

THE IMPORTANCE OF THE DEVELOPMENT OF BUSINESS SUPPORT STRUCTURES

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ABSTRACT: *The development of business infrastructure in order to provide information, services and technologies to the business environment is a key factor in increasing the level of business competitiveness, which determines the growth and economic development at local, regional and national level as well as employment. To this end, this paper aims to highlight a number of issues that refer to the network of business support structures.*

KEY WORDS: *industrial park, cluster, business incubator, business infrastructure, competitiveness.*

JEL CLASSIFICATION:*M20, M21, O1.*

1. INTRODUCTION

The creation and development of the existing business infrastructure at regional level has as main purpose the creation of a framework for attracting domestic and / or foreign investments and the creation of new jobs. These projects are based on the need for economic and social development at regional level, which will subsequently contribute to sustainable development at macroeconomic level, GDP growth and living standards. Among the business support structures, we note: industrial parks, science and technology parks, business incubators, logistics parks, clusters etc.

2. SUPPORT STRUCTURES FOR BUSINESS

Industrial parks are the most common business infrastructures and represent a delimited area where economic activities, scientific research, industrial production and services, capitalization of scientific research and / or technological development

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are carried out, in a regime of specific facilities, in order to capitalize on the human and material potential of the area.

At the same time, an industrial park is an area dedicated mainly to industrial activities, but also to services, scientific research, offices or various warehouses, which is usually located outside the residential perimeters.

These advantages can be summarized as follows:

- The state is interested in the development of industrial areas, as they are real levers to get out of a situation marked by difficult economic conditions, as well as to reduce economic disparities between different regions. Also, the state can combine the long-term objectives of land use planning with those of an efficient short-term industrialization policy;
- Developers ensure a long-term business, given that they deal with both the creation of the industrial park and its management for the entire duration of operation, which is at least 15 years;
- Businesses with an impact on the environment and who see their business threatened by expanding residential areas and related rules on environmental quality (pollution reduction, water quality, air quality, noise limitations), can find in industrial areas the right space for unhindered continuation of the activity;
- The local labor force can be employed by the companies hosted by the industrial park, which contributes to the reduction of unemployment.

Among the points of interest for the creation and installation in an industrial park are far from the fiscal facilities. However, we must not forget the practical facilities granted by the managing companies to attract companies in order to populate such industrial parks, which may lead to some competition between industrial parks.

A special category is represented by eco-industrial parks, which are distinguished from the classic ones by the fact that they are designed in such a way as to promote collaboration between companies installed for ecological purposes. In this sense, in an eco-industrial park, the way in which a company carries out its production activity is taken into account when ensuring the general maintenance activity of the park, so as to reach, through the synergy of various companies, an ecosystem from the point of view of the use of resources and optimize energy consumption.

At the international level we notice the development of the first business support structures, in the form of industrial parks in countries such as the USA, Great Britain. They were based on real estate business, following two basic concepts: cheap land unsuitable for agriculture, which could be used for industrial activities and increasing the value of these lands by arranging infrastructure necessary for industrial production.

In Europe, the first industrial park appeared in 1959, in Ireland, in the Shannon region, and at the moment we notice an extremely dynamic development of the industrial park type infrastructures. The evolutionary trend of these business infrastructures is from industrial park to specialized industrial parks (science, technology, etc.) and then to business parks, districts and finally clusters.

In Romania, the beginning of the development of business support structures in Romania can be found in the early '90s, when the need to provide financial resources,

the spaces of former industrial platforms were rented and / or sold to other companies, thus appearing the first businesses / administrations industrial park type.

Another stage concerns the end of the '90s which coincides with the first development projects of some industrial parks, especially private initiatives, some in developed industrial areas that needed modernization, and others with orientation towards the accumulation of undeveloped land for further development industrial park.

Currently, in Romania there are 77 industrial parks with a total area of 3,104 hectares and a number of over 60,000 employees. Currently, in the 77 industrial parks there are a number of 1,127 companies that have production spaces or storage halls. In general, one of the most important reasons why companies choose to invest in industrial parks is that they have financial benefits. [9]

As can be seen from Figure 1, most industrial parks are located in the Bucharest-Ilfov region, followed by the Center and North-West Region.



Figure 1. Situation of industrial parks on 03.03.2017, by development regions

We must note that in our country there are 13 counties in which there is no industrial park. They are the poorest areas of Romania, except for Ilfov County, which is a special case being considered by investors an extension of the Capital. In addition, there are also situations in which, in some counties, there is only one industrial park and it is not fully occupied.

Another business support structure is the **science and technology parks**. Under this name we find various typologies such as: technology parks, research parks, science and technology parks, innovation centers, technology incubators, technopolises, etc.

By definition, the Science and Technology Park can be said to be a physical space where we find universities, research bodies and companies whose main objective is to promote the generation of knowledge in different sectors, starting from the integration of scientific, technological and industrial but also technology transfer.

It can be said that this concept represents the perfect cohabitation between the business environment and public institutions, in a globalized economy, increasingly based on applied science and research.

According to the definition of IASP (International Association of Science Parks) a science and technology park is an initiative that:

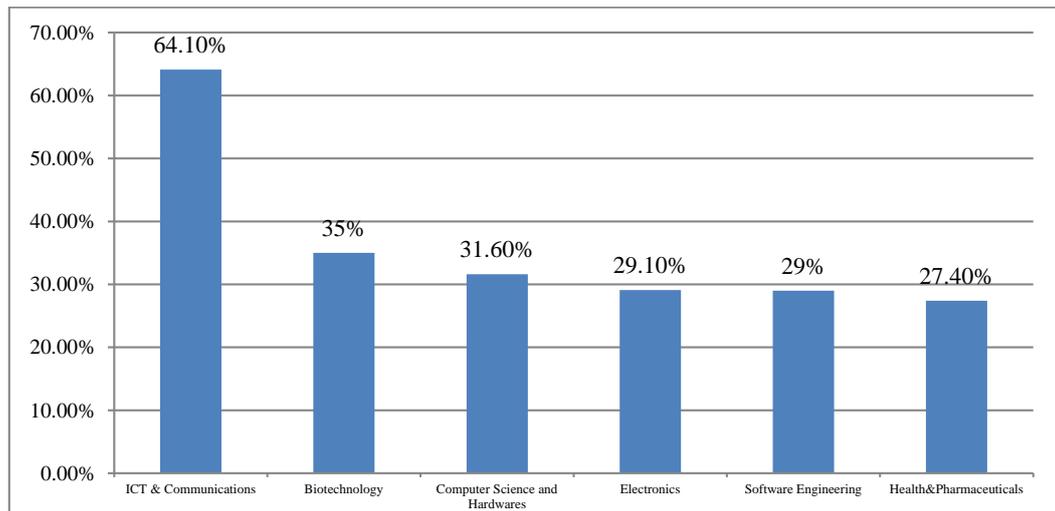
- ✓ has operational links with the university environment, research centers and other institutions in the educational field;
- ✓ is designed to encourage the formation and growth of industries in the knowledge-based economy;
- ✓ has a team of experts able to make the technological transfer to the business and production area.

The park, aims as its main objective, to become a vector and pole of competitive economic development of regions and countries, in an increasingly selective globalized economy, where productivity and applied technology are the main argument for sustainability.

The scientific and technological parks in Romania represent an area in which educational, research, technological transfer of research results and their capitalization through economic activities are carried out (Law no. 50/2003).

According to IASP within the science and technology parks, the main activities target the IT and communications sector, followed by biotechnology, informatics, electronics- Figure no.2

It is generally observed that science and technology parks tend to bring together the most relevant technology sectors, those with a high capacity for innovation and added value. Research and development is a vital activity for the vast majority of parks, research and technological institutes and universities being some of the main elements present in the park / area.



Source: IASP 2018

Figure 2. The main activities in science and technology parks

Third, we can talk about **business incubators** and **accelerators** as a business support infrastructure. The purpose of business incubators is to provide intensive and extensive support to start-ups. The time when this support is most needed is the beginning of a company's life cycle, when it is most exposed to the risk of failure.

The first definition of the business incubator was given in the workshop "Best Practices in Incubator Infrastructure and Innovation Support" (Helsinki, 1998), according to which it is "a place where newly created companies are concentrated on a limited space. Its objective is to increase the development chances and survival rate of these companies by providing a modular building that has the necessary utilities (telephone, fax, computers) and where managerial support and assistance services are provided. The main goal is local development and job creation".

Another definition, according to the National Association of Business Incubators, USA, is that "business incubators are a dynamic process of business development. This term covers a wide range of processes that help reduce the failure rate of start-up companies and accelerate the development of those that have the potential to become job and welfare generators. The incubators offer three main ingredients for the development of a successful business: an entrepreneurial and training environment, access to mentors and investors, market visibility".

Therefore, the development of a favorable, sustainable environment, as well as supporting these companies to grow and become competitive in the market, is the essential goal of a business incubator.

In general, business incubators are structures created to support the development of start-up businesses. They are an important lever for launching local entrepreneurial initiatives that can have a significant impact on a country's economy and that can lead to the creation of a large number of jobs.

During the incubation period, which can vary from 1 to 3 years, newly established companies, those in the first years of operation or those in a period of crisis are helped by the incubator team of consultants to develop their managerial skills and to become viable partners of the local business community.

At the end of the incubation period, the beneficiary companies will relocate to spaces outside the incubator and will be able to operate efficiently under market conditions. Through the services that the business incubator provides, it is positioned as a catalyst in the creation of jobs at the local level, within the incubated companies.

Incubated companies have the opportunity to participate in trainings, seminars and conferences, to receive assistance in carrying out business strategies, in writing projects necessary to attract funding or in other relevant fields.

"New economy" incubators are the latest types of incubators that have emerged and are based on access to modern technological means. The difference between these and the traditional ones is that the "new economy" incubators take into account strict criteria for accepting companies in the incubator and are based on the highest technology.

Charles Mancuso founded the first business incubator in Batavia, New York, in 1959, the incubation process turning into an industry in the 1980's.

In Europe, the first business incubators appeared in Great Britain. In 1972, workspaces were created for new companies by renovating some buildings and using them for workshops or by transforming old and abandoned buildings.

In the present are currently 205 incubators, 163 accelerators, 11 pre-accelerators, 7 virtual accelerators and 4 virtual incubators active in the UK. In terms of sectors, the majority of accelerators and incubators have either a broad focus on digital technology or no sectoral preference. Where a sectoral preference exists, incubators are much more likely to focus on businesses active in science-based areas, such as health and life sciences, than accelerators. More than half of accelerators are currently based in London, while incubators are spread relatively evenly throughout the UK.

In our country, business and technological incubators have been made largely using public sources or sources from international bodies such as the European Commission, the World Bank, the International Bank for Reconstruction and Development. The latter were obtained through programs for local economic development, entrepreneurship and small and medium-sized enterprises. But there have been a number of significant private initiatives lately. Of these, on the StartUp Romania website are presented the most important 5 business incubators and 3 accelerators - they are located mainly in the area of Transylvania, one of the most developed regions of the country.

One of the most important support structures of the business environment, research, innovation, economic and social development, is the **cluster**. Michael Porter defines the cluster as "a geographical concentration of interconnected companies and institutions in a particular field". The definition of "cluster" is also found in Romanian legislation as "a group of producers, users and / or beneficiaries, in order to implement good practices in the EU in order to increase the competitiveness of economic operators".

Clusters are business support structures that operate in a specific field of activity and include interconnected companies, suppliers, institutions and related organizations, which create direct and indirect synergies between them. Private environmental initiatives complemented by economic development policy have led, in other countries of the world, to the development of clusters more than one or two decades old. They contribute to the competitiveness of member companies, market expansion and increase their visibility - standard examples of clusters being Silicon Valley (ICT, California, USA), Automotive Bavaria (machine industry, Germany), Minatec Grenoble (Micro-Nano Technologies, France). [10]

There are two types of clusters:

- vertical - integrative cluster, organized around a strong society, recommended for large cities, metropolitan areas;
- horizontal - which involves the association of smaller companies, in areas such as: tourism, food industry, wood processing, etc. This type is indicated for less developed areas or small counties.

Cluster means cooperation, information, problem solving together. It must be understood that through the cluster, companies do not lose their autonomy, they work together, but the common points must be sought. Cluster members need to work together as a large industry. Together they can solve problems regarding professional training, programs, brand, marketing, technologies, innovations, legislation, etc.

Also, within a cluster, "young" companies have the chance to "learn" from those with experience, participating together in information, training, marketing, acquisition of fixed or mobile assets, joint production, sales, establishment of common infrastructure.

For technology transfer and innovation to take place, the following categories of actors need to participate:

- universities, research institutes, vocational training centers - which represent the offer of innovative products, processes and services;
- industry, especially SMEs (including start-ups and spin-offs) - which represent the demand for innovation, and in an ideal case should determine and absorb the above-mentioned supply;
- the authorities with competences in facilitating the innovative processes (central and / or regional, local authorities, etc.).

At European Union level, innovative clusters are considered the "engine" of economic development and innovation, representing a favorable framework for business development, collaboration between companies, universities, research institutions, suppliers, customers and competitors located in the same geographical area (local, regional, national, trans-national).

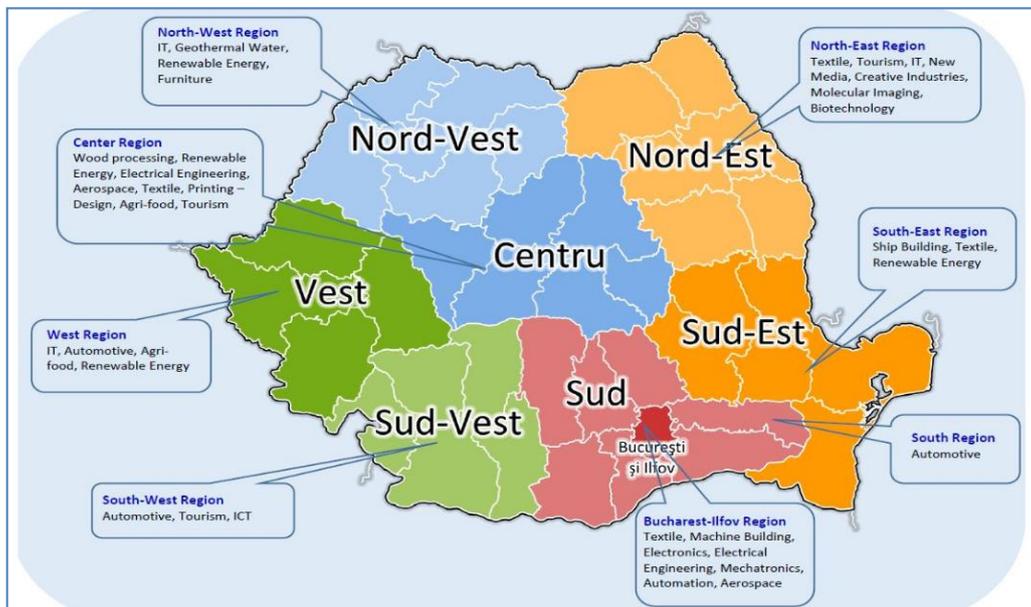


Figure 3. Map of clusters in Romania

At the European Union level, industrial clusters have evolved enormously, from the French Industrial Districts Club founded in 1998, or the Cambridge High-Tech Cluster, the Motor Sport Cluster in Birmingham to the organization of industrial sectors such as: automotive, biotechnology, eco- innovation, optical, information and telecommunications technologies, space technologies, etc. In recent years the trend is to develop from old industrial and business parks industrial districts to later evolve into industrial clusters. Thus, according to the latest estimates, in the USA there were over 380 operational industrial clusters in which over 67% of the active population worked. Most clusters are in California, but also in New York, Minnesota, Oklahoma or Oregon.

Regarding the clusters - as a business infrastructure, at present, at the level of our country there are a number of 85 clusters, distributed by regions as can be seen from figure 3.

We notice that the region with the most numerous clusters is, by far, the Center region, followed by Bucharest-Ilfov. With an approximately equal number of clusters are then located the South-West Oltenia, South-East and North-East regions. The smallest number of clusters is in the South-Muntenia region, one of the poorest development regions - Figure 4.

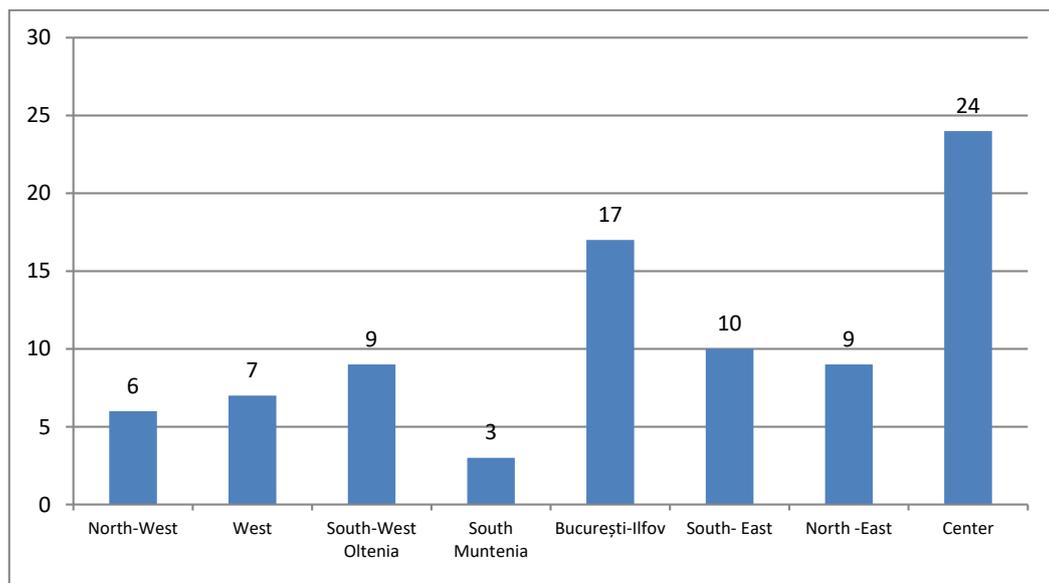


Figure 4. Distribution of clusters by development regions

It would be advisable for all Romanian clusters to join the Romanian Cluster Association - ClusteRo and join the European Cluster Collaboration Platform: European Cluster Collaboration Platform.

3. ORGANIZATIONS RELATED TO BUSINESS INFRASTRUCTURES

In order to obtain efficient results, the idea of association between various business infrastructures appeared. The main bodies with an important role in the field of science parks, business incubators and clusters at national and international level are:

➤ *International Association of Science Parks - IASP*

The main goal is to be the global network for science parks and areas of innovation, and to drive growth, internationalisation and effectiveness for our members. Among the objectives of the IASP are: coordinate an active network of managers of science/technology/research parks, innovation districts and other areas of innovation; enhance new business opportunities for members and their companies; increase the visibility of our members and multiply their global connections; represent parks and areas of innovation at international forums and institutions; assist the development of new parks and areas of innovation.

➤ *Association of Regional Development Agencies – EURADA*

The European Association of Development Agencies (EURADA) was set up in 1992 and brings together people working for economic development through a wide network of 82 members from 23 countries in the European Union and other countries. The members of the association are regional development agencies, business partners and European authorities. Of the Regional Development Agencies in Romania, only ADR Centru is a EURADA member.

Through its objectives, EURADA aims to: encourage exchanges of experience between members and promote "best practices" in local and regional economic development, promote the recognition of development agencies as specific mechanisms and entities for economic development, and strengthen and better organize technical cooperation with both the European Commission and other Community institutions, promote the emergence of cooperation projects between development agencies in several countries, etc.

➤ *Association of Industrial, Technological, Scientific Parks and Business Incubators in Romania – APITSJAR*

APISTAR was founded on May 26, 2005, in Brasov. The association was created in order to promote and protect the interests of its members, promote the sustainable development of industrial, technological, scientific and business incubators, attract domestic and foreign investment and provide specialized assistance to its members and potential investors, as well as representation in their relations with national and international bodies and authorities.

APITSJAR is, since 2006, a member of EURADA, the European profile organization, and an associate member of IASP, the world profile organization.

➤ *European Business & Innovation Centre Network - EBN*

EBN is a network of around 150 business and innovation centers and 70 other organizations that support the development and growth of innovative entrepreneurs, start-ups and SMEs. EBN is also a community of professionals whose day-to-day

business helps these businesses grow in the most efficient, effective and sustainable way.

➤ *Romanian Business Incubators Association – AICAR.*

The association was created in 2010 and its mission is to create a national network of incubators and business centers, as well as to establish international relations. The purpose of the association is to strengthen the role of business incubators for the economic development of Romania by developing and harmonizing the organizational, informational and theoretical aspects of business incubators.

➤ *European Cluster Collaboration Platform*

The European Cluster Collaboration Platform offers a range of services aimed at providing modern tools to cluster organizations.

➤ *Romanian Clusters Association – ClusteRo*

It was established in 2011 and is the representative body of clusters in Romania and the main platform for cooperation, exchange of information and support for the development of the national cluster landscape based on innovation and internationalization. At present, 42 clusters are part of this association - the most representative in Romania.

4. CONCLUSIONS

The business infrastructures target various typologies such as: technology parks, research parks, science and technology parks, innovation centers, technological incubators, business incubators, technopolises, etc. All these have in common the support of entrepreneurship, business creation and development and, consequently, the creation of added value for socio-economic development. From the above we can deduce that the establishment and development of these business support structures can only be particularly beneficial both locally and regionally and nationally.

In addition to the fact that these structures encourage the production of progressive products, innovation or the development of new high technologies, they also contribute to employment, reducing labor migration by adding value.

Moreover, there is a close link between the number of business support structures existing in each region and the level of economic and social development of that region. The poorest regions, such as those in the area of Moldova, with a low standard of living, attracted the least investment and had the lowest number of industrial parks, business incubators, clusters, etc. In essence, all the infrastructure to support contributes to improving national and regional competitiveness by promoting cooperation between enterprises, universities, research institutes, customers, competitors and suppliers in a given geographical area and, at the same time, attracting foreign investment.

The usefulness of these structures is all the more pronounced in this particularly complex and economically dynamic period, which is under the auspices of innovation, technical progress, high technologies.

In the future, in order to improve business infrastructures, it is necessary to attract new investments as well as the development of existing ones. Thus, it can be considered:

- Carry out specific actions to expand and improve the performance of existing business infrastructures, focused on identifying needs, reducing costs and rapidly integrating investors;
- Increasing the attractiveness of existing business infrastructures by increasing the performance of the management system practiced and by the way it responds to the localization or development needs of customers;
- Development of new specialized business infrastructures that respond to local / regional needs and provide increased opportunities for value-added activities, especially for the economically poorer areas;
- Orienting new or existing investments to areas with potential, by improving and developing human capital.

All this will lead to a harmonious territorial development, to the reduction of interregional disparities, to growth and economic development and, last but not least to the increase of the living standard at national level.

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