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Abstract

This paper explores some particularities of the strategic decisions adopted by the Romanian exporters. We use four case studies in which there are presented such decisions. We conclude that in the actual complex context for the export activity the adaptation capacity is a key factor of success.

Keywords: Romanian exporters, Strategic decisions, Domestic markets
JEL Classification: L23, L25, F15, F10, F19,

INTRODUCTION

In the specialized literature there were revealed some particularities of the exporting firms. Bernard and Jensen (1999) found superior methods of management for the exporters, in comparison with the non exporters firms. Aaby and Slater (1989) revealed the importance of a coherent strategy for the export performances. Eriksson et al. (1997) highlighted the role of knowledge in the international activity affected quite often by the uncertainty.

It is almost unanimously accepted the exporter performances are usually superior in comparison with the non exporters. This situation was explained in different ways, perhaps the most known being the learning-by-exporting hypothesis and the selection hypothesis. The learning-by-exporting hypothesis stresses the role of gaining knowledge about modern the technologies and the management methods from the foreign partners (see, for example, Clerides et al.; 1998, Delgado et al.; 2002). The selection hypothesis considers the substantial difficulties in penetrating the foreign markets impose that only efficient firms could face competition from abroad (see, for example, Bernard and Jensen; 2007, Girma et al.; 2004).

In the case of Romania, the export strategies design has to take into consideration some important aspects such as:

- the high competition from some foreign markets;
- the particularities of exports by foreign direct investment;
- the European Union adhesion impact;
- the global crisis effects.

Some sectors of the Romanian economy are affected by a high competition on the foreign markets. It is especially the case of textiles and footwear industries which constituted a dynamic component of the Romanian exports in the 1990s. Unfortunately, in the last years, cheaper Asiatic products conquered these markets causing the Romanian firms' sales decline.

In the present, about three quarters of the Romanian exports are realized by branches of multinational companies. There are hopes the problem of substantial deficits of the Romanian trade balance could be solved by attracting foreign direct investments. However, many of these firms use in their export production imported raw materials. They claim that raw materials from Romanian markets don't satisfy their quality standards.

In January 2007, Romania adhered to European Union obtaining unrestricted access to the single European market. However, this opportunity wasn't enough fructified especially by the domestic firms which couldn't fulfill the quality exigencies. Moreover, the labor force costs substantial increase which followed the adhesion reduced significantly the exporters' competitiveness.

In Romania the effects of the global crisis came with a delay in comparison with most of its foreign trade partners. Electoral considerations led the Romanian authorities to an artificial maintenance, during most of the year 2008, the disposable incomes of the population to the levels before the crisis. As a result, while the demand on the foreign markets has fallen drastically, on some domestic markets changes didn't appear for a quite long period of time.

In this paper we investigate some particularities of the strategic decisions of Romanian exporters. For that purpose we take into consideration four case studies.

CASE STUDY A

Firm A, a clothes articles producer, was settled in 1998. From the beginning its entire production was exported in Germany. In the last years the demand from the external markets significantly declined. As a result, the turnover of the firm decreased drastically. However, firm A didn't change its strategy. They prefer to fire more than 30 percent of the employees instead of finding other markets. In these circumstances, the decline of the turnover continued (Figure 1).

The managers of the firm justified their policy by the fact they produced high quality goods with considerable costs. They considered that on other markets they couldn't get prices large enough to cover these costs.

CASE STUDY B

The Firm B, a footwear articles producer, was settled in 1992. Between 2004 and 2007, the decline of the external demand caused a significant fall of its turnover. In 2007, the managers of the firm decided to direct about 20 percent of the production to the internal markets. This new strategy led to a substantial increase of the turnover and of the profit.

In 2008, the proportion of the production sold in Romania was raised to more than 25 percent. In this decision it was taken into account the fact the internal demand didn't fall as abrupt as on the foreign markets. In 2009, the turnover slowly decreased, but not under the level from 2007, when the domestic markets were drastically affected by the global crisis (Figure 2).

CASE STUDY C

The Firm C, a clothes articles producer, was settled in 2002. In the first years almost all the production was exported in Italy. However, those items which didn't satisfy the standard quality from the Italian markets were sold in Romania with some success. In 2006, the external demand decline convinced the firm managers to assign a part of production to the domestic markets. The production was adapted to lower cost and lower quality items. As a consequence, the turnover and the profit grew significantly in 2007 and 2008.

In 2008 the proportion of production sold on the Romanian markets was raised to about 25 percent, when the Italian markets were substantially affected by the global crisis. In 2009 Romania entered in a severe recession. Despite this, the managers of the firm decided to increase to 40 percent the proportion of production for the domestic market. They accompanied this decision by reducing again the costs and lowering the standard of quality for the production sold on the domestic markets. This policy led to a substantial increase of the turnover in 2009 (Figure 3).

CASE STUDY D

The Firm D is a filial of a multinational company created in 2006 and it produces equipment for airports. In the first year, the firm imported all the raw materials from abroad. The managers of the firm were skeptic about the Romanian firms' capacity which produced similar items to fulfill their quality exigencies. However, in 2007 a local producer convinced them to experiment a sort of raw material produced in Romania. The new production had passed all the quality tests.

In the next years the proportion of raw materials bought from the local producers increased gradually. The costs were substantially reduced since the Romanian raw materials were much cheaper than those from abroad. The standards of quality were maintained and the firm's turnover continued its ascendant trend (Figure 4).

CONCLUSIONS

In this paper we presented four cases reflecting the importance of the exporters' adaptation to specific circumstances. The firm A which didn't change its marketing strategy, despite the decline of demand on the foreign markets, had to pay with a drastic decrease of its turnover. Instead, the firm B and the firm C which reacted in a similar context by directing parts of their productions towards the domestic market managed to increase their turnover. The case in which a filial of a multinational company decided to acquire the raw materials from the internal markets is important from the perspective of the foreign direct investment impact on the trade balance.

It is difficult to predict the future evolution of the global crisis for Romania and for its foreign trade partners. This uncertainty requires a capacity of adaptation from the Romanian exporters.

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APPENDIX

Figure 1. Evolution of the turnover for the exporter A (millions RON) between 2004 and 2009

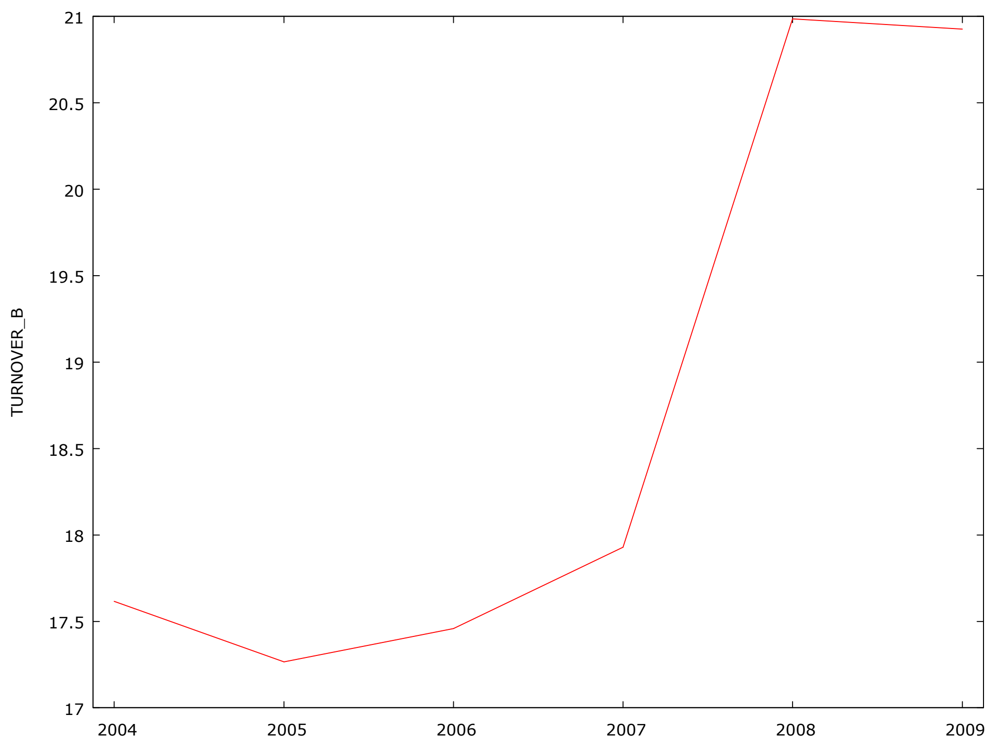

Figure 2. Evolution of the turnover for the exporter B (millions RON)

between 2004 and 2009

Figure 3. Evolution of the turnover for the exporter C (millions RON) between 2004 and 2009

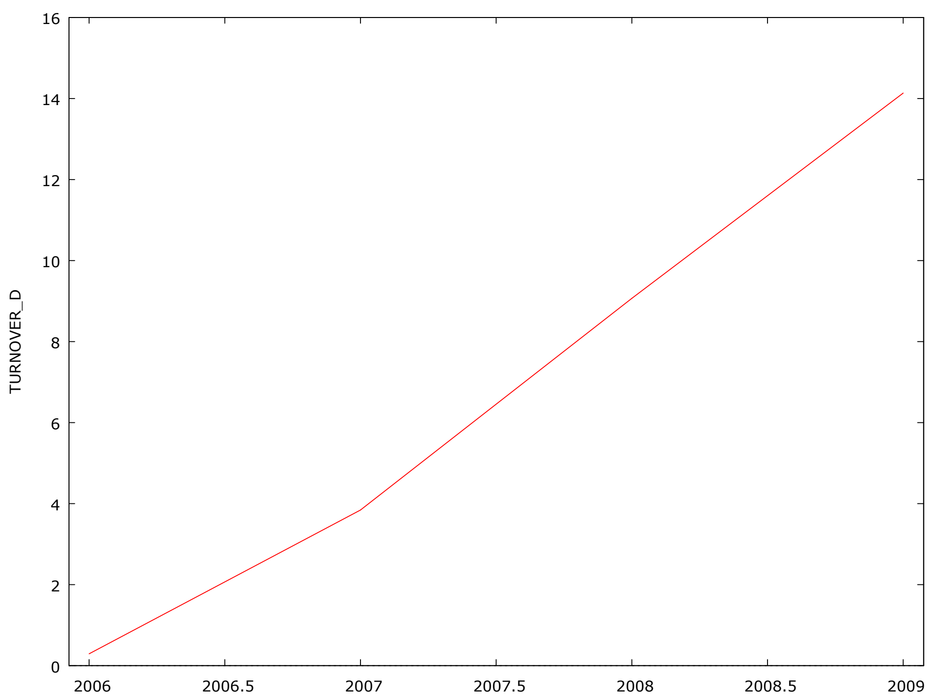

Figure 4. Evolution of the turnover for the exporter D (millions RON) between 2006 and 2009