Statistics of the Republic of Moldova, 2015*.

### 1.3 Participation of the SMEs in providing employment

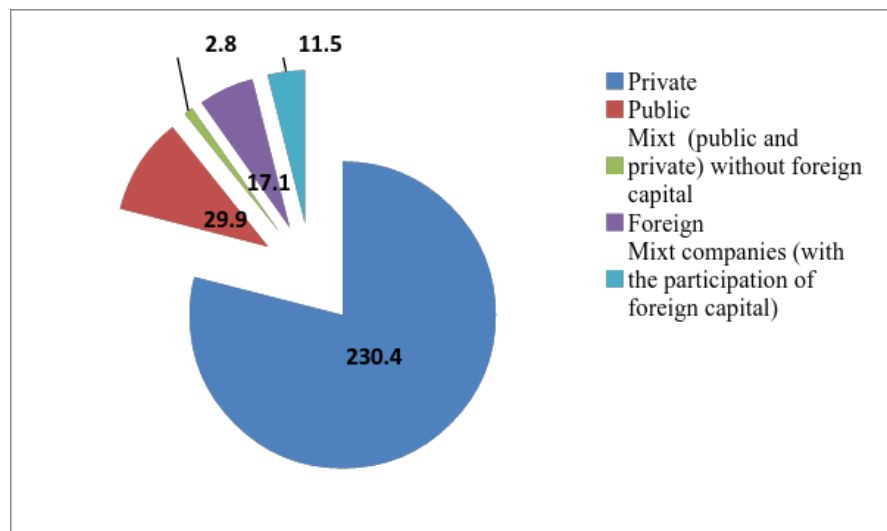
Moldovan SMEs sector makes a significant contribution in providing employment. In 2014, SMEs employed 291,700 people, representing 56.2% of the total number of employees of the national economy. The distribution of the number of employees in enterprises of various sizes showed that the largest share of workers were employed in small enterprises - 40.9% (119,300); in the medium-sized companies were employed 29.4% (85,900 people.); micro-enterprises - 29.7% (86,600) of the total employment in the SMEs sector (Figure 4).



**Figure 4: The number of employees in SMEs in 2014 by types of ownership, x 1000 people**

Source: Developed by the author, based on *National Bureau of Statistics of the Republic of Moldova, 2015*.

Analysis of the distribution of workers by ownership shows that the private sector employs 79.0% (230,400 people) employees; companies with public property - 11.3% (10.3% public and 1.0% mixt – public and private – without foreign capital); companies based on foreign capital - 9.8% of all employees of the national economy (Figure 5).



**Figure 5: The number of employees in SMEs in 2014 by types of ownership, x 1000 people**

Source: Developed by the author, based on *National Bureau of Statistics of the Republic of Moldova, 2015*.

Since 2007 the total number of employees at all enterprises of the Republic of Moldova, including in the SMEs sector, has been annually reducing (exception - 2012). In particular, the number of medium-sized enterprises decreased throughout the period. In the group of small and micro enterprises growth and decline in the number of employees took place in different years. In 2014, the decline of employment in the SMEs

sector took place due to reducing the number of employees in all groups of companies. Dynamics of the number of employees by groups of SMEs over the period 2006-2014 is presented in Figure 6.

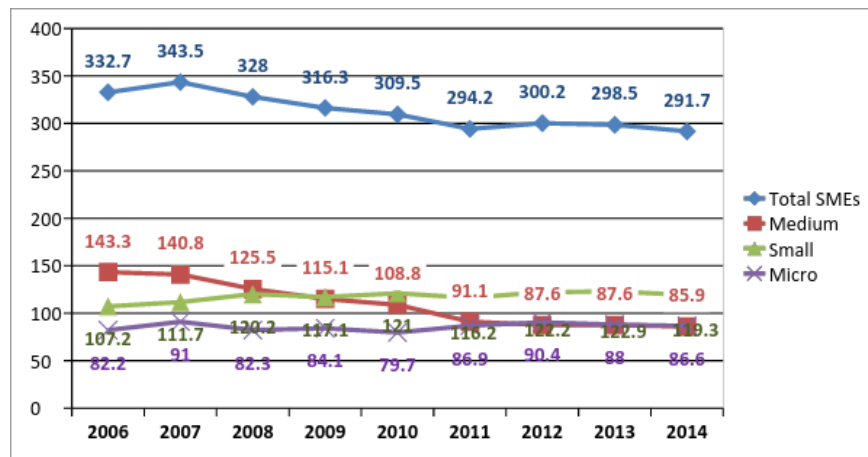


Figure 6: Average number of employees, thous. people

Source: Developed by the author, based on *National Bureau of Statistics of the Republic of Moldova, 2015*.

#### 1.4. Contribution of the SMEs in the value creation

Moldovan SMEs are involved in the production of products and services, meeting the demand, mainly in the domestic market. Beginning with 2006 and until 2010 inclusive, this figure declined steadily: from 35% to 28.3%, respectively. In the following period, the specified rate whether increased, then decreased and based on the results of 2013, the share of the SMEs sector amounted to 32.2% (Figure 7).

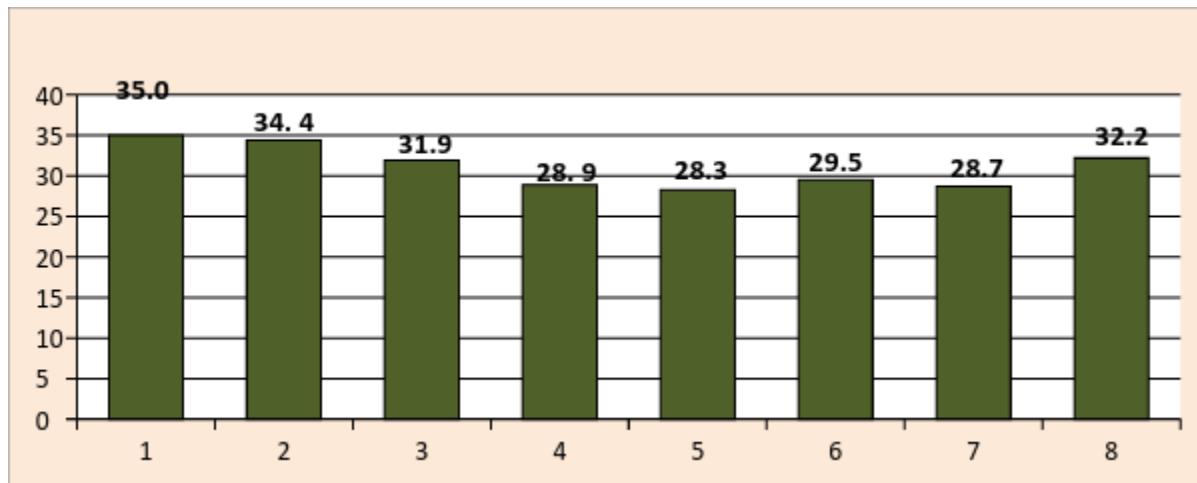


Figure 7: Share of SMEs in the GDP during 2006 – 2013, %

Source: *National Bureau of Statistics of the Republic of Moldova data, 2015*

#### 1.5. Participation of the SMEs in attracting and absorption of investments

In 2013, gross investment in the SMEs sector of the Republic of Moldova amounted to MDL 17.9 billion. Since 2010, this indicator has steadily increased, ranging from MDL 6.2 billion (2010) to MDL 16.2 billion in 2012. The share of SMEs investments in the total amount of investments in 2013 amounted to 60.8% (Table 1).

**Table 1: The main indices, characterizing the contribution of SMEs in the attraction of gross investment**

Years	SMEs gross investment, MDL billion	The share of SMEs investments in the total amount %
2007	7.1	64.1
2008	7.5	60.6
2009	6.8	64.8
2010	6.2	57.6
2011	8.6	61.7
2012	16.2	65.5
2013	17.9	60.8

*Source:* Developed by the author, based on *National Bureau of Statistics of the Republic of Moldova, 2014*

Analysis of the distribution of investments between the different groups of SMEs showed that medium-sized businesses predominantly assimilate the investments (48.9% of all investments of SMEs). Small and micro enterprises attract and involve a total of 52.0% (Table 2).

**Table 2: Structure of SMEs gross investments by size of enterprise, %**

Indices	Growth rate, %						
	2007	2008	2009	2010	2011	2012	2013
<b>Total on SMEs sectors,</b> <b>Of which:</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Medium</b>	40.1	40.6	36.0	56.1	53.2	46.9	48.0
<b>Small</b>	33.7	37.7	49.1	32.0	34.0	29.8	52.0
<b>Micro</b>	26.2	21.7	14.9	11.9	12.8	23.4	

*Source:* Developed by the author, based on *National Bureau of Statistics of the Republic of Moldova, 2014*

Enterprises of private ownership (47.2%) assimilate the predominant share of investments. However, a significant proportion of the investment has been realized in enterprises based on public property - 32.0%. In companies based on foreign capital in whole or partly, 20.8% of the investment were attracted and used. (Table 3).

### 1.6. Evaluation of labor potential of SMEs

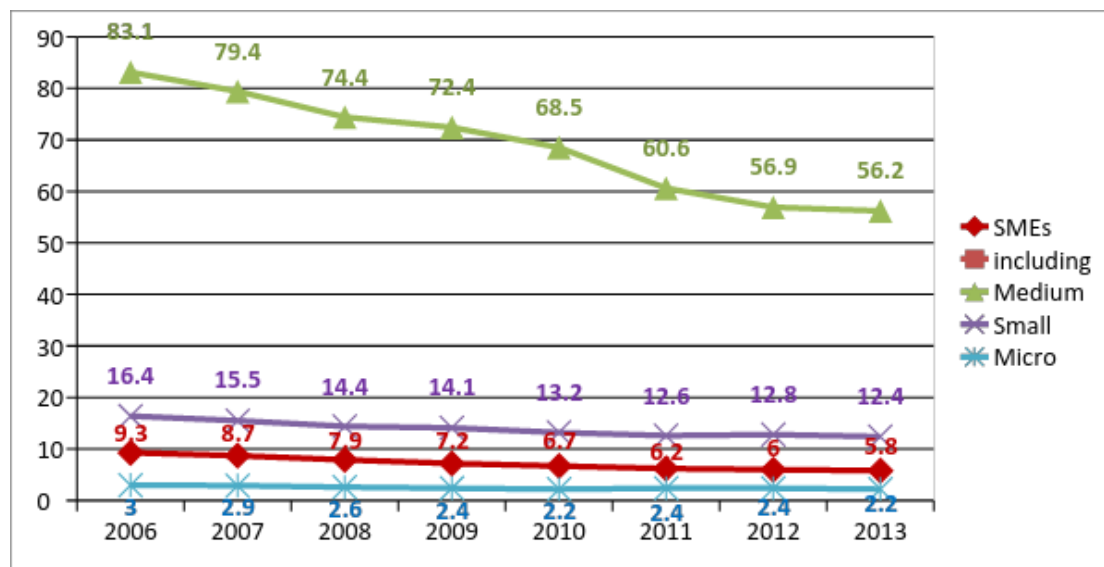
In order to assess the staff of SMEs, the indicator of *the number of employees in one enterprise* can be used. In 2014, the average number of employees in 1 SME was 5.6 people. Thus, 53.7 people on average are employed in a medium-sized company, 11.8 people in a small one, 2.1 people in a micro-sized company.

Over the past few years, from 2006 until 2014 there has been a steady reduction in the number of employees in one SME. In 2014, in comparison with 2006, the number of employees in one SME fell from 9.3 people to 5.6 people. This downward trend in the number of employees was present in all groups of SMEs - micro, small, medium and even large enterprises. Only in 2011-2012 a change in this stable trend was observed: in 2011-2012 there was a very slight increase in the analyzed indicators on the micro and small enterprises. In 2013 the trend of the previous years continued: diminish of the number of people employed in 1 company for all business groups (Figure 8).

**Table 3: Structure of SMEs gross investments by types of ownership , %**

Types of ownership	2007	2008	2009	2010	2011	2012	2013
Total on SMEs sector, Of which:	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Private property	66.2	65.5	63.2	63.6	70.9	62.9	47.2
Public property	6.4	3.6	4.3	13.6	11.5	15.0	19.2
Mixt property (public + private) without foreign capital	0.3	0.3	0.9	1.0	0.5	0.9	12.8
Foreign property	14.3	8.5	12.2	11.7	8.2	11.7	11.0
Property of mixt companies (RM + foreign)	12.7	22.1	19.5	10.2	8.9	9.4	9.8

Source: Developed by the author, based on *National Bureau of Statistics of the Republic of Moldova, 2014*



**Figure 8: Number of employees per 1 company during 2006-2013, people**

Source: Developed by the author, based on *National Bureau of Statistics of the Republic of Moldova, 2015*

Diminish of the number of employees in 1 SME is seen by us as an unfortunate trend, given the low technological level of production. In such a situation, referring to the difficult access to funding sources, namely human resources would be a key factor in the development of business in the country. However, the entrepreneurs observe some serious and growing problems with the staff, which is a barrier to increasing the contribution of SMEs.

## 2. IDENTIFICATION OF THE MAJOR BARRIER FOR THE MOLDOVAN BUSINESS

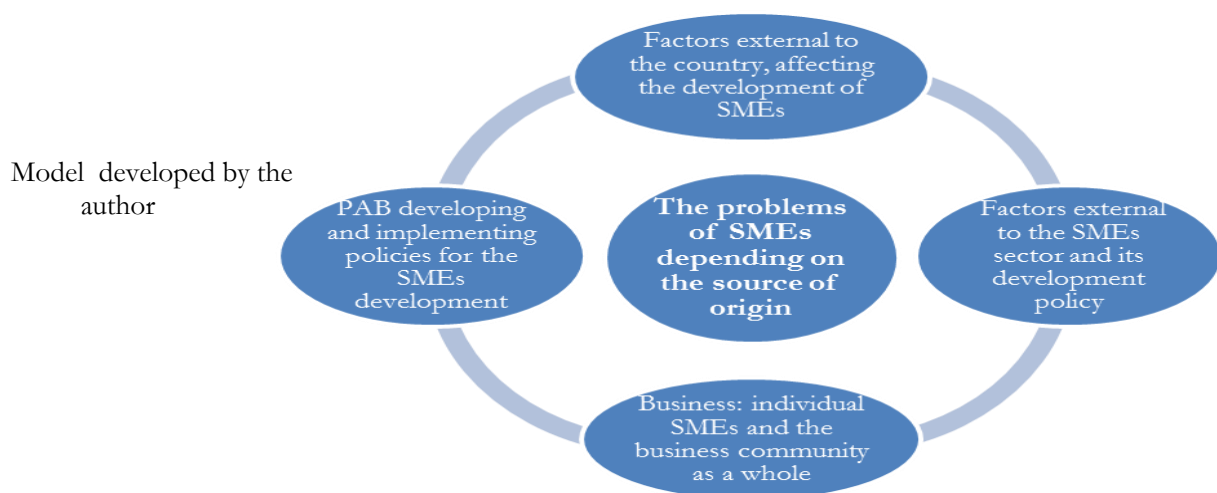
SMEs development is hampered by multiple barriers that businesses face at different stages of formation and development. *In order to identify the business problems, the results of the survey of entrepreneurs realized by the author or with the direct participation of the author were used.*

In the scientific literature, the problems of enterprises are usually divided into "internal" and "external", being defined by the business environment. Internal problems include limited access to sources of finance, personnel, information, innovation, raw materials, markets, etc. External challenges include administrative barriers, taxation, corruption, etc. These groups of business problems are experienced in countries with different levels of economic development [European Commission, 2011; Vinogradova N., 2012].

Possible solutions to the problems of SMEs are heavily dependent on the source of their origin. We differentiate four major sources of business problems:

1. The activities of the entrepreneurs themselves (lack of experience, knowledge, mentality, lack of understanding of the need to cooperate and associate);
2. The work of the public administration that develops and implements policies for business development: to which extent it takes into account the problems and needs of SMEs;
3. The factors external to the SMEs sector and its development policy, in particular: the realization of other economic policies (de-monopolization, sectorial and regional policies, etc.); the impact of the political component on the economic development of the country, the narrow domestic market, etc.
4. External to the country factors that affect the development of SMEs: the price of imported energy resources; external shocks associated with the global financial and economic crisis; the activities of international institutions.

Figure 9 schematically presents the problems of SMEs in the Republic of Moldova, depending on their source. If some factor creates a very serious problem for the business, the effect of other factors may offset some of its negative impact. For example, if the SMEs today have very limited resources for development, the public authorities through public policy can enhance their capacity. Measures to support SMEs can be undertaken by international institutions, donors. Conversely, if the state is not pursuing a policy that focuses on improving the business environment, so the consolidated business community can confront this. Even the impact of such a difficult correcting factor, as the narrow domestic market, may be somewhat improved, thanks to the foreign policy of the state, facilitating the access of entrepreneurs to foreign markets. However, the adjustment of the effects of one factor by other is possible only to a limited extent.



**Figure 9: The problems of SMEs in the Republic of Moldova according to their source of origin**

Problems of Moldovan SMEs are investigated in this article from 3 points of view, depending on the sources of these barriers:



- by assessing businesses issues related with the resources (financial, human resources and so on.). In order to improve SMEs' access to resources and their qualitative characteristics, both the enterprises themselves and government institutions may influence;
- through the impact of the public administration on the SMEs activity, which establish procedures to regulate the business (business registration, licensing activities, and others.);
- identifying the impact of other barriers, that as a rule, are not directly dependent on public administration engaged in the development of business (domestic demand, political instability, etc.).

## 2.1. The problems of SMEs due to resource

A significant part of the barriers that the entrepreneurs face on a daily basis are the problems associated with the resource - their presence / absence, quantitative and qualitative characteristics, as well as easy access of SMEs to them. The vast majority (95.6% of the respondents) reported having such problems.

Assessing the problems of Moldovan SMEs due to resources, the entrepreneurs set on the first three places the following results of the survey: access to funding sources (73.3% of respondents); problems related with staff (45.9%) and the constraints imposed by the equipment / technology (33.3%). A complete list of the SMEs problems related to resources is presented in Table 4.

**Table 4: The problems of SMEs due to resource access**

Problems	The share of respondents who reported the problem, %, *
<b>Financial resources</b>	73.3
<b>Staff</b>	45.9
<b>Equipment, technology</b>	33.3
<b>Raw products, materials</b>	19.3
<b>Real estate</b>	11.1
<b>Information</b>	6.7
<b>Others</b>	3.7
<b>Absence of problems</b>	4.4

\* Respondents had the opportunity to choose any number of problems

Source: outcomes of survey [IEFS, 2012].

Unrealized need of SMEs in *financial resources* took the first place steadily and by a wide margin among the other problems in all the polls conducted by the author, since 1997. On average, between 70 and 95% of entrepreneurs indicated on the difficulty of access sources of finance (if the respondents have had the opportunity to choose from all the problems). In 2012, 73.3% of the respondents indicated on the significance of the problems of financing. Making an attention on the reasons for difficult access to financial resources, the entrepreneurs most frequently noted a high percentage for the loan and the significant cost of processing the loan (82.8% of respondents); the complexity of the procedure for its obtaining (38.3%); fear of the risk of non-repayment of the loan (33.6%) and the lack of guarantee, inadequate assessment of it (31.3%). The full list of reasons specifying the difficulty of access to finance is presented in Table 5.

**Table 5: The main problems of enterprises related to access to financing in the Republic of Moldova**

<b>Problems</b>	<b>The share of respondents who reported the problem, %, *</b>
<b>High percentage for the loan and the significant cost of processing the loan</b>	82.8
<b>The complexity of procedures for obtaining a loan</b>	38.3
<b>Fear of the risk of non-repayment of the loan</b>	33.6
<b>Lack of guarantee, inadequate assessment of it</b>	31.3
<b>The absence of hope of success in obtaining the loan or investment</b>	17.9
<b>Lack of knowledge for business plan development, business development forecast</b>	11.2
<b>Inability to find and attract investment</b>	10.4
<b>The work of the enterprise in part in the black economy</b>	2.2
<b>Absence of problems</b>	3.7

\* Respondents had the opportunity to choose any number of problems

*Source:* outcomes of survey [IEFS, 2012].

A high percentage for the credit and demand for a high liquid guarantee are argued by the default risk of non-returning the credit related to the unstable economic and political situation. At the same time, unrealized need of SMEs in financial resources is largely due to disinterest of commercial banks in working with small customers. The problem of lack of financial institutions, focused on small business is compounded by the low-income of the citizens of the Republic of Moldova. Therefore, many businesses use the funds borrowed from relatives, friends and acquaintances.

Without belittling the importance of financial resources for the development of business, it should be noted that in Moldova, as well as other countries, emerging the market economies, many small business owners believe that their main problems are caused exclusively by lack of financial resources. As the formation of market relations in the country, creation of market infrastructure institutions and experience of doing business, the sharpness of the problem of lack of financial resources may be somewhat reduced.

This is supported by research data of the Enterprise Surveys, carried out by the World Bank and the International Finance Corporation in many countries of the world. For example, in Eastern Europe and Central Asia, the share of enterprises evaluating access to finance as a major obstacle, is ranging from 27.7% in Macedonia to 39.1% in Moldova; in the countries of the Organization for Economic Cooperation and Development, the figure is much lower: 7.4% in Ireland to 23.7% in the Czech Republic [European Commission, 2011; Vinogradova N., 2012].

The second important issue is related to the Moldovan SMEs *staff*. 45.9% of entrepreneurs indicated on its significance for the business. The importance of this issue in the economy of Moldova has increased in recent years. The increase of the importance of staffing problems reflects in the first place, the negative processes in the labor market of Moldova, demonstrating a decrease of skilled workers; the increasing role of labor in the process of production has also an impact. Companies experiencing various difficulties with the staff, primarily face the lack of professional qualification of employees (57.8% reported having problems), and the complexity of the search for the right people (37.8%). According to entrepreneurs and experts, the complexity of the staffing selection is caused by the outflow of skilled workers and professionals, in general the most active people, outside the country, as in Moldova, they cannot receive jobs with the appropriate working conditions and wages. The full list of reasons specifying the problems associated with the staff are presented in Table 6.

**Table 6: The main problems of enterprises related to staff in the Republic of Moldova**

Problems	The share of respondents who reported the problem, %, *
The absence / lack of professional qualifications	57.8
The complexity of the search for the necessary staff	37.8
High costs of staff salaries	34.8
Low labor motivation	28.1
Poor discipline	22.2
The absence / lack of managerial knowledge and experience of the managers	13.3
The psychological climate	9.6
Inadequate working conditions	4.4
Absence of problems	6.7

\* Respondents had the opportunity to choose any number of problems

Source: outcomes of survey [IEFS, 2012]

Another reason that contributes to the difficulty of recruiting staff, can serve the lack of infrastructure of the institutions operating on the labor market. However, many Moldovan entrepreneurs, especially smaller ones mainly use informal sources to search and recruit the staff (family, friends, former colleagues), without resorting to the employment centers and recruitment agencies. This greatly limits the ability of SMEs.

The third most important group of problems is associated with *equipment and technologies* (33.3% of respondents noted). Its main causes were due to the high price of new equipment and technologies (64.9% of respondents); complexity and high cost of obtaining long-term loans (51.1%); problems associated with the maintenance and repair of equipment (38.2%). The full list of reasons specifying the problems associated with the equipment and technology is presented in Table 7.

**Table 7: The main problems of enterprises related to equipment and technologies in the Republic of Moldova**

Problems	The share of respondents who reported the problem, %, *
The high price for new equipment, technology	64.9
The complexity and high cost of obtaining long-term loans	51.1
Problems with the maintenance, repair	38.2
The high level of equipment wear	29.8
The use of outdated technologies in production and management	17.6
The absence of an organized secondary equipment market	14.5
Low capacity of using fixed assets	9.9
The lack of information about the new necessary equipment, technologies	6.9
The lack of production capacity	4.6
Absence of problems	6.9

\* Respondents had the opportunity to choose any number of problems

Source: outcomes of survey [IEFS, 2012]

All the above mentioned problems are closely interrelated. Lack of financial resources does not allow introducing new equipment and technology, recruiting qualified personnel. In turn, the lack of staff prevents

the introduction of modern equipment and technologies. Simultaneously, it should be noted the extremely low importance to problems associated with the information. Only 6.7% of respondents mentioned it as important, while abroad the information is regarded as one of the main factors determining the success of a business. We can assume that in Moldova, many entrepreneurs do not realize that access to information and its clever use could to some extent help to attract funds and make more effective the staff recruiting.

## 2.2. The problems of SMEs, due to the regulation of business and the foreign environment

While conforming to the requirements of the legislation governing the business, the vast majority of employers (91.9%) indicated that they are facing barriers. Noting what regulatory procedures create major problems for them, the largest share of respondents pointed to the taxation of businesses (64.0% of businesses), as well as the inspection / audit of enterprises (58.8% of respondents) [IEFS, 2012].

Entrepreneurs were asked to assess which problems in their activity are created by the business environment. The following problems were noted the most frequently:

- *Bureaucracy and corruption.* 96.8% of respondents indicated that bureaucracy and corruption are problems for their business, including 84.0% considered them significant.
- *The level of demand on the domestic market.* 87.2% of entrepreneurs consider this factor as a problem, including 58.1% - a significant problem.
- *Political instability.* Existence of this issue is marked by 86.8% of respondents; including 68.6% of respondents believe that it has a significant impact on business.
- *The lack of stability and predictability of the tax system* (for 84.7% it represents a problem, including for 49.2% - a significant problem).
- *The total tax burden on the company* (for 83.2% it is a problem, including for 52.1% - a significant problem).

With regard to corruption - the primary external problem for business, we note that many SMEs do not take actions to minimize the risks of bribery or corruption. Such a conclusion was made by the Report on the fight against corruption in the SMEs sector, implemented by the Association of Chartered Certified Accountants with the help of 1 thousand of its members all over the world [Robu M, 2014].

## 2.3. The specifics of the problems of individual groups of enterprises and entrepreneurs

In the analysis of SMEs and the development of policies, it is important to consider that the SMEs sector brings together various groups of enterprises, problems and needs which may vary. For example, while differentiating the problem of groups of SMEs, it is appropriate to take into account gender differences. In Moldova, the number of men entrepreneurs is 2.6 times higher than the number of women, the proportion of the latter being 27.5%. The above figure is significantly lower than the proportion of women in the economically active population (49.4%) and in the total population of Moldova – 51.9% [Aculai E, 2009].

**Table 8: Distribution of entrepreneurs by sex, %**

Sex	Entrepreneurs	Economically active population	Total number of population
Men	72.5	50.6	48.1
Women	27.5	49.4	51.9

Source: Aculai E, 2009

Gender differences regarding the problems of SMEs, are related to some extent to the age of entrepreneurs. At a younger age the percentage of women reporting the problem is relatively higher than that of men. In particular, at the age of 15-24, the share of women is 84.4%, while the proportion of men - 72.2%.

This reflects less willingness of young women to start a business. With the involvement of women in the business activity, the situation tends to equalize.

Indicators reflecting the specificity of gender issues are the size of businesses owned by men and women. Thus, enterprises that are owned and run by women, have relatively fewer workers. The percentage of women entrepreneurs who are owners and / or managers of micro-enterprises is 79.4%, while the share of men entrepreneurs in the group of micro-enterprises is 67.8%. The enterprises of different sizes with respect to most entrepreneurs are men. Moreover, the larger the business is, the higher the proportion of men entrepreneurs is:

- For small enterprises the share of men entrepreneurs is 1.4 times higher than for women (the proportion of men - 24.5%, women - 17.2%);
- For medium-sized enterprises, the ratio accounts for 2.3 times (respectively, 6.6% and 2.9%);
- In large enterprises the share of men entrepreneurs is 3 times higher than the proportion of women (respectively 1.2% and 0.4%).

Since the women own / control the relatively smaller size enterprises, which are in need for special state support, the identification of gender differences allows the government to develop more reasoned measures to support women's entrepreneurship.

## CONCLUSIONS

SMEs make a significant and multidimensional contribution to the social and economic development of the Republic of Moldova. Economic reforms in the country contributed to the emergence and rapid development of small private enterprises. Currently, the total number of SMEs is dominated by micro-enterprises, their share being of 78%. At the same time, the predominant share of SMEs (90%) is based on private property. The SMEs sector generates 32% of GDP and absorbs 61% of all gross investment in the national economy.

The SMEs sector contributes significantly to employment in Moldova. In 2014, more than 290 thousand people, representing 56% of the total number of employees of the national economy were employed in SMEs. The average number of employees in 1 SME is 5.6 persons, the specified index having a tend to reduce. Reduction of this indicator is estimated as a negative trend because considering the difficult access to funding sources, namely the human resources would be a key factor in the development of business in the country.

A more rapid development of SMEs, increase of their competitiveness are hindered by numerous barriers that businesses face at different stages of formation and development. Assessing the problem of Moldovan SMEs due to resources, the entrepreneurs mentioned on the first three places the access to sources of funding (73.3% of respondents); problems with staff (45.9%) and the constraints imposed by the equipment / technology (33.3%). Noting what regulatory procedures create major problems for them, the largest share of respondents pointed to the taxation of businesses (64.0%), as well as the inspection / audit of enterprises (58.8%).

Analysis of the main elements of the contribution, along with the identification of the main barriers faced by businesses, allow more reasonable to develop and implement a policy of entrepreneurship development in the country.

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